THE FOUNDATION FOR OSCEOLA EDUCATION, INC.

Financial Statements and Supplemental Information

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 Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Foundation for Osceola Education, Inc. (the "Foundation"), which is a component unit of the School District of Osceola County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Foundation, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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.

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 (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, and pension and retirement information on pages 3–8 and 45–50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2026, 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 for Osceola Education, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 22, 2026

Management's Discussion and Analysis

As management of the Foundation for Osceola Education, Inc. (the "Foundation"), which is a component unit of the School District of Osceola County, Florida, we offer 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, 2026, to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Foundation's financial activities, (c) identify changes in the Foundation's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on page 9.

Financial Highlights

- The assets of the Foundation exceeded its liabilities at the close of the most recent fiscal year by $7,837,685 which is a increase of $88,053 from the prior year.
- As of the close of the current fiscal year, the Foundation's governmental funds reported combined ending fund balances of $12,952,688.
- At the end of the current fiscal year, unassigned fund surplus for the general fund was $9,119,296 or 154 percent of total general fund expenditures, compared to 173 percent for the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Analysis

The information in the government-wide financial statements includes all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the Foundation's financial health is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the Foundation's health, such as changes in enrollment, changes in the state's funding of educational costs, and changes in the economy, etc., to assess the overall health of the Foundation.

The Foundation's total net positions were as follows at June 30.

	Governmental Activities		
	2026	2025	Change
Current and other assets	$ 14,843,707	$ 14,157,639	$ 686,068
Capital assets and other assets, net of accumulated depreciation	928,411	1,119,965	(191,554)
Total assets	15,772,118	15,277,604	494,514
Deferred outflows	1,334,490	1,340,845	(6,355)
Current and other liabilities	1,906,834	1,142,571	764,263
Net pension liability	5,417,954	6,288,484	(870,530)
Long term liabilities outstanding	460,376	475,519	(15,143)
Total liabilities	7,785,164	7,906,574	(121,410)
Deferred inflows	1,483,759	962,243	521,516
Invested in capital assets	928,411	1,119,965	(191,554)
Restricted	2,772,938	2,423,688	349,250
Unrestricted	4,136,336	4,205,979	(69,643)
Total net position	$ 7,837,685	$ 7,749,632	$ 88,053

Net position increased primarily due to the positive change in net position of approximately $88,000 noted on page 5. The increase in current assets is primarily attributed to increases in investments and decreases in due from other agency. The decrease in capital assets was due to accumulated depreciation. The increase in current liabilities relates primarily to timing of payments due to other agencies. The increase in deferred inflows and decrease in deferred outflows and net pension liability relates primarily to changes in net pension and OPEB liabilities.

The Foundation's changes in net position for the fiscal years ended June 30, 2026 and 2025, are as follows:

	Governmental Activities		
	2026	2025	Change
Revenues:			
Program revenues:			
Base funding	$ 5,805,970	$ 8,391,347	$ (2,585,377)
Education enrichment share	249,644	361,862	(112,218)
Safe school	94,286	132,823	(38,537)
ESE guaranteed allocation	368,172	345,109	23,063
Discretionay local effort	537,431	732,121	(194,690)
Class size reduction funds	1,009,480	1,457,139	(447,659)
Discretionary millage compression allocation	352,186	473,073	(120,887)
Prior year funding adjustment	-	(1,347)	1,347
Prior year audit adjustment	(11,104)	(3,167)	(7,937)
Proration to funds available	-	(102,936)	102,936
Subtotal	8,406,065	11,786,024	(3,379,959)
Capital outlay distribution	685,864	914,607	(228,743)
Capital improvements	257,950	159,996	97,954
Title grant	391,189	545,243	(154,054)
21st Century Grant revenue	-	121,695	(121,695)
ESSER & GEER revenue	-	170,146	(170,146)
IDEA Grant revenue	440,339	85,202	355,137
Other federal revenue	19,976	25,963	(5,987)
Total	10,201,383	13,808,876	(3,607,493)
Grants	578,414	555,740	22,674
Contributions	4,169,725	3,825,095	344,630
Program services	5,000	3,000	2,000
Fundraising	587,130	621,005	(33,875)
Interest income	291,738	319,383	(27,645)
Other revenue	912,873	1,376,513	(463,640)
Gain (loss) from transfer of PM Wells	(170,329)	3,898,974	(4,069,303)
Total revenues	16,575,934	24,408,586	(7,832,652)
Expenses:			
Program expenses:			
Instruction	6,543,780	9,718,514	3,174,734
School administration	2,079,729	2,370,407	290,678
Facilities acquisition and construction	1,095,020	2,071,452	976,432
Operating of plant	908,550	2,766,760	1,858,210
Community services	5,857,023	5,184,844	(672,179)
Interest on long-term debt	3,779	126,874	123,095
Total expenses	16,487,881	22,238,851	5,750,970
Change in net position	$ 88,053	$ 2,169,735	$ (2,081,682)

The decreases in total revenues are directly attributable to the sale of PM Wells Charter Academy in 2025, which was a component of the Foundation. FEFP funding and Capital outlay distribution decreased and IDEA grant revenue increased in 2026. As a result revenue decreased by approximately $7,660,000.

The overall decrease in expenses is directly attributable to the sale of PM Wells Charter Academy in 2025 as their expenses related to operation of the School, Bellalago having HVAC and roofing repairs done in 2025. The increase in community services expenses relates to the Foundation receiving more in-kind goods and services during the year at a higher valued rate than previously.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Foundation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Foundation's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net positions. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The statement of activities presents information showing how the Foundation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding, earned but unused vacation leave, and pensions).

Both of the government-wide financial statements distinguish functions of the Foundation that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Foundation include but are not limited to basic instruction, exceptional instruction, health services, media services, transportation, and food services.

The government-wide financial statements include only the Foundation itself, which includes operations of its charter school, Bellalago.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the Foundation are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Foundation maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general, special revenue and capital projects funds.

The Foundation adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

Government-wide financial analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Foundation, it had positive fund positions of $7,837,685 at June 30, 2026, and $7,749,632 at June 30, 2025.

Governmental activities. Governmental activities increased Foundation net position by $88,053 for 2026, and increased net position by $2,169,735 for 2025.

