

**COASTAL CONNECTIONS
ACADEMY**

**(A CHARTER SCHOOL UNDER FLORIDA FOR
ONLINE EDUCATION, INC.)**

A Charter School and Component Unit of the
The School Board of Santa Rosa County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2025

King & Walker, CPAs, PL

Certified Public Accountants

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COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

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Independent Auditor's Report

To the Board of Directors of Coastal Connections Academy
(A Charter School under Florida for Online Education, Inc.)
A Charter School and Component Unit of the School
Board of Santa Rosa County, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Coastal Connections Academy (“School”), a charter school under Florida for Online Education, Inc., and component unit of the School Board of Santa Rosa County, Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025, 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 Opinion

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Entity

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2025, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Florida for Online Education, Inc. These financial statements do not purport to and do not present fairly the financial position of Florida for Online Education, Inc., as of June 30, 2025, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Going Concern

As disclosed in Note 7 of the notes to financial statements, the School's Board agreed to terminate its charter agreement with the Santa Rosa County School District as of September 1, 2025. Therefore, the School ended its existence and accordingly, the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

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 School'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 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 School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, 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 September 23, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 School'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 School's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 23, 2025
Tampa, Florida

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of Coastal Connections Academy (“School”) provides an overview of the School’s financial activities for the fiscal year ended June 30, 2025.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2025, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$3,942.
- As shown on the statement of net position, the School reported a total net position balance of \$10,000.
- The School’s Board approved the voluntary termination of the School’s charter as of September 1, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position and the results of operations during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates one fund, a General Fund to account for the financial activity of the School.

The School adopts an annual budget for its governmental fund. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School’s prior year and current year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-24	6-30-25	
ASSETS			
Current and Other Assets	\$ 219,486	\$ 344,294	\$ 124,808
Capital Assets, Net	74,286	39,649	(34,637)
Total Assets	<u>293,772</u>	<u>383,943</u>	<u>90,171</u>
LIABILITIES			
Current Liabilities	216,786	336,862	120,076
Noncurrent Liabilities	70,928	37,081	(33,847)
Total Liabilities	<u>287,714</u>	<u>373,943</u>	<u>86,229</u>
NET POSITION			
Net Investment in Capital Assets	3,358	2,568	(790)
Unrestricted	2,700	7,432	4,732
Total Net Position	<u>\$ 6,058</u>	<u>\$ 10,000</u>	<u>\$ 3,942</u>

The assets of the School consist primarily of cash and cash equivalents (89%). Liabilities are comprised of accounts payable, salaries and benefits payable, due to other agencies and a long-term lease payable. Total net position amounted to \$10,000.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the prior and current year:

	Operating Results for the Year		
	Governmental Activities		
	6-30-24	6-30-25	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 143,097	\$ 499	\$ (142,598)
State	1,520,588	1,556,285	35,697
Local and Other	252,870	347,000	94,130
Total Revenues	1,916,555	1,903,784	(12,771)
Expenses:			
Instruction	1,341,821	1,284,473	(57,348)
Instruction & Curriculum Development	8,915	-	(8,915)
Instructional Staff Training	38,865	37,066	(1,799)
Instructional Related Technology	144,772	89,326	(55,446)
Board	19,931	28,730	8,799
General Administration	64,434	73,283	8,849
School Administration	227,376	319,274	91,898
Fiscal Services	-	150	150
Operation of Plant	15,270	19,768	4,498
Community Service	17,097	12,232	(4,865)
Debt Service - Interest	5,266	903	(4,363)
Unallocated Depreciation/Amortization	31,622	34,637	3,015
Total Expenses	1,915,369	1,899,842	(15,527)
Increase/(Decrease) in Net Position	\$ 1,186	\$ 3,942	\$ 2,756

The largest revenue source for the School is the State of Florida (82%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expense was for Instruction-related functions (74%).

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$7,432.

