

**POLK EDUCATION FOUNDATION  
AND BUSINESS PARTNERSHIP, INC.  
A COMPONENT UNIT OF THE DISTRICT  
SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**



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**POLK EDUCATION FOUNDATION  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Polk Education Foundation and Business Partnership, Inc.  
Bartow, Florida

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

We have audited the accompanying financial statements of Polk Education Foundation and Business Partnership, Inc. (Foundation), a component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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 October 16, 2019, 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 16, 2019

**POLK EDUCATION FOUNDATION  
AND BUSINESS PARTNERSHIP, INC.  
A COMPONENT UNIT OF THE DISTRICT  
SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

As management of the Polk Education Foundation and Business Partnership, Inc. (Foundation), we offer the readers of the Foundation's financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2019.

**Overview of the Financial Statements**

The Foundation meets the Governmental Accounting Standards Board (GASB) criteria for being reported as a component unit of the District School Board of Polk County. As explained in Note 1 of the Notes to 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 enterprise funds are described below:

The *statement of net position* presents information on all assets, liabilities, and net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial condition of the Foundation is improving or deteriorating.

The *statement of activities* presents information showing how the Foundation's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows.

The *statement of cash flows* presents all increases and decreases in cash and cash equivalents during the fiscal year. This statement also includes a reconciliation of operating income (or loss) to net cash provided (or used) by operating activities.

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the Foundation's financial statements.

**Financial Analysis**

As noted above, net position may serve over time as a useful indicator of a government's financial position. The assets of the Foundation exceeded its liabilities at June 30, 2019 by \$8,688,633. These amounts represent the Foundation's net position at June 30, 2019. Of total net position, \$3,915,044 is unrestricted and may be used to meet the Foundation's obligations.

Restricted (Expendable and Nonexpendable) net position totaled \$4,772,701 for the year ended June 30, 2019. These funds represent monies which have been limited by donors with time restrictions, special purpose restrictions, or are funds that are invested in perpetuity.

At the end of fiscal year 2019, the Foundation had invested \$888 in capital assets, net of accumulated depreciation. This investment in capital assets is composed of furniture, fixtures, and equipment. The Foundation has no long-term debt.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Polk Education Foundation and Business Partnership, Inc.'s Net Position**

	<u>2019</u>	<u>2018</u>	Increase (Decrease)
Total Assets	\$ 8,764,306	\$ 8,726,592	\$ 37,714
Total Liabilities	<u>75,673</u>	<u>14,196</u>	<u>61,477</u>
Net Position:			
Investment in Capital Assets	888	1,353	(465)
Restricted	4,772,701	4,797,017	(24,316)
Unrestricted	<u>3,915,044</u>	<u>3,914,026</u>	<u>1,018</u>
Total Net Position	<u>\$ 8,688,633</u>	<u>\$ 8,712,396</u>	<u>\$ (23,763)</u>

Total net position for the year ended June 30, 2019 decreased by \$23,763 from the prior year.

**Polk Education Foundation and Business Partnership, Inc.'s Changes in Net Position**

	<u>2019</u>	<u>2018</u>	Increase (Decrease)
Revenues:			
Contributions – Private	\$ 1,886,643	\$ 2,180,796	\$ (294,153)
Contributions – Other	92,135	96,499	(4,364)
Net Change in Investments	<u>214,726</u>	<u>391,121</u>	<u>(176,395)</u>
Total Revenues	2,193,504	2,668,416	(474,912)
Expenses:			
Scholarships	842,241	652,756	189,485
Other Programs	1,287,659	1,202,823	84,836
General and Administrative	<u>87,367</u>	<u>86,782</u>	<u>585</u>
Total Expenses	<u>2,217,267</u>	<u>1,942,361</u>	<u>274,906</u>
Increase in Net Position	(23,763)	726,055	(749,818)
Net Position - Beginning of Year	<u>8,712,396</u>	<u>7,986,341</u>	<u>726,055</u>
Net Position – Ending	<u>\$ 8,688,633</u>	<u>\$ 8,712,396</u>	<u>\$ (23,763)</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Economic Factors that will Affect the Future**

The Foundation's board formally approves investment strategy and investment policy changes as they are deemed necessary and appropriate. It is the position of the Foundation's management, in consultation with the Foundation's finance committee that the Foundation should continue with its general investment policy and investment plan with the expectation that the economy will continue to see slow, cautious and continuous improvement throughout the coming year.