Financial Analysis of the Governmental Funds

As noted earlier, the Foundation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Foundation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Foundation's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Foundation's governmental funds reported a combined ending fund surplus of $12,952,688. Of this amount, $10,105,309 constitutes unassigned fund surplus, which is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of the Foundation. At the end of the current fiscal year, the unassigned fund surplus of the general fund was $9,119,296.

The fund balance of the Foundation's general fund increased by $549,332 during the current fiscal year.

General Fund Budgetary Highlights

Actual revenue exceeded original budgeted revenue by $4,790,115 while actual expenditures exceeded original budgeted expenditures by $4,250,297. In-kind donations of office supplies and volunteer services accounted for $3,548,243 of the increase in both revenues and expenditures. Historically, the Foundation has not budgeted for these noncash items. The Board of Directors has approved a motion to adjust the 2026 general fund budget to the actual 2026 general fund year end financials. Thus, the final approved general fund budget is equal to the general fund statements of revenues, expenditures, and changes in fund balances.

Capital Asset and Debt Administration

Capital assets. The Foundation's investment in capital assets for its governmental activities as of June 30, 2026, amounted to $928,411. This investment in capital assets includes buildings and fixed equipment, furniture, fixtures, and computer software.

Debt. At the end of the current fiscal year, the Foundation had long-term obligations payable in the amount of $134,974 for EIDL loan.

Economic Factors

State and federal funding which principally support the Foundation are determined by the number of enrolled students. Enrollment for the 2025/2026 decreased in comparison to the 2024/2025 school year. The Foundation expects to see increases in enrollment for the 2026/2027 school year.

Request for Information

This financial report is designed to provide a general overview of Foundation finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Foundation for Osceola Education, Inc., 2310 New Beginnings Road Suite 118, Kissimmee, FL 34744.

The Foundation for Osceola Education, Inc.

STATEMENT OF NET POSITION

June 30, 2026

	Governmental Activities
Current assets:	
Cash and cash equivalents	$ 4,423,444
Cash and cash equivalents - restricted	1,367,888
Investments	8,504,888
Accounts receivable	70,207
Prepaid items	9,921
Interest receivable	7,337
Beneficial interest in assets held by others - restricted	460,022
Total current assets	14,843,707
Capital assets, net	928,411
Total assets	15,772,118
Deferred outflows:	
Related to changes in the net position liabiltiy	1,250,469
Related to changes in the OPEB liabilities	84,021
Total deferred outflows	1,334,490
Current liabilities:	
Accounts payable	2,727
Compensated absences due within one year	11,795
Accrued expenses	267,976
Due to other agencies	1,577,981
Accrued interest	4,186
Due to district	625
EIDL due within one year	4,021
Other liabilities	37,523
Total current liabilities	1,906,834
Long term liabilities:	
Compensated absences due after one year	329,423
EIDL due within more than one year	130,953
Net pension	5,148,606
OPEB liability	269,348
Total liabilities	7,785,164
Deferred inflows:	
Deferred revenue	405,738
Related to changes in the net pension liability	975,357
Related to changes in the OPEB liabilities	102,664
	1,483,759
Net position:	
Investment in capital assets, net of related debt	928,411
Restricted:	
Other purposes - Take Stock in Children	460,022
Other purposes - Scholarships	119,658
Other purposes - Commmunity Foundation	1,248,230
Capital outlay	945,028
Unrestricted	4,136,336
Total net position	$ 7,837,685

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

The Foundation for Osceola Education, Inc.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 6,543,780	$ 87,350	$ 851,504	$ -	$ (5,604,926)
School administration	2,079,729	-	-	-	(2,079,729)
Facilities acquisition and construction	1,095,020	-	-	949,690	(145,330)
Operation and maintenance of plant	908,550	-	-	-	(908,550)
Community services	5,857,023	-	5,340,269	-	(516,754)
Interest on long-term debt	3,779	-	-	-	(3,779)
Total governmental activities	$ 16,487,881	$ 87,350	$ 6,191,773	$ 949,690	(9,259,068)
General revenues:					
State passed through local school district					8,406,065
Interest and investment income					291,738
Other local revenues					819,647
Loss from transfer of PM Wells					(170,329)
Total general revenues					9,347,121
Change in net position					88,053
Net position at July 1, 2025					7,749,632
Net position at June 30, 2026					$ 7,837,685

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

The Foundation for Osceola Education, Inc.

BALANCE SHEET -
GOVERNMENTAL FUNDS

June 30, 2026

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,713,935	$ 1,618,328	$ 91,181	$ 4,423,444
Cash - restricted	1,367,888	-	-	1,367,888
Investments	6,453,565	1,501,545	549,777	8,504,887
Accounts receivable	70,207	-	-	70,207
Prepaid items	9,921	-	-	9,921
Interest receivable	-	7,337	-	7,337
Beneficial interest in assets held by others - restricted	460,022	-	-	460,022
Total assets	$ 11,075,538	$ 3,127,210	$ 640,958	$ 14,843,706
LIABILITIES AND FUND BALANCES				$ 5,333,811
Liabilities:				
Accounts payable	$ -	$ 2,725	$ -	$ 2,725
Accrued expenses	66,764	201,214	-	267,978
Due to other agencies	9,938	1,568,043	-	1,577,981
Due to district	-	625	-	625
Accrued interest payable	4,186	-	-	4,186
Other current liabilities	37,523	-	-	37,523
Total liabilities	118,411	1,772,607	-	1,891,018
Fund balances:				
Nonspendable:				
Prepaid items	9,921	-	-	9,921
Restricted				
Take stock in children	460,022	-	-	460,022
Community foundation	1,248,230	-	-	1,248,230
Scholarships	119,658	-	-	119,658
Capital outlay	-	304,070	640,958	945,028
Capital projects	-	64,520	-	64,520
Unassigned	9,119,296	986,013	-	10,105,309
Total fund balances	10,957,127	1,354,603	640,958	12,952,688
Total liabilities and fund balances	$ 11,075,538	$ 3,127,210	$ 640,958	$ 14,843,706

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

The Foundation for Osceola Education, Inc.