BUDGETARY HIGHLIGHTS

The General Fund budget for the fiscal year ended June 30, 2025, was developed based on the School's anticipated revenues and expenditures, the expected student population and costs of programs for the school year. Over the course of the year, management revised the General Fund budget. For the fiscal year ended June 30, 2025, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$39,649 (net of accumulated depreciation/amortization). This investment in capital assets includes a leased asset - building and improvements. Additional information regarding the School's capital assets can be found in subsequent notes to the financial statements.

LONG-TERM LIABILITIES

The School has entered into a long-term lease for the School's educational facility through June 30, 2026. This lease has been reported as long-term debt under guidance from GASB 87 in the original amount of \$153,895. Additional information regarding the School's debt can be found in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Coastal Connections Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Coastal Connections Academy, 183 N. Palafox St., Pensacola, FL 32502.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2025

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 342,602
Prepaid Items & Deposits	1,692
Capital Assets:	
Improvements, Net	2,568
Leased Asset - Building	37,081
Total Capital Assets	39,649
TOTAL ASSETS	383,943
LIABILITIES	
Salaries and Benefits Payable	48,477
Accounts Payable	166,741
Due to Other Agencies	121,644
Noncurrent Liabilities:	
Due Within One Year:	
Long-term Lease Payable	37,081
TOTAL LIABILITIES	373,943
NET POSITION	
Net Investment in Capital Assets	2,568
Unrestricted	7,432
TOTAL NET POSITION	\$ 10,000

The accompanying notes to the financial statements are an integral part of this statement.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities
Governmental Activities:					
Instruction	\$ 1,284,473	\$ -	\$ -	\$ -	\$ (1,284,473)
Instructional Staff Training	37,066	-	-	-	(37,066)
Instructional Related Technology	89,326	-	-	-	(89,326)
Board	28,730	-	-	-	(28,730)
General Administration	73,283	-	-	-	(73,283)
School Administration	319,274	-	-	-	(319,274)
Fiscal Services	150	-	-	-	(150)
Operation of Plant	19,768	-	-	-	(19,768)
Community Service	12,232	-	-	-	(12,232)
Debt Service - Interest	903	-	-	-	(903)
Unallocated Depreciation/Amortization	34,637	-	-	-	(34,637)
Total Governmental Activities	\$ 1,899,842	\$ -	\$ -	\$ -	(1,899,842)
General Revenue					
State Sources					1,556,285
Grants and Contributions not restricted to specific program					499
Local and Other					347,000
Total General Revenues					<u>1,903,784</u>
Change in Net Position					3,942
Net Position - July 1, 2024					6,058
Net Position - June 30, 2025					<u>\$ 10,000</u>

The accompanying notes to the financial statements are an integral part of this statement.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash & Cash Equivalents	\$ 342,602	\$ 342,602
Prepaid Items & Deposits	1,692	1,692
Total Assets	\$ 344,294	\$ 344,294
LIABILITIES		
Salaries and Benefits Payable	\$ 48,477	\$ 48,477
Accounts Payable	166,741	166,741
Due to Other Agencies	121,644	121,644
Total Liabilities	336,862	336,862
FUND BALANCES		
Nonspendable	1,692	1,692
Unassigned	5,740	5,740
Total Fund Balances	7,432	7,432
Total Liabilities and Fund Balances	\$ 344,294	\$ 344,294

The accompanying notes to the financial statements are an integral part of this statement.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances - Governmental Funds	\$	7,432
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		39,649
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Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

Long-term Lease Payable		<u>(37,081)</u>
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Total Net Position - Governmental Activities	\$	<u><u>10,000</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**COASTAL CONNECTIONS ACADEMY
CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
*For the Fiscal Year Ended June 30, 2025***