The Foundation is not legally required to adopt a budget; therefore, no budgetary information is included. There are no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

**Contacting the Foundation's Financial Management**

Requests for information relating to the Foundation's financial statements should be directed to Susan Copeland at 1530 Shumate Drive, Bartow, Florida 33830.

**POLK EDUCATION FOUNDATION  
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**STATEMENT OF NET POSITION  
JUNE 30, 2019**

**ASSETS**

Cash and Cash Equivalents	\$ 2,530,363
Investments	3,674,600
Accounts Receivable	61,825
Pledges Receivable	19,077
Prepaid Scholarships – Take Stock in Children	2,477,553
Capital Assets, Net of Accumulated Depreciation of \$1,899	888
	888
Total Assets	8,764,306

**LIABILITIES**

Accounts Payable	75,673
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**NET POSITION**

Net Investment in Capital Assets	888
Restricted for:	
Endowment - Nonexpendable	1,749,684
Schools/District Programs	281,734
Prepaid Scholarships – Take Stock in Children	2,477,553
Annual Scholarships	263,730
Total Restricted	4,772,701
Unrestricted	3,915,044
Total Net Position	\$ 8,688,633



**POLK EDUCATION FOUNDATION  
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**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

**OPERATING REVENUE**

Contributions:	
Private Contributions	\$ 1,077,630
Grant Funding	655,947
Special Events	153,066
Prepaid Scholarships Matching Contribution	86,435
Advertising Income	5,700
Total Operating Revenue	<u>1,978,778</u>

**OPERATING EXPENSES**

Scholarships	699,045
AmeriCorps	512,747
Prepaid Scholarships Awarded	143,196
Matching Grant	25,515
Special Events	107,544
Take Stock In Children	93,457
General and Administrative	85,270
Teacher to Teacher	45,392
Other Programs	503,004
Rent, Utilities, and Insurance	1,632
Depreciation Expense	465
Total Operating Expenses	<u>2,217,267</u>

**OPERATING LOSS** (238,489)

**NONOPERATING REVENUES**

Realized and Unrealized Gain on Investments	128,791
Unrealized Loss from Florida Prepaid Tuition Scholarships	(73,862)
Interest and Dividends	159,797
Total Nonoperating Revenues	<u>214,726</u>

**CHANGE IN NET POSITION** (23,763)

Net Position - Beginning of Year 8,712,396

**NET POSITION - END OF YEAR** \$ 8,688,633

**POLK EDUCATION FOUNDATION  
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**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Private Contributors	\$ 1,952,485
Payments for Scholarships	(642,610)
Payments for Suppliers	(1,369,519)
Payments for Prepaid Scholarships	(87,435)
Net Cash Used by Operating Activities	<u>(147,079)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and Dividends	159,797
Proceeds from Sale of Investments	1,576,183
Purchase of Investments	(1,502,918)
Net Cash Provided by Investing Activities	<u>233,062</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

85,983

Cash and Cash Equivalents - Beginning of Year

2,444,380

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,530,363

**RECONCILIATION OF NET OPERATING LOSS  
TO NET CASH USED BY OPERATING ACTIVITIES**

Operating Income	\$ (238,489)
Adjustments to Reconcile Operating Income	
Net Cash Provided by Operating Activities:	
Depreciation Expense	465
(Increase) Decrease in:	
Accounts Receivable	45,879
Pledges Receivable	14,263
Prepaid Scholarships	(30,674)
Increase in Liabilities:	
Accounts Payable	61,477
Net Cash Used by Operating Activities	<u><u>\$ (147,079)</u></u>

**NONCASH INVESTING ACTIVITY**

Change in Fair Value of Investments	\$ 127,355
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**POLK EDUCATION FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Foundation**

Polk Education Foundation and Business Partnership, Inc. (Foundation) was incorporated in 1988 as a nonprofit tax-exempt organization. The Foundation's principal operating activities are to provide educational aid in the form of money and other services to the District School Board of Polk County (School Board) and the students which the School Board serves; to promote education and other related activities of the School Board; and to encourage research, learning, and dissemination of information.