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2026

Fund balances - total governmental funds		$ 12,952,688
The net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not a financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Buildings and fixed equipment, net of $134,776 accumulated depreciation	$ 442,295	
Furniture, fixtures and equipment, net of $425,807 accumulated depreciation	185,361	
Computer software, net of $15,959 accumulated depreciation	-	
Improvements other than buildings, net of $98,331 accumulated depreciation	300,755	928,411
Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net position (deficit).		
Compensated absences	(341,218)	
EIDL loan	(134,974)	
Deferred revenue	(405,738)	
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds	(4,873,494)	
OPEB liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds	(287,990)	(6,043,414)
Total net position of governmental activities		$ 7,837,685

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

The Foundation for Osceola Education, Inc.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2026

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues				
Federal passed through state	$ -	$ 851,504	$ -	$ 851,504
State passed through local school district	-	8,406,065	685,864	9,091,929
Grants	578,414	-	-	578,414
Contributions	4,169,725	-	-	4,169,725
Program services	5,000	-	-	5,000
Fundraising	666,843	-	-	666,843
Interest and investment income	154,222	137,516	-	291,738
Other local revenues	897,911	21,667	263,826	1,183,404
Total revenues	6,472,115	9,416,752	949,690	16,838,557
Expenditures				5,333,811
Current:				
Basic instruction	-	4,738,151	-	4,738,151
School administration	-	609,880	-	609,880
Operation of plant	-	808,257	-	808,257
Community services	5,915,091	-	-	5,915,091
Exceptional instruction	-	1,221,176	-	1,221,176
Guidance services	-	240,832	-	240,832
Health services	-	51,440	-	51,440
Other pupil services	-	139,326	-	139,326
Media services	-	4,085	-	4,085
Curriculum development	-	226,703	-	226,703
Board of directors	-	51,400	-	51,400
General administration	-	1,276,500	-	1,276,500
Fiscal services	-	139	-	139
Transporation	-	618	-	618
Maintenance of plant	-	105,166	-	105,166
Food services	-	341	-	341
Instructional media	-	79,617	-	79,617
Instructional staff training	-	179,194	-	179,194
Instructional related technology	-	55,199	-	55,199
Facilities	-	1,025,184	71,412	1,096,596
Fixed capital outlay	-	32,153	-	32,153
Debt service:				
Principal	3,913	-	-	3,913
Interest	3,779	-	-	3,779
Total expenditures	5,922,783	10,845,361	71,412	16,839,556
Excess (deficiency) of revenues over (under) expenditures	549,332	(1,428,609)	878,278	(999)
Other financing sources (uses):				
Transfers in	-	943,814	-	943,814
Transfers out	-	-	(943,814)	(943,814)
Loss on transfer of PM Wells assets and liabilities	-	(86,996)	-	(86,996)
Total other financing sources (uses)	-	856,818	(943,814)	(86,996)
Net change in fund balances	549,332	(571,791)	(65,536)	(87,995)
Fund balances at July 1, 2025	10,407,795	1,926,394	706,494	13,040,683
Fund balances at June 30, 2026	$ 10,957,127	$ 1,354,603	$ 640,958	$ 12,952,688

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

The Foundation for Osceola Education, Inc.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Net change in fund balances - total governmental funds		$ (87,995)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	$ 33,963	
Current year depreciation	(141,950)	
Loss on sale and disposal of asset	(234)	(108,221)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Loss on PM Wells net assets balance - activities	(170,329)	
Gain on PM Wells fund balances - funds	86,996	
Net pension	873,740	
OPEB liabilities	(3,210)	
Deferred inflows related to net pension liabilities	(476,274)	
Deferred inflows related to OPEB liabilities	34,471	
Deferred outflows related to net pension and OPEB liabilities	(3,269)	
Deferred outflows related to OPEB liabilities	(3,085)	
Compensated absences	21,029	360,069
Governmental funds report deferred revenues as received during the current year. However, in the statement of activities, the revenues are not recognized until they are earned.		(75,800)
Change in net assets of governmental activities		$ 88,053

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

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Foundation for Osceola Education, Inc. (the "Foundation"), which is a component unit of the School District of Osceola County, Florida (the "District"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes and was incorporated on June 23, 1987. The Foundation's activities include recovering, holding and administering property and making expenditures for public education. The governing body of the Foundation is the Board of Directors.

Additionally, the Foundation has entered into a charter agreement with the School District of Osceola County, Florida (the "District") to operate Bellalago Charter Academy, which is considered as a division of the Foundation and is included in the Foundation's financial statements. The terms of the charter agreement is as follows:

Bellalago Charter Academy

The original charter agreement between the Foundation and the District to operate Bellalago Charter Academy was for an initial period of 10 years. Operations commenced during the 2002-2003 school year. The agreement was extended until June 30, 2032.

The charter agreement may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. Additionally, the District may terminate the charter in accordance with the procedures specified in the charter agreement.

No component units are required to be included within the reporting entity of the Foundation.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the Foundation. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Foundation does not engage in any business-type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: amounts invested in capital assets, net of related debt; restricted, and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the Foundation has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the Foundation's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the Foundation's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

3. Measurement focus, basis of accounting, and financial statement presentation

All governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

When the Foundation incurs expenditures for which restricted or unrestricted fund balance is available, the Foundation would consider restricted funds to be spent first. When the Foundation has expenditures for which committed, assigned or unassigned fund balance is available, the Foundation would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Foundation reports the following major governmental funds:

General Fund - The general operating fund of the Foundation. It is used to account for all financial resources traditionally associated with the nonprofit activities of the Foundation which are not required to be accounted for in another fund.

Special Revenue Fund (Charter Academies Fund) - To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - To account for all resources for the leasing or acquisition of capital assets by the Foundation to the extent funded by capital grants or revenue bonds.

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the Foundation may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

   Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The Foundation classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

   Restricted: This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional or enabling legislation.

   Committed: This classification includes amounts that can be used for specific purposes voted through formal action of the Board of Directors. The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

   Assigned: This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed.

   Unassigned: This classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the general fund.

   The details of the fund balances are included in the Government Funds Balance Sheet on page 11.

4. Allowance for doubtful accounts

   Accounts receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

5. Budgetary basis of accounting

   Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual budgets were legally adopted for the general fund only and may be amended by the board of directors. The budgets presented for fiscal year ended June 30, 2026, have been amended according to board procedures. Budgets are presented on the modified accrual basis of accounting.

6. Cash and cash equivalents

   Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Foundation. Income from investments is recorded in the respective funds when earned.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Cash and cash equivalents (continued)

The Foundation's cash and cash equivalents at June 30, 2026, include demand deposit accounts, money market accounts, savings accounts and certificates of deposit accounts.

