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

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED JUNE 30, 2026

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POLK EDUCATION FOUNDATION
AND BUSINESS PARTNERSHIP, INC.
A COMPONENT UNIT OF THE DISTRICT
SCHOOL BOARD OF POLK COUNTY, FLORIDA
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YEAR ENDED JUNE 30, 2026


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# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and fiduciary activities of Polk Education Foundation and Business Partnership, Inc. (Foundation), a component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Foundation, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) 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 Auditors' 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.

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***Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 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's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Lakeland, Florida
September 21, 2026

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**YEAR ENDED JUNE 30, 2026**

As management of the Polk Education Foundation and Business Partnership, Inc. (Foundation), we offer the readers of the Foundation's financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2026.

## Overview of the Financial Statements

The Foundation meets the Governmental Accounting Standards Board (GASB) criteria for being reported as a component unit of the District School Board of Polk County. As explained in Note 1 of the Notes to Financial Statements, the Foundation is a nonprofit organization and uses enterprise fund and fiduciary fund accounting and financial reporting for the purposes of complying with the requirements of GASB Statement 34, as amended. Required financial statements for enterprise funds are described below:

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

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

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

The Foundation also presents custodial funds which report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

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

## Financial Summary

The following condensed information is drawn from the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position:

| | 2026 | 2025 | Increase (Decrease) |
|---|---|---|---|
| Total Assets | $ 25,596,919 | $ 22,748,433 | $ 2,848,486 |
| Total Liabilities | - | 50,258 | (50,258) |
| Net Position: | | | |
| Restricted | 19,931,849 | 17,850,176 | 2,081,673 |
| Unrestricted | 5,665,070 | 4,847,999 | 817,071 |
| Total Net Position | $ 25,596,919 | $ 22,698,175 | $ 2,898,744 |

## Financial Summary (Continued)

| | 2026 | 2025 | Increase (Decrease) |
|---|---|---|---|
| Operating Revenues: | | | |
| Contributions – Private | $ 1,973,155 | $ 11,541,851 | $ (9,568,696) |
| Grant Funding | 1,093,331 | 1,042,919 | 50,412 |
| Contributions – Other | 323,511 | 159,763 | 163,748 |
| Total Revenues | 3,389,997 | 12,744,533 | (9,354,536) |
| Operating Expenses: | | | |
| Scholarships | 1,479,733 | 820,345 | 659,388 |
| Other Programs | 2,096,197 | 1,773,699 | 322,498 |
| General and Administrative | 111,250 | 127,843 | (16,593) |
| Total Expenses | 3,687,180 | 2,721,887 | 965,293 |
| Operating Income (Loss) | (297,183) | 10,022,646 | (10,319,829) |
| Other Nonoperating Revenues (Expenses): | | | |
| Net Change in Investments | 1,454,504 | 1,224,826 | 229,678 |
| Net Change in Scholarships | 960,807 | 190,041 | 770,766 |
| Contributions – Private – Endowments | 780,616 | 449,895 | 330,721 |
| Total Other Nonoperating Revenues (Expenses) | 3,195,927 | 1,864,762 | 1,331,165 |
| Change in Net Position | 2,898,744 | 11,887,408 | (8,988,664) |
| Net Position - Beginning of Year | 22,698,175 | 10,810,767 | 11,887,408 |
| Net Position – End of Year | $ 25,596,919 | $ 22,698,175 | $ 2,898,744 |

### Detailed Analyses

Total assets grew $2,848,486, driven by increases in the Take Stock in Children prepaid scholarships and increases in the fair value of investment.

The assets of the Foundation exceeded its liabilities on June 30, 2026 by $25,596,919. These amounts represent the Foundation's net position on June 30, 2026. Of total net position, $5,665,070 is unrestricted and may be used to meet the Foundation's obligations.

Restricted net position totaled $19,931,849 for the year ended June 30, 2026. These funds represent monies which have been limited by donors with time restrictions, or special purpose restrictions.

Operating revenues totaled $3,389,997 and consisted of private contributions, grant funding, special events, and other operating revenues. Operating expenses totaled $3,687,180 and were used to support the Foundation's scholarship and program activities. This resulted in an operating loss of $297,183. This amount was offset by net nonoperating revenues and expenses of $3,195,927 resulting in a total change in net position of $2,898,744.

**Detailed Analyses (Continued)**

Private contributions decreased $9,568,696 due to significant contributions received from an estate in the prior year.

**Significant Capital Assets and Long-Term Financing Activity**

The Foundation's capital assets are fully depreciated. The Foundation has no long-term debt.