	General Fund	Total Governmental Funds
Revenues		
Intergovernmental:		
Federal Through State and Local	\$ 499	\$ 499
State	1,556,285	1,556,285
Local and Other	347,000	347,000
Total Revenues	1,903,784	1,903,784
Expenditures		
Current - Education:		
Instruction	1,284,473	1,284,473
Instructional Staff Training	37,066	37,066
Instructional Related Technology	89,326	89,326
Board	28,730	28,730
General Administration	73,283	73,283
School Administration	319,274	319,274
Fiscal Services	150	150
Operation of Plant	19,768	19,768
Community Service	12,232	12,232
Debt Service:		
Principal	33,847	33,847
Interest	903	903
Total Expenditures	1,899,052	1,899,052
Net Change in Fund Balances	4,732	4,732
Fund Balances, July 1, 2024	2,700	2,700
Fund Balances, June 30, 2025	\$ 7,432	\$ 7,432

The accompanying notes to financial statements are an integral part of this statement.

**COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$	4,732
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Depreciation/Amortization Expense		(34,637)
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The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

		33,847
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Change in Net Position - Governmental Activities	\$	<u>3,942</u>
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The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Coastal Connections Academy ("School"), a virtual charter school operated by the not-for-profit Board, Florida for Online Education, Inc., is authorized by the School Board of Santa Rosa County, Florida ("District").

The School's charter is held by Florida for Online Education, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the Board of Directors of Florida for Online Education, Inc., which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Florida for Online Education, Inc., as of June 30, 2025, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Santa Rosa County, Florida, ("District"). The current charter is effective until June 30, 2026, however, the Board approved the closure of the School effective September 1, 2025.

Upon termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, reverts back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Government Accounting Standards Board's (GASB) *Codification of Government Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized

COASTAL CONNECTIONS ACADEMY

(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation/amortization, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000. The accounts routinely exceed the federally insured limit of \$250,000. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements	7 years
Leased Asset - Building	5 years

➤ **Compensated Absences**

GASB Statement No. 101, Compensated Absences, establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

defined contribution other postemployment benefits (OPEB). GASB Statement No. 101 is applicable to Connections Academy and has been implemented in accordance with its effective date. At June 30, 2024, and June 30, 2025, the required liability for compensated absences related to earned but unused sick leave is considered immaterial to the financial statements. As a result, the School has chosen not to record the liability.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

(unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes.

The School is a virtual school that is funded by FEFP through June 30th based on a Survey 3 estimate of students and the 4th FEFP Calculation. For the fiscal year ended June 30, 2025, the School reported 232.44 unweighted FTE and 251.94 weighted FTE in Survey 3.

The School will receive its final funding for the fiscal year ended June 30, 2025, based on course completions of the students reported on Survey 4 (determined by the unweighted FTE reported per Survey 4) and the final FEFP Calculation to be prepared by the State. This reconciliation is to be completed by the District in the 2025-26 fiscal year and will result in a payment adjustment for the year ended June 30, 2025. As such, the School utilizes historical completion rates to estimate student completion and total revenue to be recognized for a fiscal year. For the 2024-25 fiscal year, the School estimates for revenue recognition purposes that 92.22% of its average daily membership will meet the requirements for class completion, or an unweighted FTE of 213.81 students. As the School has been funded by the District for a higher unweighted FTE through June 30, 2025, Due to Other Agencies recognizes the remainder (\$117,516) of the amount expected to be paid by the School to the District when the 2024-25 fiscal year funding reconciliation is completed in the 2025-26 fiscal year.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School may receive Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined the following event requires disclosure. are no subsequent events which require disclosure. On August 19,2025, the Board approved the voluntary termination of the School's charter agreement with the Santa Rosa County School District effective on September 1, 2025.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At June 30, 2025, the School was exposed to custodial credit risk. The School's bank account exceeded the FDIC insurance limit by \$92,062.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Improvements	\$ 5,531	\$ -	\$ -	\$ 5,531
Leased Asset - Building	153,895	-	-	153,895
Total Capital Assets	<u>159,426</u>	<u>-</u>	<u>-</u>	<u>159,426</u>
Less Accumulated Depreciation/Amortization for:				
Improvements	(2,173)	(790)	-	(2,963)
Leased Asset - Building	(82,967)	(33,847)	-	(116,814)
Total Accumulated Depreciation/Amortization	<u>(85,140)</u>	<u>(34,637)</u>	<u>-</u>	<u>(119,777)</u>
Governmental Activities Capital Assets, net	<u>\$ 74,286</u>	<u>\$ (34,637)</u>	<u>\$ -</u>	<u>\$ 39,649</u>