7. Investments

Investments represent amounts placed in investment portfolios with the District and a financial institution, consisting of certificates of deposit, US treasury bonds, money market funds, and State of Florida State Board of Administration (SBA) accounts primarily in Florida PRIME, formerly known as the Local Government Trust Fund Investment Pool. The Foundation reports these investments at fair value as determined by the District. Realized gains or losses, which are included in other revenues in the accompanying financial statements, represent the net increase or decrease in the Foundation's investment with the District and the financial institution. The District's investment policy allows for investments rated "AA" or better, and limits the amounts the District may invest in any one issuer. The Foundation's investment policy with investments placed with a financial institution mirrors the District's policy.

8. Inter-fund receivables, payables, and transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds. The purpose of interfund transfers are to cover the payments made from the Special Revenue fund for the Capital Projects funds for the purchase of capital assets.

9. Capital assets

Capital assets, which include property, plant, and equipment, are reported on the government-wide financial statements. Capital assets are defined by the Foundation as assets with an initial individual cost of more than $1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but rather are expensed in the period incurred. Property, plant, and equipment of the Foundation are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building and fixed equipment	5 – 50
Furniture, fixtures, and equipment	5 – 10
Computer software	3 – 5
Audio visual equipment	3 – 7

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Donated property and services

Donated merchandise is recorded as income and expense at fair market value at the time the items are selected by the recipient. Contributed use of facilities and equipment are recorded at fair value at the date of the donation. Contributed services are reported as contributions at their fair market value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. During fiscal 2026, the Foundation recognized $3,548,243 of donated property and services as both in-kind revenue and in-kind expense in the accompanying financial statements.

11. Accrued expenses

Accrued expenses include accrued payroll related expenses including unpaid vacation and sick time. Accrued expenses are recognized in the period the expenses are incurred and for payroll and related expenses when earned.

12. Restricted assets

Certain resources of the Foundation have been set aside and are classified as restricted assets on the statement of net position and balance sheet because they are maintained in separate bank accounts and their use is limited. The project fund is used to pay for issuing expenses and project costs. The supplemental reserve fund is used to account for resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. Other amounts shown as restricted assets are for other purposes such as Take Stock in Children program (see Note C), scholarships, and Community Foundation donations.

13. Prepaid items

Payment made to vendors for services that will benefit periods beyond June 30, 2026, are recorded as prepaid items in both government-wide and fund financial statements.

14. Deferred outflows/ inflows of resources

In addition to assets and liabilities, the statement of financial net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until that time. 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 or resources (revenues) until that time. The Foundation has three items that qualify for this category, which are pensions, OPEBs and deferred revenue. The deferred revenue pertains to scholarship grants received in advance of meeting timing requirements.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Compensated absences

The Foundation's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statement. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable. As of July 1, 2023, Foundation employees became District employees.

16. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize proceeds from loans when the debt is first issued. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

17. Income taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service not to be a private Foundation. There was no unrelated business income for the current year.

Management has analyzed the Foundation's various federal and state filing positions, including those pertaining to charter academy contracts and tax exempt status, and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

18. Revenue recognition

Student funding is provided by the State of Florida through the School District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of 5% administration fee retained by the School District. This funding is received on a prorate basis over the twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

19. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the Foundation's charter agreement with the District. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Foundation 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 FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program. Funding for the school is adjusted during the year to reflect revised calculations by the FDE under the Florida Education Finance Program and actual weighted FTE students reported by the school during designated FTE student survey periods.

The Foundation receives Federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These Federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, the Foundation manages several program services that benefit the students and educators of Osceola County. The largest of these is the Take Stock in Children program. These funds are jointly sponsored with the State of Florida and must be distributed as scholarships to the students of Osceola County and used for the operations of the Take Stock in Children program. Other revenues may also be derived from various fundraising activities and certain other programs.

20. Pensions/Other postemployment benefits (OPEB)

In the government-wide statement of net position, liabilities are recognized for the Foundation's proportionate share of each pension plan's net pension and OPEB liability. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, pension and OPEB expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and the OPEB plan, and additions to/deductions from the FRS's,

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

20. Pensions/Other postemployment benefits (OPEB) (continued)

the HIS's, and the OPEB's fiduciary net position have been determined on the same basis as they are reported by the FRS, the HIS, and the OPEB plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

21. Budgetary data

The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with legal restriction that expenditures cannot exceed appropriations by major function at year end.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

22. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

23. Accounting pronouncements implemented

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. 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 were implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the Foundation's financial statements.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

24. Accounting pronouncements implemented (continued)

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. 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 were implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the Foundation's financial statements.

25. New GASB implementation

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.

NOTE B - CASH AND CASH EQUIVALENTS

Custodial Credit Risk – The carrying amount of the Foundation's cash deposits were $2,686,126 at June 30, 2026. Monies invested in amounts greater than the insurance coverage of FDIC are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Foundation pursuant to Section 280.08, Florida Statutes. As of June 30, 2026, the Foundation had $2,525,861 in excess of amounts insured by the FDIC. The Foundation has not experienced any losses in the past relating to its cash balances.

The Foundation opened a certificate of deposit on April 11, 2023, in the amount of $350,000 which bears interest of 3.50% at June 30, 2026. The certificate of deposit has a 5-month term and automatically renews upon maturity. Its next maturity date is November 28, 2026.

NOTE C - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation's beneficial interest in assets at June 30, 2026, consists of $460,022 held by Florida Prepaid College Foundation, Inc. The amounts held by Florida Prepaid College Foundation, Inc. consist of funds contributed by the Foundation as part of the Take Stock in Children program. Contributions are matched by the State of Florida, and recorded as a contribution by the Foundation on the statement of activities at the time of contribution. The funds are to be used for college scholarships for selected individuals graduating from high school in Osceola County. As the scholarships are awarded, the expenditures are recorded by the Foundation. The funds held by Florida Prepaid College Foundation, Inc. can only be utilized for scholarships.

The Foundation also has restricted assets of $1,248,230 at June 30, 2026, held for its benefit by the Community Foundation of Central Florida. These assets are included in cash and cash equivalents in the accompanying financial statements and restricted for scholarships for students to attend schools other than Valencia College.

