POLK STATE COLLEGE LAKELAND
GATEWAY TO COLLEGE CHARTER HIGH SCHOOL

Financial Statements

Year Ended June 30, 2026

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MKA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Partners
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To the Board of Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, Florida

Opinion

We have audited the accompanying financial statements of the Polk State College Lakeland Gateway to College Charter High School, (the "School"), a charter school and division of Polk State College, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School'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 Polk State College Lakeland Gateway to College Charter High School, as of June 30, 2026, and the respective changes in financial position and cash flows 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. 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 School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the School and do not purport to, and do not, present fairly the financial position of Polk State College, as of June 30, 2026, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

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 opinions. 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 School'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.

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 3-8 be presented to supplement the basic financial statements. Such information is the responsibility of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of Polk State College Lakeland Gateway to College Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk State College Lakeland Gateway to College Charter High School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2026

POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE CHARTER HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Polk State College Lakeland Gateway to College Charter High School (the "School") for the year ended June 30, 2026, and should be read in conjunction with the financial statements and the notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) codification section Co5 – *Colleges and Universities*. The MD&A, and the financial statements and notes thereto, are the responsibility of School management.

FINANCIAL HIGHLIGHTS

- Net position represents the residual interest in the School's assets after deducting liabilities. The School's net position at June 30, 2026 totaled $1,662,224. The School's net position increased by $83,681 or 5% during the current fiscal year as a result of total revenue of $2,719,986 less total expenses of $2,636,305.
- Governmental units are required to capitalize and depreciate capital assets including furniture, machinery and equipment. Florida State Colleges, of which the School is a division, have established guidelines for capitalizing assets and for depreciation. Furniture, machinery and equipment with a value less than $5,000, all library books, and computer software will be expensed in the year of purchase. The School did not purchase any furniture, machinery, and equipment that met the thresholds for capitalization during this fiscal year. During the fiscal year, no depreciation expense was recorded.
- Fiscal year ended June 30, 2026 was the thirteenth year of operation for the School. Since prior period information is available for the 2025-26 fiscal year, comparative analysis data is presented in this management's discussion and analysis.

USING THIS ANNUAL REPORT

This report consists of three basic financial statements. The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows that provide information on the School as a whole and presents a long-term view of the School's finances. The following activities are included in the School's basic financial statements:

The School is a public charter school of the School District of Polk County, Florida (the "District"), open to Polk County public, private, or home school students who are between the ages of 16 and 21 in grades eleven (11) through twelve (12) who have earned 45% of the credits required for high school graduation but who have disengaged from academic studies. The School will replicate a model established by the Gateway to College National Network. The educational program and curriculum are specifically designed to serve disengaged youth, introduce them to college coursework, and position them for college success when they graduate from high school. Students will take at least three college courses while in high school; and while graduates are expected to earn a minimum of nine college credits, many will earn more.

The School is operated by Polk State College and is housed on the College's Lakeland Campus. Students attending the School enjoy full access to all college facilities, activities and services. Enrollment during this thirteenth year of operation was 296 students. Enrollment for the fiscal year 2026-27 is estimated to be 297 students. Due to this anticipated enrollment in 2026-27 fiscal year, the FTE revenues are not expected to increase significantly.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

One of the most important questions asked about the School's finances is, "Is the School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the School as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the School's operating results.

These two statements report the School's net position and changes in them. One can think of the School's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as one way to measure the School's financial health, or financial position. Over time, increases or decreases in the School's net position are one indicator of whether its financial health is improving or deteriorating.

These statements include all asset, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of net position of the School for the fiscal years ended June 30, 2026 and 2025, is shown in the following table:

Condensed Statement of Net Position at

	6-30-2026	6-30-2025
ASSETS		
Current Assets	$ 1,785,873	$ 1,682,200
TOTAL ASSETS	1,785,873	1,682,200
LIABILITIES		
Current Liabilities	60,460	48,150
Noncurrent Liabilities	63,189	55,507
TOTAL LIABILITIES	123,649	103,657
NET POSITION		
Unrestricted	1,662,224	1,578,543
TOTAL NET POSITION	$ 1,662,224	$ 1,578,543
Change in Net Position	$ 83,681	$ 271,507

Current assets increased due to higher amounts of cash. Net position increased by $83,681 or 5% during the current fiscal year as a result of total revenue of $2,719,986 less total expenses of $2,636,305.