**Currently Known Facts, Decisions, or Conditions**

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

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

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**JUNE 30, 2026**

| | Enterprise Fund |
|---|---|
| **ASSETS** | |
| Cash and Cash Equivalents | $ 16,486,935 |
| Cash and Cash Equivalents - Restricted | 170,030 |
| Investments | 5,989,931 |
| Accounts Receivable | 144,123 |
| Pledges Receivable | 2,356 |
| Prepaid Scholarships – Take Stock in Children | 2,803,544 |
| Capital Assets, Net of Accumulated Depreciation of $3,252 | - |
| Total Assets | 25,596,919 |
| **NET POSITION** | |
| Restricted for: | |
| Endowment - Expendable | 5,893,918 |
| Schools/District Programs | 11,234,387 |
| Prepaid Scholarships – Take Stock in Children | 2,803,544 |
| Total Restricted | 19,931,849 |
| Unrestricted | 5,665,070 |
| Total Net Position | $ 25,596,919 |

*See accompanying Notes to Financial Statements.*

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**
**PROPRIETARY FUNDS**
**YEAR ENDED JUNE 30, 2026**

| | Enterprise Fund |
|---|---|
| **OPERATING REVENUE** | |
| Contributions: | |
| Private Contributions | $ 1,973,155 |
| Grant Funding | 1,093,331 |
| Special Events | 300,474 |
| Other Revenue | 23,037 |
| Total Operating Revenue | 3,389,997 |
| **OPERATING EXPENSES** | |
| Scholarships | 522,830 |
| AmeriCorps | 693,946 |
| Prepaid Scholarships | 956,903 |
| Special Events | 273,397 |
| Take Stock in Children | 426,412 |
| General and Administrative | 109,371 |
| Teacher to Teacher | 77,676 |
| Other Programs | 624,766 |
| Rent, Utilities, and Insurance | 1,879 |
| Total Operating Expenses | 3,687,180 |
| **OPERATING LOSS** | (297,183) |
| **OTHER NONOPERATING REVENUES (EXPENSES)** | |
| Net Increase in Fair Value of Investments | 769,339 |
| Net Increase in Florida Prepaid Tuition Scholarships | 960,807 |
| Interest and Dividends | 739,826 |
| Private Contributions - Endowments | 780,616 |
| Investment Fees | (54,661) |
| Total Other Nonoperating Revenues (Expenses), Net | 3,195,927 |
| **INCREASE IN FUND NET POSITION** | 2,898,744 |
| Fund Net Position - Beginning of Year | 22,698,175 |
| **FUND NET POSITION - END OF YEAR** | $ 25,596,919 |

*See accompanying Notes to Financial Statements.*

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**YEAR ENDED JUNE 30, 2026**

| | Enterprise Fund |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from Contributors | $ 3,320,441 |
| Payments to Suppliers | (3,001,430) |
| Payments for Scholarships | (522,830) |
| Net Cash Used by Operating Activities | (203,819) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Receipts from Contributors - Endowments | 780,616 |
| Net Cash Provided by Noncapital Financing Activities | 780,616 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest, Dividends, and Investment Income | 1,161,588 |
| Proceeds from Sale of Investments | 2,535,006 |
| Purchase of Investments | (3,115,887) |
| Net Cash Provided by Investing Activities | 580,707 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 1,157,504 |
| Cash and Cash Equivalents - Beginning of Year | 15,499,461 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 16,656,965 |
| **RECONCILIATION OF NET OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES** | |
| Operating Loss | $ (297,183) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities: | |
| (Increase) Decrease in: | |
| Accounts Receivable | (67,200) |
| Pledges Receivable | (2,356) |
| Prepaid Scholarships | 213,178 |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | (50,258) |
| Net Cash Used by Operating Activities | $ (203,819) |
| **SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY** | |
| Change in Fair Value of Investments | $ (347,577) |

*See accompanying Notes to Financial Statements.*

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**STATEMENT OF FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**JUNE 30, 2026**

| | Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash and Cash Equivalents | $ 882,984 |
| **NET POSITION** | |
| Restricted for: | |
| Annual Scholarships | 882,984 |
| Total Net Position | $ 882,984 |

*See accompanying Notes to Financial Statements.*

**POLK EDUCATION FOUNDATION**
**AND BUSINESS PARTNERSHIP, INC.**
**A COMPONENT UNIT OF THE DISTRICT**
**SCHOOL BOARD OF POLK COUNTY, FLORIDA**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**YEAR ENDED JUNE 30, 2026**

| | Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Contributions: | |
| Private Contributions | $ 1,296,040 |
| **DEDUCTIONS** | |
| Scholarship Payments | 485,073 |
| Organizations and Individuals | 838,201 |
| Total Deductions | 1,323,274 |
| **CHANGE IN FIDUCIARY NET POSITION** | (27,234) |
| Fiduciary Net Position - Beginning of Year | 910,218 |
| **NET POSITION - END OF YEAR** | $ 882,984 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of the Foundation

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

### Reporting Entity

The Foundation, established by the Order of the School Board in 1988, is a direct-support organization (DSO) operating exclusively for the benefit of the School Board. As defined by Section 1001.453 of Florida Statutes, a DSO is an organization which is approved by the district School Board, is a nonprofit Florida corporation, and is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of public kindergarten through post-secondary education.