NOTE D - INVESTMENTS

Custodial Credit Risk – The carrying amount of the Foundation's investments at June 30, 2026, were $8,504,888 including $8,414,888 classified as investments and $90,000 as restricted cash in the accompanying financial statements. The investments include $2,051,323, held in the District's investment pool and $6,453,565 in an investment pool with a financial institution. Monies invested in amounts greater than the insurance coverage of FDIC are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Foundation pursuant to Section 280.08, Florida Statutes.

NOTE E - CAPITAL ASSETS

Changes in capital assets by category are as follows for the year ended June 30, 2026:

	Balance at June 30, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets depreciated:				
Buildings and fixed equipment	$ 854,374	$ -	$ 277,303	$ 577,071
Improvements other than building	893,722	-	494,636	399,086
Furniture, fixtures and equipment	1,256,994	33,963	679,789	611,168
IT equipment	1,130,690	-	1,130,690	-
Computer software	32,172	-	16,213	15,959
Total assets depreciated	4,167,952	33,963	2,598,631	1,603,284
Less accumulated depreciation:				
Buildings and fixed equipment	369,532	42,548	277,304	134,776
Improvements other than building	551,132	26,727	479,528	98,331
Furniture, fixtures and equipment	985,749	72,675	632,617	425,807
IT equipment	1,109,402	-	1,109,402	-
Computer software	32,172	-	16,213	15,959
Total accumulated depreciation	3,047,987	$ 141,950	$ 2,515,064	674,873
Total governmental activities capital assets, net	$ 1,119,965			$ 928,411

Depreciation expense is charged to the school administration function of the Foundation for the year ended June 30, 2026.

NOTE F - LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the Foundation for the year ended June 30, 2026.

	Long-term obligations at July 1, 2025	Additions	Reductions	Long-term obligations at June 30, 2026	Amount Due in 1 Year
EIDL loan	$ 138,887	$ -	$ (3,913)	$ 134,974	$ 4,021
	$ 138,887	$ -	$ (3,913)	$ 134,974	$ 4,021

On July 1, 2020, the Foundation, through the SBA, received an Economic Injury Disaster Loan (“EIDL”) in the amount of $150,000. The loan is payable over 30 years with monthly payments of $641, at an interest rate of 2.75%, with a deferral of payments for the first 12 months. The loan matures July 1, 2050.

NOTE F - LONG-TERM DEBT (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2026 are as follows:

Years ending June 30	Principal	Interest	Total
2027	$ 4,021	$ 3,671	$ 7,692
2028	4,134	3,558	7,692
2029	4,249	3,443	7,692
2030	4,367	3,325	7,692
2031	4,489	3,203	7,692
2032-2036	24,391	14,069	38,460
2037-2041	27,982	10,478	38,460
2042-2046	32,102	6,358	38,460
2047-2050	29,239	1,717	30,956
	$ 134,974	$ 49,822	$ 184,796

NOTE G - COMMITMENTS AND CONTINGENCIES

1. License agreement

   The Foundation has entered into a license agreement with Take Stock in Children, Inc. Under the terms of the agreement the Foundation can solicit funds in the name of Take Stock in Children. These funds are identified for scholarships under the Florida Prepaid Tuition Program of participants in the Take Stock in Children program (see Note C). The terms set forth in the original agreement are being continued until terminated by either party.

2. Legal issues

   In the normal course of conducting its operations, the Foundation occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

NOTE H - RELATED PARTY TRANSACTIONS

Local school district

The Foundation receives various contributions and services from the School District of Osceola County and also provides educational enhancement services to the District. During the year ended June 30, 2026, the Foundation received $86,377 cash contributions and approximately $305,075 of in-kind contributions from the District for general operations.

NOTE I - COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2026.

Governmental Activities	Balance at July 1, 2025	Additions	Reductions	Balance at June 30, 2026	Due Within One Year
Compensated Absences Payable	$362,247	$ -	$ (21,029)	$341,218	$ 11,795

Foundation and Charter School employees accrue vacation and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The Foundation and Charter School reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the Foundation and Charter 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. At June 30, 2026, the estimated liability for compensated absences totaled $341,218. Of this amount, $11,795 is estimated to be paid in the coming fiscal year. At June 30, 2026, the Foundation's portion is $31,786 and Charter School's portion is $309,432 of compensated absences. For governmental activities, compensated absences are generally liquidated with resources of the General Fund.

NOTE J - CONCENTRATIONS

Local revenue sources

As stated in Note A-18, the Foundation receives revenues for current operations primarily from the State of Florida passed through to the District. The following is a schedule of revenue sources and amounts for fiscal 2026:

Sources	Amount
Base Funding	$ 5,805,970
Education enrichment share	249,644
Safe school	94,286
ESE guaranteed allocation	368,172
Discretionay local effort	537,431
Class size reduction funds	1,009,480
Discretionary millage compression allocation	352,186
Prior year audit adjustment	(11,104)
Subtotal	8,406,065
Capital outlay distribution	685,864
Local capital improvement revenue	257,950
Title federal revenue	391,189
IDEA Grant revenue	440,339
Other federal revenue	19,976
Total School District of Osceola County	10,201,383
Grants	578,414
Contributions	4,169,725
Program services	5,000
Fundraising	587,130
Investment income	291,738
Miscellaneous revenue	912,873
Total	$ 16,746,263

A significant decline in funding from the School District could have a material impact on future operations.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS

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. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, 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.

On July 1, 2023, the Foundation's employees became employees of the School District of Osceola County, enabling them to be eligible to enroll as members of the State administered FRS.

Currently, essentially all regular employees of the Foundation and Bellalago Charter Academy (the School) and are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, 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 retirement plans and other nonintegrated programs. A comprehensive annual financial report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Foundation and School's pension expense totaled $239,037 for the fiscal year ended June 30, 2026.

1. FRS 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:

- FRS, Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- FRS, Elected County Officers Class – Members who hold specified elective offices in local government.
- FRS, Senior Management Service Class – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011 vest at six years of credible service and employees enrolled in the Plan on or after July 1, 2011 vest at eight years of 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 credible service. Members of both Plans may include up to 4 years of credit for military service toward

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

credible 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

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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of 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 the retirement 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
Elected County Officers	3.00
Senior Management Service Class	2.00

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (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.