Revenues and expenses for the School for the 2025-26 and 2024-25 fiscal years are shown in the following table:

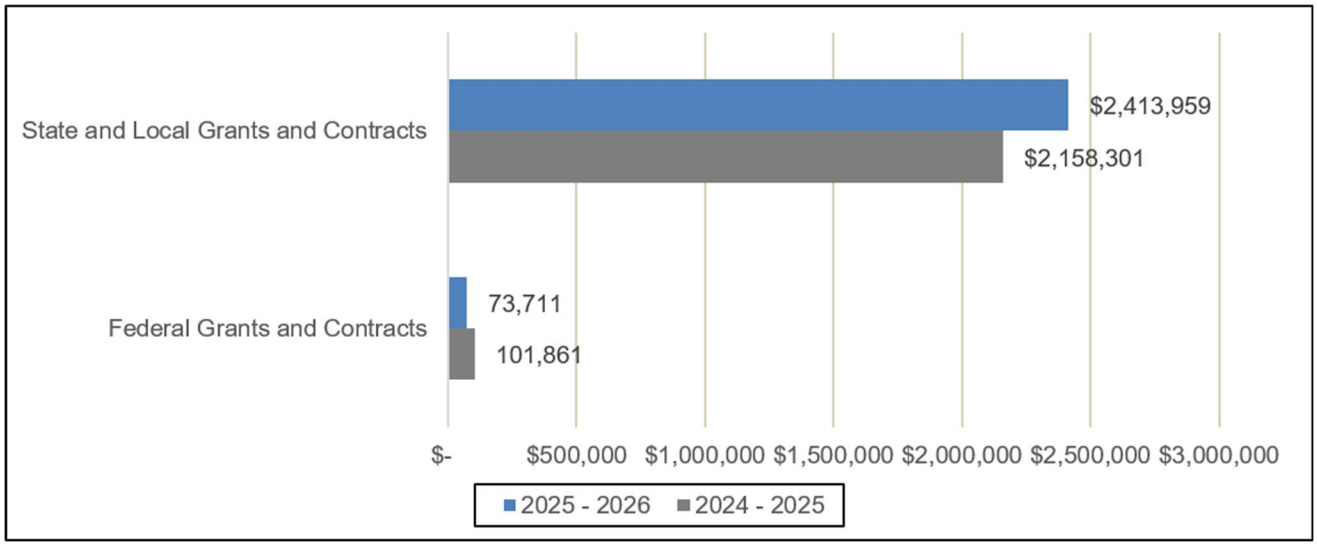
Condensed Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended

	6-30-2026	6-30-2025
Operating Revenues		
Federal Grants and Contracts	$ 73,711	$ 101,861
State and Local Grants and Contracts	2,413,959	2,158,301
Total Operating Revenues	2,487,670	2,260,162
Less: Operating Expenses	2,636,305	2,167,294
Operating (Loss) Income	(148,635)	92,868
Other Revenue		
Capital Grants, Contracts, Gifts, and Fees	232,316	178,639
Change in Net Position	83,681	271,507
Net Position, Beginning of Year	1,578,543	1,307,036
Net Position, End of Year	$1,662,224	$ 1,578,543

Operating Revenues

GASB Cod. Sec. Co5 categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the School's operating revenues for the 2025-26 and 2024-25 fiscal years:



Operating Revenues (continued)

School operating revenues increased by $227,508, or 10 percent as compared to the prior fiscal year, primarily due to the following factors:

- State and local grants and contracts increased by $255,658 or 12 percent as a result of an increase in dual enrollment funding during 2026.

