

OKALOOSA ACADEMY, INC.

**Basic Financial Statements and
Supplemental Information**

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, 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 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- 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 the management's discussion and analysis and budgetary comparison information on pages 4-8 and 28-30 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.

Required Supplementary Information (continued)

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 17, 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 School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 17, 2025

Management's Discussion and Analysis

As management of Okaloosa Academy, Inc. (the "School"), which is a component unit of the Okaloosa County School District, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2025 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, event, and conditions, it should be considered in conjunction with the basic financial statements, as listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal by \$1,232,590.
- The School's total net position decreased by \$413,265.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$795,612 a decrease of \$326,623 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$356,459.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

The School as a Whole

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

The change in net position (assets, liabilities, and deferred outflows/inflows of resources) over time is one indicator of whether the School's financial health is improving or deteriorating. However, other nonfinancial factors need to be considered in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc., to assess the overall health of the School.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Schools that are principally supported by District, State, and Federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the Okaloosa County School District, Florida. The Okaloosa County School District, Florida includes the operations of the School as a component unit in their operations.

The governmental-wide financial statements can be found listed on the table of contents of this report.

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

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund and capital outlay fund, which are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents in this report. The School adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,232,590 at the close of the most recent fiscal year.

A large portion of the School's net position is reflected in its net investment in capital assets (e.g., land, buildings, furniture, fixtures and equipment, improvements other than buildings, computer software, and motor vehicles) less any related outstanding debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's net investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparison of the condensed statements of net position and the statement of activities are provided below:

	2025	2024	Variance
ASSETS			
Current assets	\$ 803,621	\$ 1,226,960	\$ (423,339)
Noncurrent assets	449,442	556,251	(106,809)
Total assets	<u>1,253,063</u>	<u>1,783,211</u>	<u>(530,148)</u>
LIABILITIES			
Current liabilities	8,009	104,725	(96,716)
Non-current liabilities	12,464	32,631	(20,167)
Total liabilities	<u>20,473</u>	<u>137,356</u>	<u>(116,883)</u>
NET POSITION			
Net investment in capital assets	436,978	553,045	(116,067)
Restricted for capital outlay	439,153	433,915	5,238
Unrestricted	<u>356,459</u>	<u>658,895</u>	<u>(302,436)</u>
Total net position	<u>\$ 1,232,590</u>	<u>\$ 1,645,855</u>	<u>\$ (413,265)</u>

Current assets decreased due to lower amounts of due from other agencies and cash. Noncurrent assets decreased due to current year depreciation. Current liabilities decreased due to lower amounts due to other agencies. Net position decreased primarily in the unrestricted category due to the lower enrollment. Net investment in capital assets also decreased due to current year depreciation.

Changes in the School's revenues for the years ended June 30, were as follows:

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Program revenues			
Operating grants and contributions	\$ 87,990	\$ 152,712	\$ (64,722)
Capital grants and contributions	128,712	196,750	(68,038)
General revenues	1,403,593	1,614,784	(211,191)
Total revenues	<u>\$ 1,620,295</u>	<u>\$ 1,964,246</u>	<u>\$ (343,951)</u>

Capital grants and contributions decreased related to decreases in capital outlay offset by an increase in county sales tax funding during the year. Operating grants and contributions decreased related primarily due to decreases in Title 1 funding. General revenues decreased due to decreases in Federal Impact Aid and decreased enrollment.

Changes in the School's expenses for the years ended June 30, were as follows:

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Expenses			
Basic instruction	\$ 853,519	\$ 1,162,307	\$ 308,788
Board of directors	36,959	11,905	(25,054)
School administration	320,592	211,610	(108,982)
Facilities	102,680	35,858	(66,822)
Fiscal services	201,703	187,182	(14,521)
Food services	65,279	101,536	36,257
Staff services	183,423	173,423	(10,000)
Transportation	103,253	92,575	(10,678)
Operation of plant	166,152	193,100	26,948
Maintenance of plant	-	1,426	1,426
Total expenses	<u>2,033,560</u>	<u>2,170,922</u>	<u>137,362</u>
Change in net position	(413,265)	(206,676)	(206,589)
Net position at July 1, 2024	1,645,855	1,852,531	(206,676)
Net position at June 30, 2025	<u>\$ 1,232,590</u>	<u>\$ 1,645,855</u>	<u>\$ (413,265)</u>

School administration increased primarily due to increases in salaries and benefits. Facilities increased due to increased insurance costs. Basic instruction decreased primarily due to less resources needed in correlation with the decrease in enrollment. Operation of plant decreased due to decreases in maintenance services, repairs and maintenance, and cost of utilities.