Contributions. The State of Florida established contribution rates for participating employers and employees. Contribution rates during the 2025-2026 fiscal year were as follows:

	Percent of Gross Salary	
Class or Plan	Employee	Employer (A)
Florida Retirement System, Regular	3.00	14.03
Florida Retirement System, Elected County Officers	3.00	54.57
Florida Retirement System, Senior Management	3.00	33.24
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	22.02
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 2.00 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The Foundation and School's contributions, including employee contributions, to the Plan totaled $496,580 for the fiscal year ending June 30, 2026. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the Foundation and School reported a totaled liability of $3,197,511 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

The Foundation and School's proportionate share of the net pension liability was based on the Foundation and School's 2025-26 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the Foundation's proportionate share was .00089126 percent, which was a decrease of .000007435 from its proportionate share measured as of June 30, 2024. At June 30, 2025, the School's proportionate share was .005761686 percent, which was an decrease of .001226052 from its proportionate share measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the Foundation and School recognized pension expense of $202,911 related to the Plan. In addition, the Foundation and School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outlows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 268,834	$ -
Change of assumptions	292,280	-
Net difference between projected and actual earnings on FRS pension plan investments	-	420,224
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	33,574	145,525
District contributions subsequent to the measurement date	496,580	-
Total	$ 1,091,268	$ 565,749

The deferred outflows of resources related to pensions, totaling $496,580, resulting from Foundation and School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending June 30	Amount
2026	$ (160,642)
2027	70,520
2028	81,154
2029	37,907
	$ 28,939

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.7 percent, net of pension plan investment expense, including inflation

Mortality rates were based on PUB 2010 base table with Scale MP-2021. The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100%			
Assumed inflation - mean		2.40%		1.5%

Note: (A) As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

Sensitivity of the Foundation and School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Foundation and School's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the Foundation and School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.7 percent) or 1 percentage-point higher (7.7 percent) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	$ 6,275,067	$ 3,197,511	$ 617,334

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payable to the Pension Plan. At June 30, 2026, the Foundation reported a payable of $220,621 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2026.

2. HIS 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. For the fiscal year ended June 30, 2026, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2026, the contribution rate was 2.00 percent of payroll pursuant to section 112.363, Florida Statues. The Foundation and School contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Foundation and School's contributions to the HIS Plan totaled $91,379 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the Foundation and School reported a net pension liability of $1,951,095 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2026. The Foundation and School's proportionate share of the net pension liability was based on the Foundation and School's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2026, the Foundation's proportionate share was .001373408 percent, which was an increase of .000013228 from its proportionate share measured as of June 30, 2024. At June 30, 2026, the School's proportionate share was .008878602 percent, which was an decrease of .001697383 from its proportionate share measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the Foundation and School recognized a totaled pension expense of $36,125. In addition, the Foundation and School reported total of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,562	$ 2,541
Change of assumptions	14,178	387,437
Net difference between projected and actual earnings on HIS pension plan investments	-	1,334
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	24,072	18,296
District contributions subsequent to the measurement date	111,389	-
Total	$ 159,201	$ 409,608

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

The deferred outflows of resources totaling $111,389 was related to pensions resulting from Foundation and School contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending June 30	Amount
2026	$ (80,569)
2027	(91,562)
2028	(85,316)
2029	(62,310)
2030	(42,039)
	$ (361,796)

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Muncipal Bond Rate	5.20 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan.

Discount Rate. The discount rate used to measure the total pension liability was 5.20 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

Sensitivity of the Foundation and School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Foundation and School's proportionate share of the net pension liability calculated using the discount rate of 5.20 percent, as well as what the Foundation and School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
District's proportionate share of the net pension liability	$ 2,200,173	$ 1,951,095	$ 1,742,197

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2026, the Foundation and School reported a totaled payable of $2,902 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2026.

Pension Plan Aggregates. The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Foundation and School's defined pension plans are summarized below:

	Pension Plan	HIS Plan	Total
Net pension liability	$ 3,197,511	$ 1,951,095	$ 5,148,606
Deferred outflows of resources	1,091,268	159,201	1,250,469
Deferred inflows of resources	565,749	409,608	975,357
Pension expense	202,911	36,125	239,036

3. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Foundation and School employees participating in DROP are not eligible to participate in the Investment Plan.

NOTE K - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENENFIT PENSION PLANS (continued)

Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2025-26 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	14.03
FRS, Elected County Officers	54.57
FRS, Senior Management Service	33.24

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2026, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Foundation and School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Foundation and School's Investment Plan pension expense totaled $362,631 for the fiscal year ended June 30, 2026.

Payables to the Pension Plan. At June 30, 2026, the Foundation and School reported a totaled payable of $198 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2026.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Foundation and School. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the Foundation and School, and eligible dependents, may continue to participate in the Foundation and School's health and hospitalization plan for medical and prescriptions and life insurance coverage. Such provisions may be amended at any time by further action from the Florida Legislature. The Foundation and School subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan, on average, than those of active employees. The Foundation and School does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or another entity.

Benefit Terms and Employees Covered

Plan contribution requirements and benefit terms of the Foundation and School and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The Foundation and School has not advanced funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. As of the valuation date, June 30, 2026, there were 118 active plan members and 1 inactive plan members or beneficiaries receiving benefits. There are no inactive plan members entitled to benefits not yet receiving benefits. The Foundation and School provided contributions totaling $28,578 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expense, retention costs, and net of retiree contributions totaling $35,644. Required contributions are based on projected pay-as-you-go financing.

Total OPEB Liability

The Foundation and School's total OPEB liability of $269,348 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2026.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2026, actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2025
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal cost method
Inflation	2.40%
Discount Rate	5.20%
Salary Increases	FRS 7/1/2016 Actuarial Valuation 3.4% - 7.8%, including inflation
Retirement Age	Rates used in the 7/1/2024 FRS Actuarial Valuation based on a statewide experience study from 2018 to 2023
Mortality	PUB 2010 Mortality tables, MP-2021 scale, used on the 7/1/2025 FRS actuarial valuation, based on the results of a statewide experience study from 2018 to 2023
Healthcare Cost Trend Rates	Getzen Model with trend starting at 6.0% and gradually decreasing to an ultimate trend rate of 3.75%
Aging Factors	2013 SOA Study “Health Care Costs - From Birth to Death”
Administrative Expenses	Included in the Per Capita Costs

The Foundation and School selected the economic, demographic, and health care claim cost assumption used in the June 30, 2025 valuation. The current actuary provided guidance with respect to the economic assumptions demographic assumptions, the health care participation rate assumption, and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2025, Defined Benefit Pension Plan Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Changes to the Total OPEB Liability

Below are the details regarding the total OPEB liability for the measurement period from June 30, 2025, to June 30, 2026.