Operating Expenses

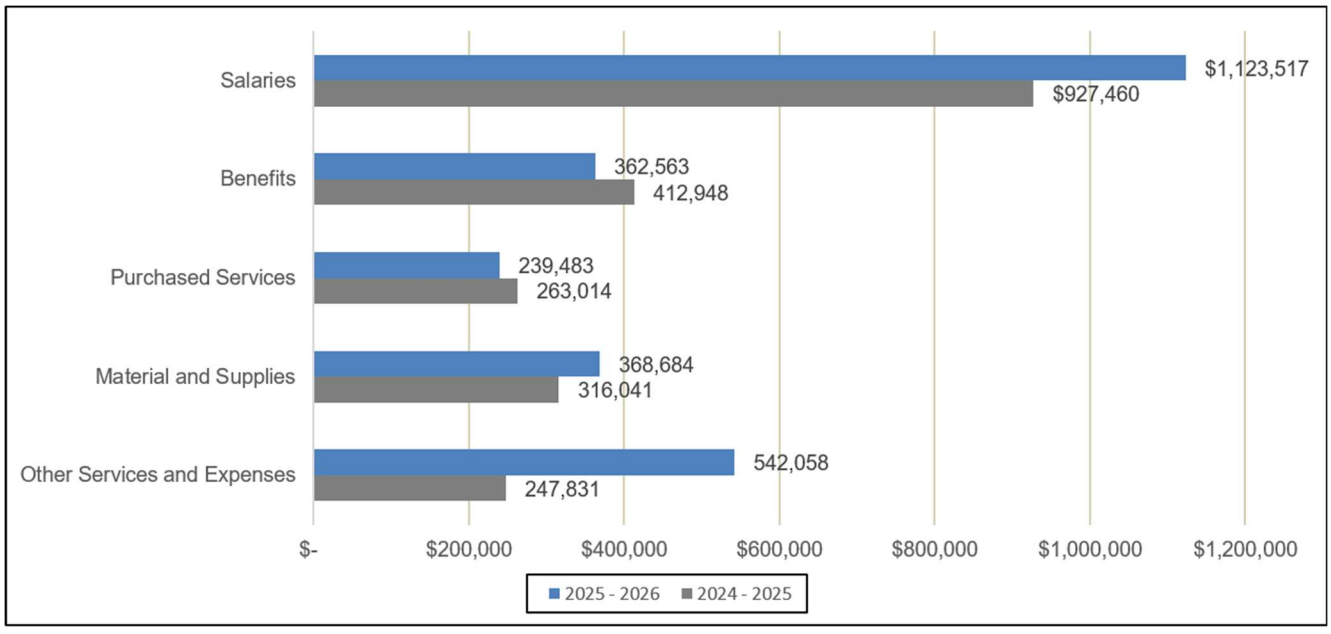
Expenses are categorized as operating or non-operating. The majority of the School's expenses are operating expenses as defined by GASB Cod. Sec. Co5.

Operating expenses for the School for the 2025-26 and 2024-25 fiscal years are presented in the following table:

Operating Expenses
For the Fiscal Years Ended

	6-30-2026	6-30-2025
Operating Expenses		
Salaries	$ 1,123,517	$ 927,460
Benefits	362,563	412,948
Purchased Services	239,483	263,014
Materials and Supplies	368,684	316,041
Other Services and Expenses	542,058	247,831
Total Operating Expenses	$ 2,636,305	$ 2,167,294

The following chart presents the School's operating expenses for the 2025-26 and 2024-25 fiscal years:



Operating Expenses (continued)

School operating expenses increased $469,011 or 22 percent, as compared to the prior fiscal year, primarily due to the following factors:

- Salaries increased by $195,957 or 21 percent mainly due to raises for employees and higher cost related to employee turnover required temporary personnel.
- Materials and supplies increased by $52,643 or 17 percent mainly due to an increase in instructional materials purchased to update curriculum.
- Other expense increased in the current year by $294,227 or 119 percent mainly due to rent charged for college facilities in 2026 and an increase in dual enrollment charges for students attending Polk State College in 2026.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of the School is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

A summary of the School's cash flows for the 2025-26 and 2024-25 fiscal years is presented in the following table:

Condensed Statement of Cash Flows
For the Fiscal Years Ended

	6-30-2026	6-30-2025
Cash (Used) Provided by:		
Operating Activities	$ (110,282)	$ 170,890
Financing Activities	232,316	178,639
Net Increase in Cash and Cash Equivalents	122,034	349,529
Cash and Cash Equivalents, Beginning of Year	1,626,281	1,276,752
Cash and Cash Equivalents, End of Year	$ 1,748,315	$ 1,626,281

LONG TERM OBLIGATIONS

At June 30, 2026, the School had $63,189 noncurrent liabilities consisting of solely compensated absences payable. More information about the School's noncurrent liabilities is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Polk State College's and the School's economic condition is closely tied to that of the State of Florida. For the 2026-27 fiscal year, the School will continue its on-going efforts to contain costs and to continue to serve the School in its commitment to the growth of educational programs, improved student access, and overall excellence in the service to its students and community. The conservative budgetary stance taken by the College and School provides a framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State and College resources.

The School plans to enroll approximately 300 students in the 2026-27 fiscal year.

REQUEST FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional information should be addressed to the Vice President, Finance, Polk State College, 999 Avenue H, Northeast, Winter Haven, Florida 33881.

POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE CHARTER HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENT OF NET POSITION
June 30, 2026

ASSETS		
Current Assets:		
Cash	$	1,748,315
Accounts Receivable		470
Due From Other Governmental Agencies		37,088
Total Current Assets		1,785,873
TOTAL ASSETS		1,785,873
LIABILITIES		
Current Liabilities:		
Accounts Payable		10,738
Salary and Payroll Taxes Payable		49,722
Total Current Liabilities		60,460
Noncurrent Liabilities:		
Compensated Absences Payable		63,189
Total Noncurrent Liabilities		63,189
TOTAL LIABILITIES		123,649
NET POSITION		
Unrestricted		1,662,224
TOTAL NET POSITION	$	1,662,224

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

POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE CHARTER HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the fiscal year ended June 30, 2026

REVENUES	
Operating Revenues:	
Federal Grants and Contracts	$ 73,711
State and Local Grants and Contracts	2,413,959
Total Operating Revenues	2,487,670
EXPENSES	
Operating Expenses:	
Salaries	1,123,517
Benefits	362,563
Purchased Services	239,483
Materials and Supplies	368,684
Other Services and Expenses	542,058
Total Operating Expenses	2,636,305
Operating Loss	(148,635)
NONOPERATING REVENUES	
Capital Grants, Contracts, Gifts, and Fees	232,316
Total Nonoperating Revenues	232,316
Change in Net Position	83,681
Net position, beginning of year	1,578,543
Net position, end of year	$ 1,662,224

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

POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE CHARTER HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES	
Grants and Contracts	$ 2,480,857
Payments to Suppliers	(362,461)
Payments to Employees	(1,117,430)
Payments for Employee Benefits	(354,881)
Payments for Purchased Services	(239,483)
Other Receipts	25,174
Payments for Other Services and Expenses	(542,058)
Net Cash Used in Operating Activities	(110,282)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital Grants and Gifts	232,316
Net Cash Provided by Financing Activities	232,316
Net Increase in Cash and Cash Equivalents	122,034
Cash and Cash Equivalents, Beginning of Year	1,626,281
Cash and Cash Equivalents, End of Year	$ 1,748,315
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$ (148,635)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Increase in Due from Other Governmental Agencies	(6,813)
Decrease in Accounts Receivable	25,174
Increase in Accounts Payable	6,223
Increase in Salary and Payroll Taxes Payable	6,087
Increase in Compensated Absences Payable	7,682
Net Cash Used in Operating Activities	$ (110,282)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Polk State College Lakeland Gateway to College Charter High School (the "School") is a charter school and division of Polk State College (the "College"). The School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the governor of the State of Florida.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School District of Polk County, Florida (the "District"). The existing charter contract expires on June 30, 2028. The District may terminate the charter if good cause is shown.

Basis of Presentation. As a division of the College, the School's accounting policies conform with accounting principles generally accepted in the United States of America (GAAP) applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is responsible for establishing GAAP for public colleges and universities through its statements (GASBS) and Interpretations (GASBI). The National Association of College and University Business Officers (NACUBO) also provided the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB. The College reports as an entity engaged in only business-type activities. The financial statements of the School are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the College that is attributable to the transactions of the School. The College has adopted the accrual basis of accounting and entity wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
    - Statement of Cash Flows
    - Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. As a division of the College, the School's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange- like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The School follows GASB standards of accounting and financial reporting.