**Reporting Entity**

The Foundation, established by the Order of the School Board in 1988, is a direct-support organization (DSO) operating exclusively for the benefit of the School Board. 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 post-secondary education.

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 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.

**Basis of Presentation**

As noted above, The Foundation complies with accounting standards established by the Governmental Accounting Standards Board (GASB). The Foundation has implemented GASB Statement No. 34 as amended, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. In accordance with the provisions of GASB 34, the Foundation uses enterprise fund accounting and financial reporting. For financial reporting purposes, the Foundation is presented as a stand-alone enterprise fund.

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Foundation's financial statements 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; a statement of activities; and a statement of cash flows. The Foundation consists of only one fund.

The Foundation distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Foundation's principal ongoing operations. The principal operating revenues of the Foundation are contributions. Operating expenses are those costs incurred in connection with Foundation programs. All revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

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

**Restricted Net Position**

Restricted net position is cash and certificates of deposit 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 or that have been awarded but not yet claimed.

**Tax Status**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal and state income taxes has been made in the accompanying financial statements.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

The Foundation's accounts receivable mainly consist of amounts receivable from grant funding for programs administered by the Foundation. The Foundation considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable**

The Foundation's pledges receivable mainly consist of amounts receivable from various entities and individuals for scholarships. All of the Foundation's receivables are receivable within one year.

**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 a current transaction between willing parties. Investment return consists of interest and dividend income, capital gain distributions, realized gains (losses) and unrealized gains (losses).

**Fair Value of Financial Instruments**

Governmental Accounting Standards Board (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). 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 (contractual) 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.

The 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Capital Assets**

Assets purchased by or donated to the Foundation are capitalized and carried at cost if purchased or acquisition value on the date of the gift if donated. Depreciation is calculated over the estimated useful life of each asset on a straight-line basis.

**NOTE 2 DEPOSITS AND INVESTMENTS**

As of June 30, 2019, the Foundation has the following investments:

	<u>Fair Value</u>
Stocks	\$ 1,251,694
Mutual Funds - Equity	1,298,173
Mutual Funds - Bond	502,334
Government Securities	532,961
Certificate of Deposit	61,654
Money Market Funds	24,724
Net Unsettled Purchases/Sales	3,060
Total	<u><u>\$ 3,674,600</u></u>

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**Custodial Credit Risk – Deposits**

As of June 30, 2019, the carrying amount of the Foundation’s cash deposits was \$2,530,363 and the bank balance was \$2,798,386. Cash balances are maintained at several institutions. Cash balances at these institutions are insured by the FDIC and NCUA, in the amount of \$250,000. Of the bank balance, \$811,374 was covered by federal depository insurance or by collateral held by the Foundation's agent in the Foundation's name and \$1,350,953 was uninsured and uncollateralized at June 30, 2019. To mitigate custodial credit risk the Foundation’s deposits are held with reputable financial institutions.

**Interest Rate Risk**

As a means of limiting exposure to fair value losses arising from rising interest rates, the Foundation’s investment policy states that the average weighted duration of the fixed income portfolio should not exceed the duration of the Lehman Brothers (LB) Aggregate Index by more than 1½ years and should typically not be shorter than one year. The estimated average duration for the bond funds ranges from three to greater than five years at any given time. The estimated average duration for the government securities ranges from three to greater than five years at any given time.

As of June 30, 2019, the Foundation had the following maturities for its mutual bond funds and government securities:

	Investment Maturities (in Years)			Fair Value
	< 1 year	1 - 5 years	> 5 years	
Mutual Funds - Bond	\$ 19,232	\$ 82,167	\$ 400,935	\$ 502,334
Government Securities	32,534	311,437	188,990	532,961
Total	<u>\$ 51,766</u>	<u>\$ 393,604</u>	<u>\$ 589,925</u>	<u>\$ 1,035,295</u>

**Credit Risk**

State law does not limit investment options of the Foundation. The Foundation’s investment policy states that preferred stocks must be rated A or better by Moody’s and/or Standard & Poor’s, and Foundation assets may be invested in commercial paper if rated A1 or better. As of June 30, 2019, the Foundation’s investments are in accordance with the policy. The Foundation’s investment policy states that only corporate debt issues having a Standard & Poor’s rating of BBB or higher; or a Moody’s rating of Baa or higher may be purchased. Only 10% of corporate debt holdings may be rated below A. As of June 30, 2019, the Foundation did not have any corporate debt holdings. The average credit rating of the government securities is AAA. Mutual Funds are not rated.