	Total OPEB Liability
Balance Recognized at 6/30/2025	$ 266,138
Changes for the Fiscal Year:	
Service Cost	$ 13,784
Interest	10,651
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	4,269
Changes in Assumptions and Other Inputs	3,084
Benefit Payments	(28,578)
Net Changes	3,210
Balance as of 6/30/2026	$ 269,348

Changes of assumptions and other inputs reflect a change in the discount rate. The discount rate remained the same at 5.20. In addition, the healthcare trend rates were revised as of June 30, 2026, based on Getzen Model latest trend survey, with adjustments based on the provisions of the benefits sponsored by the Foundation and School.

Discount Rate

The Foundation and School has no plan assets held in trust to finance the OPEB plan liability. Therefore, the discount rate in the calculation of the total OPEB liability is equal to the tax-exempt municipal bond rate based on a 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the OPEB plan valuation, the municipal bond rate was 5.20% (based on the daily rate closest to, but no later than the measurement date of the "Fidelity's 20-Year Municipal GO AA Index"). The discount rate was 5.20% as of the beginning of the measurement period.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Foundation and School, as well as what the Foundation and School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current discount rate:

	Decrease 4.20%	Discount Rate 5.20%	Increase 6.20%
Total OPEB Liability	$ 287,264	$ 269,348	$ 252,031

Sensitivity to the Total OPEB Liability to Changes in the Health Cost Trend

	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$ 242,493	$ 269,348	$ 300,611

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the Foundation and School recognized a totaled OPEB expense credit of $28,578. The expense credit was a result of excluding life insurance for retirees that are rated independently and separately from active members, and whose rates are not supported by the Foundation and School's active policy. At June 30, 2026, the Foundation and School reported a totaled deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	$ 13,213	$ 24,236
Changes of Assumptions of Other Inputs	35,164	78,428
Benefits Paid after the Measurement Date	35,644	-
Total	$ 84,021	$ 102,664

NOTE L - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Years Ending June 30	Amount
2027	$ (9,810)
2028	(9,810)
2029	(9,417)
2030	(8,460)
2031	(6,762)
Thereafter	(10,028)
Total	$ (54,287)

NOTE M - RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance. Settled claims from the risks described above have not exceeded the insurance coverage for the previous three years.

The Foundation is exposed to various risks of loss related torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Foundation on behalf of the Osceola County District School Board is a member of the Florida School Boards Insurance Trust (FSBIT) which was established by the Florida School Boards Association, Inc., to provide combined self-insurance and risk management services to participating members. The Trust is a public entity risk pool and provides a combined self-insurance program for property protection, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Trust. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Trust is self-sustaining through member assessments (premiums), and purchases of coverage through commercial companies for claims in excess of specified amounts. The Board of trustees for the Trust is composed of one board member from each participating district and a superintendent and a district-level business official selected from one of the participating districts. The amounts from settlements of insurable losses have not exceeded the insurance coverage for each of the prior three years.

NOTE N - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through October 22, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

The Foundation for Osceola Education, Inc.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2026

	Original Budgeted Amounts	Final Budgeted Amounts	Variance with Original Budget	Actual Amounts	Variance - Positive (Negative)
Revenues					
Grants	$ 590,000	$ 578,414	$ (11,586)	$ 578,414	$ -
Contributions	556,000	4,169,725	3,613,725	4,169,725	-
Program services	15,000	5,000	(10,000)	5,000	-
Fundraising	336,000	666,843	330,843	666,843	-
Interest income	120,000	154,222	34,222	154,222	-
Other local revenues	65,000	897,911	832,911	897,911	-
Total revenues	1,682,000	6,472,115	4,790,115	6,472,115	-
Expenditures					
Current:					
Community services	1,672,486	5,915,091	5,333,811	5,915,091	-
Principal	-	3,913	(3,913)	3,913	-
Interest expense	-	3,779	(3,779)	3,779	-
Total expenditures	1,672,486	5,922,783	5,326,119	5,922,783	-
Excess (deficiency) of revenues over (under) expenditures	9,514	549,332	10,116,234	549,332	-
Fund balances at July 1, 2025	4,413,359	10,407,795	(5,994,436)	10,407,795	-
Fund balances at June 30, 2026	$ 4,422,873	$ 10,957,127	$ 4,121,798	$ 10,957,127	$ -

See independent auditor's report.

The Foundation for Osceola Education, Inc.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.006652946%	0.007884688%	0.008758187%	0.008267819%	0.011024854%	0.009771182%	0.008993789%	0.008594352%	0.009221939%	0.010752485%
Proportionate share of the net pension liability (asset)	$ 3,197,511	$ 3,763,023	$ 4,102,606	$ 3,902,967	$ 943,164	$ 4,434,977	$ 3,458,283	$ 2,993,805	$ 3,017,330	$ 2,762,960
Covered-employee payroll	$ 4,593,421	$ 5,055,500	$ 4,603,419	$ 4,196,060		$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489	$ 5,133,503
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.61%	74.43%	89.12%	93.02%	#DIV/0!	85.64%	76.33%	71.94%	68.98%	53.82%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.010252010%	0.146593985%	0.012738739%	0.011510755%	0.015345694%	0.014910373%	0.013520478%	0.012735275%	0.013726899%	0.016110064%
Proportionate share of the net pension liability (asset)	$ 1,951,095	$ 2,259,324	$ 2,364,344	$ 1,676,124	$ 1,895,028	$ 1,880,830	$ 1,835,493	$ 1,703,806	$ 1,728,863	$ 1,920,814
Covered-employee payroll	$ 4,593,421	$ 5,055,500	$ 4,603,419	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489	$ 5,133,503
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.48%	44.69%	51.36%	39.95%	34.91%	36.32%	40.51%	40.94%	39.52%	37.42%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note 1: GASB 68 requires information for 10 years.

See independent auditor's report.