The School's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, and depreciation of capital assets. Non-operating revenues include capital outlay funding as provided under Section 1013.62, Florida Statutes as well as grants or contributions restricted for capital construction or equipment.

The Statement of Net Position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the School's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The Statement of Revenues, Expenses, and Changes in Net Position is presented by major sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued). The statement of cash flows is presented using the direct method in compliance with GASB Cod. Sec. 2550 – Cash Flow Statements.

Cash. Cash consists of the School's Allocation of the College's checking deposits in financial institutions in the United States. Amounts on deposit exceeded inured balance limits of the Federal Deposit Insurance Foundation but the School has not historically experienced any losses.

Inventory. Supplies inventory is immaterial and such items are charged to expense when purchased.

Receivables. Consist primarily of amounts due from other governments. All receivables are deemed collectible and no allowance for uncollectible accounts is considered necessary.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets. School capital assets include furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or acquisition value at the date received in the case of gifts and purchase of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. The School has a capitalization threshold of $5,000 for tangible personal property and $25 ,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the estimated useful life of 3 years for furniture, machinery, and equipment.

Support Allocation/Dual Enrollment Charge/Facility Use Charge. The College segregates direct instructional costs from support costs within the College's accounting information system and performs an annual analysis to systematically allocate these support costs to the different functional classifications of direct instruction to ultimately arrive at a total cost per FTE ("full time equivalent") for each education segment. In previous years the College charged a support cost allocation to the School at a rate per FTE not to exceed this amount.

For the fiscal year ending June 30, 2026, the College did not charge an FTE driven indirect support allocation charge rather moved to a dual enrollment charge and facility use charge to allocate some of the College support costs to the School.

The dual enrollment charge totaled $550,975 and was determined by the number of credit hours taken by School students in College instructed classes. The amount charged per credit hour was $71.98 as established by Florida Statute 1009.24(3)(a).

The College allocates a facility use and personnel charge to the School and this charge reflects the use costs of building and grounds maintenance, utilities, custodial services, security, insurance and various personnel $232,316 for the year ended June 30, 2026.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ significantly from those estimates.

Equity Classifications. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is classified as net position and displayed in three components:

a) *Investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation.

b) *Restricted net position* – Consists of net position with constraints placed in its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c) *Unrestricted net position* – Consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of the investment in capital assets or the restricted component of net position.

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

Accounting Pronouncements Implemented. GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2025. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 are effective for fiscal years beginning after June 15, 2025 and was implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2025. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025 and was implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

New GASB Pronouncements. GASB issued Statement No. 105, Subsequent Events, in December 2025. GASB 105 enhances consistency in financial reporting by clarifying the requirements for accounting for and disclosing subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. It also clarifies the distinction between recognized and nonrecognized subsequent events and establishes specific disclosure requirements for nonrecognized events. Governments are required to disclose the date through which subsequent events have been evaluated. The provisions of GASB 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. The School is evaluating the impact of this new standard on its financial statements.

NOTE 2 – LONG-TERM LIABILITIES

Long-term liabilities activity for the fiscal year ended June 30, 2026, is shown below:

Descriptions	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences payable	$ 55,507	$ 7,682	$ -	$ 63,189	$ -
Less amount due in one year	-	-	-	-	-
Net due after one year	$ 55,507	$ 7,682	$ -	$ 63,189	$ -

School employees may accrue annual vacation and sick leave on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The School reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is paid in the current fiscal year. Although the School expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. The School calculates its current portion of compensated absences liability by applying the remaining percentage of time for those employees in the Deferred Retirement Option Program plus the total payouts of all employees who have notified the School that they are leaving employment during the fiscal year.

The School follows GASB Cod. Sec. P20 for reporting the employers' proportionate share of the net pension liabilities for the Florida Retirement System (FRS) defined benefit pension plans.