Financial Analysis of the Government's Funds

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

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

As for the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$795,612.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$356,459. During the current fiscal year, the fund balance of the School's general fund decreased by \$331,861.

General Fund Budgetary Highlights

Actual revenues were more than budgeted; and expenditures were less than the final budget. The School's expenditures were lower than budgeted because the School spent less on insurance, software subscriptions, computer equipment, and custodial expenses than were budgeted.

The budgetary information can be found listed on the table of contents in this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental type activities as of June 30, 2025 amounts to \$436,978 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures and equipment, computer software, and motor vehicles. Additional information on the School's capital assets can be found at Note D.

Debt. At the end of the current fiscal year, the School has no debt.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. For the 2025-2026 school year, the School is forecasting enrollment to be 160 students, a slight decrease from 170 students enrolled in 2024-2025.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Rader Group, 101-A Business Centre, Miramar Beach, FL 32550.

OKALOOSA ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$ 706,568
Due from other agencies	97,053
Total current assets	803,621

CAPITAL ASSETS

Capital assets not being depreciated:	
Land	7,126
Capital assets, net of accumulated depreciation:	
Buildings	102,766
Improvements other than buildings	162,442
Furniture, fixtures and equipment	61,329
Motor vehicles	103,315
Total capital assets, net	436,978

NONCURRENT ASSETS

Right-of-use assets, net	12,464
Total noncurrent assets, net	449,442
Total assets	1,253,063

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	2,393
Accrued payroll liabilities	5,616
Total current liabilities	8,009

NONCURRENT LIABILITIES

Lease liabilities - due within one year	2,280
Lease liabilities - due in more than one year	10,184
Total liabilities	20,473

NET POSITION

Net investment in capital assets	436,978
Restricted for:	
Capital outlay	439,153
Unrestricted	356,459
Total net position	\$ 1,232,590

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

OKALOOSA ACADEMY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Basic instruction	\$ 853,519	\$ -	\$ 25,935	\$ -	\$ (827,584)
Board of directors	36,959	-	-	-	(36,959)
School administration	320,592	-	-	-	(320,592)
Facilities	102,680	-	-	128,712	26,032
Fiscal services	201,703	-	-	-	(201,703)
Food services	65,279	-	62,055	-	(3,224)
Staff services	183,423	-	-	-	(183,423)
Transportation	103,253	-	-	-	(103,253)
Operation of plant	166,152	-	-	-	(166,152)
Total governmental activities	<u>\$ 2,033,560</u>	<u>\$ -</u>	<u>\$ 87,990</u>	<u>\$ 128,712</u>	<u>(1,816,858)</u>
General revenues:					
Florida education finance program					1,031,616
Federal impact aid					118,660
Other revenues					<u>253,317</u>
Total revenues					<u>1,403,593</u>
Change in net position					<u>(413,265)</u>
Net position at July 1, 2024					<u>1,645,855</u>
Net position at June 30, 2025					<u>\$ 1,232,590</u>

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

OKALOOSA ACADEMY, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 706,568	\$ -	\$ -	\$ 706,568
Due from other agencies	97,053	-	-	97,053
Due from other funds	-	439,153	-	439,153
Total assets	<u>\$ 803,621</u>	<u>\$ 439,153</u>	<u>\$ -</u>	<u>\$ 1,242,774</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,393	\$ -	\$ -	\$ 2,393
Accrued payroll liabilities	5,616	-	-	5,616
Due to other funds	439,153	-	-	439,153
Total liabilities	<u>447,162</u>	<u>-</u>	<u>-</u>	<u>447,162</u>
FUND BALANCES				
Restricted for:				
Capital outlay	-	439,153	-	439,153
Unassigned	356,459	-	-	356,459
Total fund balances	<u>356,459</u>	<u>439,153</u>	<u>-</u>	<u>795,612</u>
Total liabilities and fund balances	<u>\$ 803,621</u>	<u>\$ 439,153</u>	<u>\$ -</u>	<u>\$ 1,242,774</u>

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

OKALOOSA ACADEMY, INC.