The Foundation for Osceola Education, Inc.

SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEARS AS OF JUNE 30

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Florida Retirement System (FRS)										
Contractually required contribution	$ 407,369	$ 397,226	$ 464,221	$ 344,679	$ 361,744	$ 419,999	$ 324,653	$ 278,872	$ 244,932	$ 243,440
Contributions in relation to the contractually required contribution	(407,369)	(397,226)	(464,221)	(344,679)	(361,744)	(419,999)	(324,653)	(278,872)	(244,932)	(243,440)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,528,398	$ 4,588,996	$ 5,057,001	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489
Contributions as a percentage of covered-employee payroll	7.37%	8.66%	9.18%	8.56%	8.62% 5333811	7.74%	6.27%	6.16%	5.89%	5.56%
Health Insurance Subsidy (HIS)										
Contractually required contribution	$ 91,379	$ 91,629	$ 100,992	$ 68,554	$ 69,636	$ 90,202	$ 85,922	$ 75,078	$ 69,064	$ 72,647
Contributions in relation to the contractually required contribution	(91,379)	(91,629)	(100,992)	(68,554)	(69,636)	(90,202)	(85,922)	(75,078)	(69,064)	(72,647)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,528,398	$ 4,588,996	$ 5,057,001	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489
Contributions as a percentage of covered-employee payroll	1.65%	2.00%	2.00%	1.70%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years.

See independent auditor's report.

The Foundation for Osceola Education, Inc.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS - LAST 10 FISCAL YEARS AS OF JUNE 30

Other Postemployment Benefits (OPEB)	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Service cost	$ 13,784	$ 15,657	$ 15,285	$ 20,478	$ 22,277	$ 19,910	$ 24,066	$ 21,400	$ 22,456
Interest on the total OPEB liability	10,650	12,178	10,825	6,568	9,113	10,880	15,072	13,327	10,970
Changes on benefits terms	-	-	-	-	-	-	(47,858)	-	-
Difference between expected and actual experience	4,269	-	(34,763)	-	18,195	-	(1,890)	-	-
Changes of assumptions	3,084	(1,258)	40,128	(31,938)	(60,194)	11,347	(78,043)	(1,496)	(15,566)
Benefits payments	(28,578)	(20,549)	(15,881)	(17,234)	(17,662)	(22,723)	(30,791)	(18,308)	(17,931)
Net change in total OPEB liability	3,209	6,028	15,594	(22,126)	(28,271)	19,414	(119,444)	14,923	(71)
Total beginning OPEB liability	266,138	260,110	244,516	266,642	294,913	275,499	394,943	380,020	380,091
Total ending OPEB liability	$ 269,347	$ 266,138	$ 260,110	$ 244,516	$ 266,642	$ 294,913	$ 275,499	$ 394,943	$ 380,020
Covered-employee payroll	$ 5,706,769	$ 5,808,326	$ 5,586,956	$ 5,613,048	$ 5,333,811	$ 4,986,791	$ 4,841,544	$ 4,906,154	$ 4,296,575
Contributions as a percentage of covered-employee payroll	4.72%	4.58%	4.66%	4.36%	5.00%	5.91%	5.69%	8.05%	8.84%

Note 1: GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, the School and Foundation will present information for only those years for which information is available.

See independent auditor's report.

The Foundation for Osceola Education, Inc.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2026

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2026, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

NOTE B - OPEB SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS PLAN LIABILITY AND RELATED RATIOS

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The discount rate was changed from 3.86 percent as of the beginning of the measurement period to 5.20 percent as of June 30, 2025 to reflect changes in Fidelity's 20-Year Municipal GO AA Index.

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The most recent study for the FRS Pension Plan was completed in 2024 for the period of July 1, 2018 through June 30, 2023. There were no changes in the Pension Plan benefit terms. The following were changes in actuarial assumptions in 2025:

- The inflation rate assumption remained at 2.4 percent.
- Payroll growth, including inflation, remained at 3.5 percent.
- The long-term expected rate of return remained at 6.7 percent.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/actuarial valuations

NOTE D - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent study for the FRS Pension Plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013. There were no changes in the HIS Program benefit terms. The following were changes in actuarial assumptions in 2025:

- The inflation rate assumption remained at 2.4 percent.
- Payroll growth, including inflation, increased from 3.25 percent to 3.50 percent.
- The long-term expected rate of return increased from 3.93 percent to 5.20 percent.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual_reports

A summary of key changes implemented since the last valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforce operations/retirement/publications/actuarial valuations

NOTE E - SIGNIFICANT BUDGET VARIANCES

Significant variances between the original and final budgets for the year ended June 30, 2026, are as follows:

- General Fund: The final budget was increased by approximately $3,614,000 of contributions due to the in-kind contributions received during the year compared to what the original budget concluded. The final budget was increased by approximately $4,243,000 of community services due to the in-kind contributions received during the year, wage increases, and pension expense recognition compared to what the original budget concluded.

There was no significant budget versus actual variances. The actual change in fund balance were over budgeted by $0 as the budget was amended to be actual results.

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 Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Foundation for Osceola Education, Inc., (the "Foundation"), as of and for the year ended June 30, 2026, 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 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

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
October 22, 2026

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

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To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

We have examined The Foundation for Osceola Education, Inc.'s, (the "Foundation") compliance with Section 218.415, Florida Statues, regarding the investment of public funds during the year ended June 30, 2026. Management is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Foundation's compliance with those requirements is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Foundation's compliance with the requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Foundation's compliance with the requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2026.

This report is intended solely for the information and use of the Foundation and the Auditor General, State of Florida, 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
October 22, 2026

MKA
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of the Foundation for Osceola Education, Inc., (the "Foundation"), which is a component unit of the School District of Osceola County, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 22, 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 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated October 22, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)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 significant findings and recommendations made in the preceding annual financial audit report.

Financial Condition and Management

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the Foundation has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition met. In connection with our audit, we determined that the Foundation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), Rules of the Auditor General, we applied financial condition assessment procedures for the Foundation. It is management's responsibility to monitor the Foundation'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.

Winter Park, FL 32789
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Moss, Krusick & Associates, LLC

Section 10.804(1)(f)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

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we communicate the results of our determination as to whether the Foundation maintains on its Web site the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the Foundation maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)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, District School Board members, 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
October 22, 2026