NOTE 3 – STATE RETIREMENT PROGRAMS

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance under Section 112.363, Florida Statutes.

Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees of State colleges.

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 248, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

NOTE 3 – STATE RETIREMENT PROGRAMS (continued)

Florida Retirement System (FRS) Defined Benefit Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* (SMSC) – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Benefits Provided. Benefits under the Plan are computed based on age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00

NOTE 3 – STATE RETIREMENT PROGRAMS (continued)

Florida Retirement System (FRS) Defined Benefit Pension Plan (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of- living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

HIS Defined Benefit Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. Eligible retirees and beneficiaries receive a monthly HIS payment as determined by years of creditable service and subject to a minimum and maximum monthly benefit pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2025-26 fiscal year were:

	Percent of Gross Salary	
	Employee	Employer
Class		(A)
Florida Retirement System, Regular	3.00	14.03
Florida Retirement System, SMSC	3.00	33.24
Deferred Retirement Option Program - Applicable to Members from all the above classes	-	22.02
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes:

(A) - Employer rates include 2.00 percent for the post-employment health insurance subsidy. Also, employer rates other than for DROP participants, included .06 percent for administrative costs of the Public Employee Optional Retirement Plan

(B) - Contribution rates are dependent upon the retirement class or plan in which reemployed.

The School's contributions to the FRS and HIS plans totaled $132,435 for the fiscal year ended June 30, 2026 and included $131,804 of normal contributions and $631 of contributions to the DROP.

Management has elected not to allocate pension related deferred outflows of resources, deferred inflows of resources or the net pension liability to the School's financial statements. Because of this, the disclosures required by GASB Cod. Sec. P20 are not presented in the School's financial statements.

NOTE 3 – STATE RETIREMENT PROGRAMS (continued)

HIS Defined Benefit Pension Plan (continued)

A complete presentation in accordance with GASB Cod. Sec. P20 of the pension related elements, financial statement disclosures and required supplementary information for the College can be found in the annual audited financial statements of Polk State College which is available by contacting the Vice President of Finance, Polk State College, 999 Avenue H, Northeast, Winter Haven, Florida 33881.

NOTE 4 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $100 million for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. Bonding of the members of the College Board of Trustees is provided through purchased commercial insurance with minimum deductibles.

NOTE 5 – LITIGATION

The School has no pending or threatened legal actions.

NOTE 6 – SCHEDULE OF DISTRICT SCHOOL BOARD REVENUE SOURCES

Revenues for current operations are received primarily through the Polk County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE based on the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

Section 1002.33(20)(a)2, Florida Statutes allows the District to withhold an administrative fee equal to 5% of the School's funding provided by the Florida Education Financing Program (FEFP) and totaled $0 for the 2025-26 fiscal year. This expense is reflected as a component of purchased services expense in the accompanying statement of revenues, expenses and changes in net position.

NOTE 6 – SCHEDULE OF DISTRICT SCHOOL BOARD REVENUE SOURCES (continued)

The following is a schedule of Polk County District School Board revenue sources and amounts:

Source	Amount
Base Funding	$ 1,558,171
Class Size Reduction	266,037
Discretionary Millage Compression Allocation	128,758
Discretionary Local Effort	331,798
Elementary and Secondary School Emergency Relief Fund	73,711
Supplemental Academic Instruction	74,723
ESE Gurantee Allocation	27,460
Safe Schools	27,012
Subtotal	2,487,670
Capital Outlay	232,316
Total Revenue through Polk County District School Board	2,719,986
Total Revenue	$ 2,719,986

OTHER REPORTS

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

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 Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, 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 Polk State College Lakeland Gateway to College Charter High School (the "School") a charter school and division of Polk State College, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2026

MKA
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

To the Board of Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of Polk State College Lakeland Gateway to College Charter High School, (the "School"), a charter school and division of Polk State College, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 30, 2026.

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 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.* Disclosures in this report, which is dated September 30, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Polk State College Lakeland Gateway to College Charter High School of District 53 Polk, School 8003.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the School, we determined that the School did not meet any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

Financial Condition and Management (Continued)

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements 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 Trustees, the School District of Polk County, Florida and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2026