All depreciation/amortization expense is shown as unallocated on the Statement of Activities.

4. DUE TO OTHER AGENCIES

The amount Due to Other Agencies on the School's statement of net position and balance sheet – governmental funds consist of amounts due to the School Board of Santa Rosa County for estimated overpayments of FEFP funding received during the fiscal year from the District (\$117,516) and amounts received for reading instruction and mental health that remained unspent (\$4,128) at June 30, 2025.

5. LONG-TERM LEASE PAYABLE

The School entered into a 5-year lease for its educational facility starting August 1, 2021, through June 30, 2026. The lease contains required monthly minimum lease payments as of that date and thereafter. The minimum required lease payment increases 6 percent annually. The fair value of the leased asset is \$153,895. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2026	<u>38,297</u>	<u>37,081</u>	<u>1,216</u>
Total	<u>\$ 38,297</u>	<u>\$ 37,081</u>	<u>\$ 1,216</u>

The imputed interest rate is 6 percent.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

6. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Long-Term Lease Payable	\$ 70,928	\$ -	\$ (33,847)	\$ 37,081	\$ 37,081
Total Governmental Activities	<u>\$ 70,928</u>	<u>\$ -</u>	<u>\$ (33,847)</u>	<u>\$ 37,081</u>	<u>\$ 37,081</u>

7. VOLUNTARY TERMINATION OF CHARTER CONTRACT

The Board approved the termination of the School’s charter agreement with the Santa Rosa County School District as of September 1, 2025. Therefore, the School ended its existence and accordingly, the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

8. STATE REVENUE SOURCES

State revenue reported in the School’s statement of activities and the statement of revenues, expenditures, and changes in fund balances – governmental funds for the current fiscal year included Florida Education Finance Program funding of \$1,429,564. Additionally, based on the final completion data received from the District related to the prior year FEFP revenue was increased by \$126,721 and was recorded in the current year. In the current year the School estimated a completion percentage of 92.22% and concluded that the School was overpaid FEFP funds by the District of \$117,516. The payable is captured within Due to Other Agencies as discussed above. As provided in the charter school contract, the District has charged the School an administrative fee totaling \$73,283.

9. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

10. OPERATING AGREEMENTS

Educational Program Agreement – The School entered into a statement of agreement (“Agreement”) with Connections Education of Florida, LLC (the “Company”) by and through its Governing Board, Florida for Online Education, Inc. The term of the Agreement commenced on July 1, 2021, and expires on the date coterminous with the School’s charter, June 30, 2026.

During the term, the Company provides a non-exclusive, nontransferable, royalty-free, limited license to access and use the Company’s proprietary technology platform for purposes of utilizing the education program, including providing web-based access from

COASTAL CONNECTIONS ACADEMY

(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of the School Board of Santa Rosa County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

non-school sites to the education program to students, caretakers of students, learning coaches, teachers, and administrative staff.

The contract further calls for the Company to be responsible and accountable to the School's Board for administrative and technology services, including operation and performance of the School in accordance with the School's charter contract, the statement of mission and purpose, and the laws of the State of Florida.