According to the Foundation's by-laws, the School Board must approve the Foundation's board of directors and has the irrevocable power and authority by majority vote to unilaterally cause the dissolution of the Foundation. Due to these provisions, the Foundation is considered a governmental entity and applies GASB accounting and reporting standards. Also, because the Foundation's exclusive purpose is to benefit public kindergarten through post-secondary education and the School Board can unilaterally dissolve it, the Foundation is considered a component unit of the School Board.

In evaluating the Foundation as a reporting entity, there were no component units identified for which the Foundation is considered financially accountable.

### Basis of Presentation

The Foundation, being a component unit of a local government, complies with accounting standards established by the Governmental Accounting Standards Board (GASB).

### Fund Accounting, Measurement Focus, Basis of Accounting and Financial Statement Presentation

The purpose of the Foundation's funds are as follows:

#### Proprietary Funds

Enterprise Fund – The Enterprise Fund is the general operating fund of the Foundation. It is used to account for all financial resources except for those required to be accounted for in another fund.

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

### Fund Accounting, Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

#### Fiduciary Funds

Custodial Funds – Custodial Funds are fiduciary in nature and used to account for assets associated with annual scholarships and funds held for others, which benefit other organizations and individuals.

Proprietary Funds – Proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

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

Custodial Funds – Custodial funds are presented using the economic resources measurement focus and the accrual basis of accounting.

### Restricted Net Position

Restricted net position consists of an endowment; schools/district programs, including amounts awarded to students as part of their class's fundraisers and contributions for designated classes or programs; Florida Prepaid/Take Stock in Children scholarships; scholarships that have not yet been awarded or that have been awarded but not yet claimed; and amounts held for organizations and individuals in a custodial capacity.

### Tax Status

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

### Cash and Cash Equivalents

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

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

### Accounts Receivable

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

### Pledges Receivable

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

### Investments

The Foundation reports nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or other factors, it is reported at fair value. All other investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Investment return consists of interest and dividend income, capital gain distributions, realized gains (losses) and unrealized gains (losses).

### Fair Value of Financial Instruments

Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

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

### Fair Value of Financial Instruments (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

### Use of Estimates

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

### Capital Assets

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

### Adoption of New Accounting Standards

Effective July 1, 2025, the Foundation implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. This standard updated the presentation of the Foundation's management's discussion and analysis and the classification of operating and nonoperating revenues.

## NOTE 2 DEPOSITS AND INVESTMENTS

As of June 30, 2026, the Foundation has the following investments:

| | |
|---|---|
| Stocks | $ 1,537,243 |
| Mutual Funds - Equity | 2,456,507 |
| Mutual Funds - Liquid | 124,437 |
| Mutual Funds - Fixed | 464,726 |
| Government Securities | 299,290 |
| Interest-Earning Contract | 247,714 |
| Exchange-Traded & Closed-Ended Funds | 681,744 |
| Corporate Fixed Income | 178,270 |
| Total | $ 5,989,931 |

## NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

### Custodial Credit Risk – Deposits

As of June 30, 2026, the carrying amount of the Foundation's cash and cash equivalents was $17,539,949 and the financial institutions balance was $18,112,159. Cash and cash equivalent balances are maintained at several institutions. Cash and cash equivalent balances at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA), in the amount of $250,000 per institution. Of the financial institution balance less money market funds, $1,050,099 was covered by FDIC, NCUA, or by collateral held by the Foundation's agent in the Foundation's name and $7,235,777 was uninsured and/or uncollateralized at June 30, 2026. To mitigate custodial credit risk the Foundation's deposits are held with reputable financial institutions.

### Interest Rate Risk

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

As of June 30, 2026, the Foundation had the following maturities for its fixed mutual funds, government securities, and corporate fixed income:

| | Investment Maturities (in Years) | | | |
|---|---|---|---|---|
| | < 1 Year | 1 - 5 Years | > 5 Years | Fair Value |
| Mutual Funds - Fixed | $ 335,968 | $ 128,758 | $ - | $ 464,726 |
| Government Securities | - | 57,335 | 241,955 | 299,290 |
| Corporate Fixed Income | 9,116 | 89,124 | 80,030 | 178,270 |
| Total | $ 345,084 | $ 275,217 | $ 321,985 | $ 942,286 |

## NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

### Credit Risk

State law does not limit investment options of the Foundation. The Foundation's investment policy states that preferred stocks must be rated A or better by Moody's and/or Standard & Poor's, and Foundation assets may be invested in commercial paper if rated A1 or better. As of June 30, 2026, the Foundation's investments are in accordance with the policy. The Foundation's investment policy states that only corporate debt issues having a Standard & Poor's rating of BBB or higher; or a Moody's rating of Baa or higher may be purchased. Only 10% of corporate debt holdings may be rated below A. The following schedule provides quality ratings as of June 30, 2026 for the Foundation's investments by type:

| | Aa1 - Aa3 | A1 - A3 | Baa1 | Baa2 | Baa3 | Not Rated |
|---|---|---|---|---|---|---|
| Stocks | $ - | $ - | $ - | $ - | $ - | $ 1,537,243 |
| Mutual Funds - Equity | - | - | - | - | - | 2,456,507 |
| Mutual Funds - Liquid | - | - | - | - | - | 124,437 |
| Mutual Funds - Fixed | - | - | - | - | - | 464,726 |
| Government Securities | 132,091 | - | - | - | - | 167,199 |
| Interest-Earning Contract | - | - | - | - | - | 247,714 |
| Exchange-Traded and Closed-Ended Funds | - | - | - | - | - | 681,744 |
| Corporate Fixed Income | 8,995 | 41,085 | 37,151 | 68,899 | 10,128 | 12,012 |
| Total | $ 141,086 | $ 41,085 | $ 37,151 | $ 68,899 | $ 10,128 | $ 5,691,582 |

### Concentration of Credit Risk

The Foundation's investment policy states that investments of a single issuer (with the exception of the U.S. government and its agencies) must not exceed 5% of the account's market value. As of June 30, 2026, the Foundation was in compliance with the investment policy.

## NOTE 3 FAIR VALUE MEASUREMENT

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

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Investments by Fair Value Level** | | | | |
| Stocks | $ 1,537,243 | $ 1,537,243 | $ - | $ - |
| Mutual Funds - Equity | 2,456,507 | 2,456,507 | - | - |
| Mutual Funds - Liquid | 124,437 | 124,437 | - | - |
| Mutual Funds - Fixed | 464,726 | 464,726 | - | - |
| Government Securities | 299,290 | 299,290 | - | - |
| Exchange-Traded and Closed-Ended Funds | 681,744 | 681,744 | - | - |
| Corporate Fixed Income | 178,270 | 178,270 | - | - |
| Total Investments Measured at Fair Value | $ 5,742,217 | $ 5,742,217 | $ - | $ - |
| **Investments Measured at Amortized Cost** | | | | |
| Nonparticipating Interest-Earning Contract | $ 247,714 | | | |
| Total Investments | $ 5,989,931 | | | |

## NOTE 4 PREPAID SCHOLARSHIPS – TAKE STOCK IN CHILDREN

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

During the year ended June 30, 2026, the Foundation awarded scholarships to selected students totaling $956,903.

## NOTE 5 RELATED PARTY TRANSACTIONS

As previously mentioned, the Foundation is an organization formed under Florida Law specifically to support the School Board. As such, there are numerous transactions between the Foundation and the School Board for the year ended June 30, 2026.

- The School Board collected payroll deduction contributions on behalf of the Foundation in the amount of $198,240.
- The Foundation reimbursed the School Board for costs regarding various programs in the amount of $275,293.

In-Kind transactions, not given accounting recognition, for equipment, facilities, and staff provided by the School Board were $712,968 for the year ended June 30, 2026.

As of June 30, 2026, the Foundation had $173,539 in contributions and has $57,912 in receivables from other related parties.

One board member was employed at a financial institution in which the Foundation holds cash, cash equivalents, or investments. The Foundation had a total of $106,906 in cash and cash equivalents and investments at this institution as of June 30, 2026. The board member abstains on decisions related to banking and investment related matters and does not personally benefit from this relationship.

## NOTE 6 ENDOWMENT FUND

In 1991, the board of directors of the Foundation embarked on a capital campaign to raise $1,000,000 to create an endowment fund for the continuous funding of the activities of the Foundation. It is the intention of the Foundation's board to invest the proceeds of this campaign and then use only the earnings of the investments for various programs each year. The endowment assets are invested in a manner that is according to the investment policies of the board of directors. Investment accounts under this policy are intended to produce an annualized rate of return of not less than 7.0% and to exceed the rate of inflation (as measured by the Consumer Price Index) by 3.0%. The investment policies, as established by the board of directors, allow for an annual disbursement during the first quarter of each year amounting to 5% of the previous year-end balance. It is understood that, in certain years, this might exceed the previous year's earnings, and may actually require that a portion of the principal be utilized to make the disbursement.

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

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

We have audited, in accordance with 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 business-type activities and fiduciary activities of Polk Education Foundation and Business Partnership, Inc. (Foundation), a component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 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 September 21, 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.

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**Report on Compliance and Other Matters**

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

***Purpose of This Report***

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Lakeland, Florida
September 21, 2026




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