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

June 30, 2025

Total Fund Balances - Governmental Funds		\$	795,612
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:			
Capital assets	\$	3,168,823	
Accumulated depreciation		<u>(2,731,845)</u>	
			436,978
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
			12,464
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Lease liabilities			<u>(12,464)</u>
Net Position of Governmental Activities		\$	<u>1,232,590</u>

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

OKALOOSA ACADEMY, INC.

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

Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Federal passed through state and local	\$ 118,660	\$ -	\$ 87,990	\$ 206,650
State passed through local school district	1,031,616	97,006	1,228	1,129,850
Other revenues	<u>216,712</u>	<u>31,706</u>	<u>5,952</u>	<u>254,370</u>
Total revenues	<u>1,366,988</u>	<u>128,712</u>	<u>95,170</u>	<u>1,590,870</u>
Expenditures				
Current:				
Basic instruction	695,452	12,109	29,891	737,452
Board of directors	26,782	10,177	-	36,959
School administration	323,799	-	-	323,799
Facilities	6,237	96,443	-	102,680
Fiscal services	201,703	-	-	201,703
Food services	-	-	65,279	65,279
Staff services	183,423	-	-	183,423
Transportation	103,253	-	-	103,253
Operation of plant	<u>158,200</u>	<u>4,745</u>	<u>-</u>	<u>162,945</u>
Total expenditures	<u>1,698,849</u>	<u>123,474</u>	<u>95,170</u>	<u>1,917,493</u>
Net change in fund balance	<u>(331,861)</u>	<u>5,238</u>	<u>-</u>	<u>(326,623)</u>
Fund balances at July 1, 2024	<u>688,320</u>	<u>433,915</u>	<u>-</u>	<u>1,122,235</u>
Fund balances at June 30, 2025	<u><u>\$ 356,459</u></u>	<u><u>\$ 439,153</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 795,612</u></u>

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

OKALOOSA ACADEMY, INC.

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

Year Ended June 30, 2025

Net Change in Fund Balances - Governmental Funds	\$	(326,623)
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The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This and the
net effect of various other transactions involving capital assets decreased
net position.

Provision for amortization of leases	\$	(3,761)	
Provision for depreciation		<u>(116,067)</u>	(119,828)

Governmental funds report deferred revenues as received during the current year. However, in the statement of activities the revenues are not recognized until they are earned.	29,425
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Some expenses reported in governmental funds are to be reported in a long- term basis; therefore are not reported in the Statement of Activities	
Payment of lease principal	<u>3,761</u>

Change in Net Position - Governmental Activities	<u>\$</u>	<u>(413,265)</u>
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The accompanying notes are an integral part of these financial statements.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Okaloosa Academy, Inc. (the “School”), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School provides educational services to students at-risk in grades four through twelve. The governing body of the School is the Board of Directors, which is composed of five members.

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, which is the Okaloosa County School District, Florida (the “District”). The charter may be renewed by mutual agreement between the School and the District. The current charter is effective through August 31, 2027. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Okaloosa County School District, Florida.

2. Government-wide and fund financial statements

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

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

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

2. Government-wide financial statements (continued)

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

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

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

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

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

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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

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

General Fund – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

Capital Outlay Fund – in accordance with guidelines established by the Okaloosa County School District, Florida. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables, including due from other agencies and schools, mainly consist of amounts due from other agencies at June 30, 2025. Based on prior experience, the School's management has determined that 100% of the receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (See Note C).

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

7. Capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	7-10
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Motor vehicles	5
Computer software	3

8. Leases

The Charter School is a lessee for an office lease. The Charter School recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements in accordance with GASB 87. At the commencement of a lease, the Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

10. Revenue sources

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

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

10. Revenue sources (continued)

Under the provisions of Section 1011.62, Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

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

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Use of estimates

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

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

13. Prepaid items

Payment made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items in both government-wide and fund financial statements. As of June 30, 2025, there are no amounts prepaid.

14. Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable fund balance – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

15. Budget

An operating budget is adopted and maintained by the governing board of the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

16. Deferred revenue

The School recognizes cash that has been received in advance of services provided as deferred revenue. As of June 30, 2025, there are no amounts deferred.