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**Concentration of Credit Risk**

The Foundation's investment policy states that investments of a single issuer (with the exception of the U.S. Government and its agencies) must not exceed 5% of the account's market value. As of June 30, 2019, the Foundation was in compliance with the investment policy.

**NOTE 3 FAIR VALUE MEASUREMENT**

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

	2019			
	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
Stocks	\$ 1,251,694	\$ 1,251,694	\$ -	\$ -
Mutual Funds - Equity	1,298,173	1,298,173	-	-
Mutual Funds - Bond	502,334	502,334	-	-
Government Securities	532,961	532,961	-	-
Certificate of Deposit	61,654	-	61,654	-
Net Unsettled Purchases/Sales	3,060	3,060	-	-
Total investments Measured at Fair Value	<u>3,649,876</u>	<u>\$ 3,588,222</u>	<u>\$ 61,654</u>	<u>\$ -</u>
<b>Investments Measured at Amortized Cost</b>				
Short-Term Money Market Funds	24,724			
Total Investments	<u>\$ 3,674,600</u>			

**NOTE 4 PREPAID SCHOLARSHIPS – TAKE STOCK IN CHILDREN**

The Foundation has contracts with the Florida Prepaid College Program for future student tuition and dorm costs. The future tuition and dorm costs are funded by investments of the Prepaid Program and matched by the state of Florida. As scholarships are awarded, they are recorded as an expense in the accompanying statements of activities. The Prepaid Scholarships – Take Stock in Children is adjusted annually to its current value as determined by the Florida Prepaid College Foundation.

Operating revenue for June 30, 2019 includes \$86,435 in funds for matching contracts provided by the Florida Prepaid College Foundation. During the year ended June 30, 2019, the Foundation awarded scholarships to selected students totaling \$143,196.



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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 RELATED PARTY TRANSACTIONS**

As previously mentioned, the Foundation is an organization formed under Florida Law specifically to support the School Board. As such, there are numerous transactions between the Foundation and the School Board for the year ended June 30, 2019.

- The School Board collected payroll deduction contributions on behalf of the Foundation in the amount of \$8,228.
- The School Board provided funding for certain education programs and scholarships in the amount of \$46,684. These funds did not benefit the Foundation.
- The Foundation reimbursed the School Board for costs advanced regarding various programs in the amount of \$184,099.

In-Kind transactions, not given accounting recognition, for equipment, facilities, and staff provide by the School Board were \$361,327 for the year-ended June 30, 2019.

As of June 30, 2019, the Foundation had \$111,569 in contributions from other related parties.

Three board members were employed at financial institutions at which the Foundation holds cash, cash equivalents, or investments. The Foundation had a total of \$183,205 in cash and cash equivalents and \$2,022,443 in investments at these institutions as of June 30, 2019. The Board members abstain on decisions related to banking related matters and also do not personally benefit from this relationship.

**NOTE 6 ENDOWMENT FUND**

In 1991, the Board of Directors of the Foundation embarked on a capital campaign to raise \$1,000,000 to create an endowment fund for the continuous funding of the activities of the Foundation. It is the intention of the Foundation's Board to invest the proceeds of this campaign and then use only the earnings of the investments for various programs each year. The endowment assets are invested in a manner that is according to the investment policies of the board of directors. Investment accounts under this policy are intended to produce an annualized rate of return of not less than 8.5% and to exceed the rate of inflation (as measured by the Consumer Price Index) by 3.0%. The investment policies, as established by the board of directors, allow for an annual disbursement during the first quarter of each year amounting to 5% of the previous year-end balance.



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

Board of Directors  
Polk Education Foundation and Business Partnership, Inc.  
Bartow, Florida

We have audited, 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, the financial statements of Polk Education Foundation and Business Partnership, Inc. (Foundation), a component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2019, 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 16, 2019.

**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) 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 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 may exist that have not been identified.

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 16, 2019