Under the terms of the agreement, Board approves an amount for the School to pay per funded FTE to compensate the Company for the services provided. Fees under this agreement incurred during the 2024-25 fiscal year amounted to \$63,740. To the extent that any adjustments as a result of a state audit are the result of Company's failure to adequately perform its responsibilities under this Agreement, Connections will be required to either: (i) return funds to the School in the amount determined as a result of a State audit, or (ii) to the extent that funds are withheld from future payments to the School, reduce amounts invoiced to the School by the amount funding is withheld. This amount has reduced the amount in Due to the Company which is included in the Accounts Payable account.

Financial Matters – The parties agree that in the event that as of June 30 of each year during the term, total revenues are less than the School's expenditures, and in the event that the School does not have positive net assets sufficient to offset the difference between total revenues and total expenditures, and to the extent that expenditures in excess of total revenues were included in the balanced budget or were subsequently approved by both parties in a written budget amendment, the Company shall issue a credit or discount to the School to the extent required to maintain positive net assets at least equal to \$10,000 as of each June 30. Any credit or discount offered under this clause will not be recoverable by the Company. During the current fiscal year, the Company credited \$347,000 to the School as part of their protection against deficits or forgiveness fee, which is included in the local and other revenue reported in the statement of activities and the statement of revenues, expenditures, and changes in fund balances – governmental funds. On June 30, 2025, an amount of \$164,761 is due to the Company. This amount is included in Accounts Payable on the Statement of Net Position and the Balance Sheet – Governmental Funds.

11. RISK MANAGEMENT PROGRAMS

The School 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 School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

12. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2025, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

13. LEGAL MATTERS

In the normal course of conducting its operations, the School 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.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SANTA ROSA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2025

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal Through State and Local	\$ -	\$ 499	\$ 499	\$ -
State	1,410,796	1,556,285	1,556,285	-
Local and Other	552,865	347,000	347,000	-
Total Revenues	<u>1,963,661</u>	<u>1,903,784</u>	<u>1,903,784</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	1,312,340	1,284,473	1,284,473	-
Instructional Staff Training	30,000	37,066	37,066	-
Instructional Related Technology	131,000	89,326	89,326	-
Board	29,200	28,730	28,730	-
General Administration	76,350	73,283	73,283	-
School Administration	312,153	319,274	319,274	-
Fiscal Services	-	150	150	-
Operation of Plant	70,019	19,768	19,768	-
Community Service	2,400	12,232	12,232	-
Debt Service:				
Principal	-	33,847	33,847	-
Interest	-	903	903	-
Total Expenditures	<u>1,963,462</u>	<u>1,899,052</u>	<u>1,899,052</u>	<u>-</u>
Net Change in Fund Balances	199	4,732	4,732	-
Fund Balances, July 1, 2024	10,544	2,700	2,700	-
Fund Balances, June 30, 2025	<u>\$ 10,743</u>	<u>\$ 7,432</u>	<u>\$ 7,432</u>	<u>\$ -</u>

See Independent Auditor's Report.

COASTAL CONNECTIONS ACADEMY
(A CHARTER SCHOOL UNDER FLORIDA FOR ONLINE EDUCATION, INC.)

A Charter School and Component Unit of The School Board of Santa Rosa County, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**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***

Independent Auditor's Report

To the Board of Directors of Coastal Connections Academy
(A Charter School under Florida for Online Education, Inc.)
A Charter School and Component Unit of the
School Board of Santa Rosa County, 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, each major fund, and the aggregate remaining fund information of Coastal Connections Academy (“School”), a charter school under Florida for Online Education, Inc., and component unit of the School Board of Santa Rosa County, Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 23, 2025
Tampa, Florida

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Coastal Connections Academy
(A Charter School under Florida for Online Education, Inc.)
A Charter School and Component Unit of the
School Board of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the Coastal Connections Academy (“School”), a charter school under Florida for Online Education, Inc., and component unit of the School Board of Santa Rosa County, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 23, 2025.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 23, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the School code assigned by the Florida Department of Education of the entity are Coastal Connections Academy, 578004.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Santa Rosa County and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

King & Walker, CPAs

September 23, 2025
Tampa, Florida