17. Accounting pronouncements implemented

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 enhanced transparency by requiring disclosures about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by external parties or formal action of the government's highest decision-making authority. The Statement required disclosure when such conditions make the government vulnerable to a substantial impact and when related events have occurred, begun to occur, or are more likely than not to occur within 12 months of the issuance of the financial statements. The provisions of GASB 102 were implemented in the year ended June 30, 2025. The adoption of this standard had no significant impact on the School's financial statements.

18. New GASB pronouncements

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 are effective for fiscal years beginning after June 15, 2025 and will be implemented in the year ended June 30, 2026. The School is evaluating the effect of this new standard on its financial statements.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025 and will be implemented in the year ended June 30, 2026. The School is evaluating the effect of this new standard on its financial statements.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the state treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the state treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to 280.08, Florida Statutes. As of June 30, 2025, \$496,340 of the School's balances held were exposed to custodial credit risk.

NOTE C – INTER-FUND ACTIVITY

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (see Note A-6). The general fund and other governmental funds have recorded total payables of \$439,153 to the capital outlay fund for amounts received but not yet spent on behalf of this fund. Transfers between funds are made to move any excess or shortage of funds derived from special revenue funds to or from the general fund. There were no transfers for the year ended June 30, 2025.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D – CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets not depreciated:				
Land	\$ 7,126	\$ -	\$ -	\$ 7,126
Capital assets depreciated:				
Buildings	2,333,327	-	-	2,333,327
Furniture, fixtures, and equipment	313,538	-	-	313,538
Improvements other than buildings	244,485	-	-	244,485
Computer software	85,831	-	-	85,831
Motor vehicles	184,516	-	-	184,516
Total capital assets depreciated:	<u>3,161,697</u>	<u>-</u>	<u>-</u>	<u>3,161,697</u>
Less accumulated depreciation:				
Buildings	2,176,518	54,043	-	2,230,561
Furniture, fixtures, and equipment	237,725	14,484	-	252,209
Improvements other than buildings	61,866	20,177	-	82,043
Computer software	85,831	-	-	85,831
Motor vehicles	53,838	27,363	-	81,201
Total accumulated depreciation	<u>2,615,778</u>	<u>116,067</u>	<u>-</u>	<u>2,731,845</u>
Total capital assets, net	<u>\$ 553,045</u>	<u>\$ (116,067)</u>	<u>\$ -</u>	<u>\$ 436,978</u>

Depreciation expense for the year ended June 30, 2025 was charged to functions of the School as follows:

Basic instruction	\$ 116,067
Total	<u>\$ 116,067</u>

NOTE E – COMMITMENT AND CONTINGENCIES

Management service contract

As of July 8, 2015, the School entered into a management agreement with a third party to provide financial, human resources, and administration services to the School at a fee approved annually by the School's Board of Directors as part of the annual and amended budget for the School. The management agreement will remain in effect during any subsequent terms of the charter contract between the School and School District unless terminated in accordance with the terms of the contract. The current year management fees charged to operations totaled \$366,846.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE F – LEASE LIABILITY AND RIGHT-OF-USE ASSET

1. Lease Liabilities – Right-of-Use

The School entered into leases for copiers for use in the facility and classrooms. The leases are noncancellable 60-month terms. The leases have nonrenewal clauses and the copiers revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

Type	Start Date	July 1, 2024	Additions	Interest Paid	Principal Paid	Totals	June 30, 2025	Current Portion of Lease Liabilities
Copier 1	5/12/2020	\$ 3,206	\$ -	\$ (57)	\$ (3,206)	\$ 3,320	\$ 6,412	\$ -
Copier 2	3/10/2025	-	13,019	(140)	(555)	752	12,464	2,280
Totals		<u>\$ 3,206</u>	<u>\$ 13,019</u>	<u>\$ (197)</u>	<u>\$ (3,761)</u>	<u>\$ 4,072</u>	<u>\$ 18,876</u>	<u>\$ 2,280</u>

2. Right-of-Use Assets

In relationship to the lease liabilities, the School chooses to amortize the lease assets on a straight-line basis. Changes in right-of-use assets are presented in the table below:

Right-of-Use Assets	July 1, 2024	Additions	Decreases	June 30, 2025
Copiers	<u>\$ 15,015</u>	<u>\$ 13,019</u>	<u>\$ (15,015)</u>	<u>\$ 13,019</u>
Total right-of-use assets, being amortized	<u>15,015</u>	<u>13,019</u>	<u>(15,015)</u>	<u>13,019</u>
Less accumulated amortization:				
Copiers	<u>11,809</u>	<u>3,761</u>	<u>(15,015)</u>	<u>555</u>
Total accumulated amortization	<u>11,809</u>	<u>3,761</u>	<u>(15,015)</u>	<u>555</u>
Total right-of-use assets being amortized, net	<u>\$ 3,206</u>	<u>\$ 9,258</u>	<u>\$ -</u>	<u>\$ 12,464</u>

Future debt service related to the long-term liabilities is as follows:

Years ended June 30,	Principal	Interest	Total
2026	\$ 2,280	\$ 499	\$ 2,779
2027	2,382	398	2,780
2028	2,488	291	2,779
2029	2,599	181	2,780
2030	2,715	65	2,780
Total	<u>\$ 12,464</u>	<u>\$ 1,434</u>	<u>\$ 13,898</u>

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G – RELATED PARTY

1. Management agreement

The Management Company provides financial, human resources, and administration services based on a contractual arrangement with the School. The Management Company manages the finances and operations and makes recommendations to the School's independent Board of Directors, which makes the final determinations regarding policies and contracts. Total management fees charged to operations for the year ended June 30, 2025 were \$366,846 (see Note E).

2. Shared operating expenses

The School shares various operating expenses with schools operated by the same management company. During the year, the School had no reimbursed shared operating expenses.

No amounts were due from other schools for shared operating expenses for the year ended June 30, 2025.

3. School district services

The District paid for services totaling \$60,712 during the year ended June 30, 2025.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE H – CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts received during the year ended June 30, 2025:

School Board of Okaloosa County, Florida:		
Base funding	\$	557,778
Class size reduction		96,365
Discretionary local effort		65,426
Student transportation		42,772
Supplemental academic instruction		28,708
ESE guaranteed allocation		92,668
Mental health assistance allocation		6,305
Discretionary tax compression		16,399
Safe schools		10,374
Educational enrollment stabilization		395
Federally connected students		3,928
Total FEFP revenue		<u>921,118</u>
Less administration fee		<u>(42,971)</u>
Total FEFP revenue less administration fee		878,147
FEFP referrals		153,469
Capital improvement funds		34,010
Capital outlay		59,360
Capital sales tax funds		31,706
Title 1		25,935
SIP Grant		117,238
National school lunch act		62,055
Security grant		3,636
Other local revenues		252,089
Federal impact aid		1,422
State school lunch supplement		1,228
	\$	<u><u>1,620,295</u></u>

A significant decline in funding from the local school district could have a material impact on future operations.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE I – RISK MANAGEMENT

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 liability insurance. Under the plan for property insurance, the School's liability is \$1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2025. Settled claims resulting from the risks described above have not exceeded the insurance coverage in the previous three years.

NOTE J – SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 17, 2025, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OKALOOSA ACADEMY, INC.

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

Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
FEFP	\$ 1,473,900	\$ 882,648	\$ 878,147	\$ (4,501)
Federal lunch reimbursement	75,000	75,000	-	(75,000)
Referrals	130,000	200,000	153,469	(46,531)
Federal impact aid funds	2,500	2,500	1,422	(1,078)
SIP grant	-	-	117,238	117,238
State lunch supplement	2,000	2,000	-	(2,000)
Donations	-	-	765	765
Student lunches	6,000	6,000	-	(6,000)
Interest on investments	500	500	386	(114)
Uniforms	3,000	3,000	2,016	(984)
Miscellaneous	2,000	15,000	213,545	198,545
Total revenues	1,694,900	1,186,648	1,366,988	180,340
Expenditures				
Salaries	647,411	647,411	673,970	(26,559)
Retirement	2,600	2,600	-	2,600
Social security	52,745	52,745	51,223	1,522
Group insurance	161,249	116,249	116,054	195
Worker's compensation	7,000	7,000	2,997	4,003
Unemployment compensation	2,700	2,700	1,172	1,528
Management fee	366,846	366,846	366,846	-
Audit/accounting	17,000	17,000	18,500	(1,500)
Staff development	500	500	-	500
School resource officer	69,200	69,200	63,384	5,816
Custodial/maintenance	45,000	25,000	13,625	11,375
Miscellaneous contract services	1,000	4,000	2,546	1,454
Insurance	110,000	110,000	47,912	62,088
Travel	4,100	7,000	7,921	(921)
Repairs/maintenance	5,000	5,000	15,465	(10,465)
Vehicle/maintenance	15,000	15,000	18,323	(3,323)
Computer repair	13,000	13,000	7,551	5,449
Inspections/fire extinguisher	1,000	1,000	-	1,000
Lease-copier	6,000	6,000	7,376	(1,376)
Postage	1,100	1,100	575	525
Phone/internet	15,000	15,000	7,890	7,110
Cellphones	1,000	1,000	643	357
Water/sewer	3,100	5,000	5,253	(253)
Garbage	7,800	7,800	5,963	1,837
Printing	650	1,000	985	15
Pest control	1,400	2,500	2,460	40
Security monitoring	2,100	2,100	240	1,860
Miscellaneous non-professional services	1,100	1,400	979	421
Electric/gas	55,000	55,000	50,445	4,555
Gas/vehicles	16,000	16,000	15,827	173
Supplies	50,000	50,000	44,130	5,870
Instructional material	6,000	7,800	23,296	(15,496)
Lunches	65,000	65,000	63,845	1,155
Other material and supplies	7,000	7,000	5,601	1,399
Equipment	1,500	1,500	-	1,500
Computer equipment	10,000	12,500	-	12,500
Software subscriptions	3,747	42,185	37,876	4,309
Fees/miscellaneous	3,200	19,700	17,976	1,724
Auto tags	500	500	-	500
Substitutes/temporary	10,000	5,000	-	5,000
Total expenditures	1,788,548	1,787,336	1,698,849	88,487
Net change in fund balance	(93,648)	(600,688)	(331,861)	268,827
Fund balance at July 1, 2024	688,320	688,320	688,320	-
Fund balance at June 30, 2025	\$ 594,672	\$ 87,632	\$ 356,459	\$ 268,827

See note to required supplementary information.

OKALOOSA ACADEMY, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charter school capital outlay	\$ 126,917	\$ 126,917	\$ 97,006	\$ (29,911)
County local sales tax	218,168	218,168	31,706	(186,462)
Total revenues	<u>345,085</u>	<u>345,085</u>	<u>128,712</u>	<u>(216,373)</u>
Expenditures				
Insurance	7,893	10,633	59,760	(49,127)
Salaries	6,950	6,950	4,926	2,024
Social Security	550	550	368	182
Repairs/maintenance	100,000	100,000	32,822	67,178
Inspections	2,000	4,000	4,689	(689)
Equipment	2,600	2,600	5,993	(3,393)
Remodeling/ Renovation	50,000	50,000	-	50,000
Supplies	-	-	2,019	(2,019)
Software subscriptions	-	-	12,897	(12,897)
Total expenditures	<u>169,993</u>	<u>174,733</u>	<u>123,474</u>	<u>51,259</u>
Net change in fund balance	<u>175,092</u>	<u>170,352</u>	<u>5,238</u>	<u>(165,114)</u>
Fund balance at July 1, 2024	<u>433,915</u>	<u>433,915</u>	<u>433,915</u>	<u>-</u>
Fund balance at June 30, 2025	<u>\$ 609,007</u>	<u>\$ 604,267</u>	<u>\$ 439,153</u>	<u>\$ (165,114)</u>

See note to required supplementary information.

OKALOOSA ACADEMY, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2025

NOTE A – BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for all governmental activities and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2025, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Okaloosa Academy, Inc.
Fort Walton Beach, 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 Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, 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 17, 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.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 17, 2025



MANAGEMENT LETTER

Partners

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To the Board of Directors of
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 17, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 17, 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. In connection with our audit, the School did not have prior year findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *Okaloosa Academy, Inc. and 9800*.

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 conditions 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.

Financial Condition and Management (continued)

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

Section 10.854(1)(e)3., Rules of the Auditor General, required 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 us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste 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 note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 17, 2025

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2025, there were no management finding, recommendations or responses.