



**Okaloosa Public Schools
Foundation, Inc.**

**A Component Unit of the Okaloosa County
District School Board**

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY INFORMATION)**

June 30, 2022



	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION	
Schedule of Revenue, Expenses, and Net Transfers by Fund	15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Okaloosa Public Schools Foundation, Inc.
Fort Walton Beach, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Okaloosa Public Schools Foundation, Inc. (a nonprofit organization) (a component unit of the Okaloosa County District School Board), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Okaloosa Public Schools Foundation, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows 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 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 Okaloosa Public Schools Foundation, Inc. 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 these 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 Okaloosa Public Schools Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 Okaloosa Public Schools Foundation, Inc.'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 Okaloosa Public Schools Foundation, Inc.'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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue, Expenses, and Net Transfers by Fund is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2022 on our consideration of Okaloosa Public Schools Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Okaloosa Public Schools Foundation, Inc.'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 Okaloosa Public Schools Foundation, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
August 30, 2022

Okaloosa Public Schools Foundation, Inc.
Statement of Financial Position

<i>June 30,</i>	2022
Assets	
Cash	\$ 157,627
Certificates of deposit	98,518
Program receivables	13,394
Prepaid expenses	1,800
<hr/>	
Total assets	\$ 271,339
<hr/>	
Liabilities and Net Assets	
Accounts payable	\$ 13,655
Performance obligation	20,000
<hr/>	
Total liabilities	33,655
<hr/>	
Net assets	
Without donor restrictions	118,637
With donor restrictions	119,047
<hr/>	
Total net assets	237,684
<hr/>	
Total liabilities and net assets	\$ 271,339
<hr/>	

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

Okaloosa Public Schools Foundation, Inc.
Statement of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants	\$ 22,467	\$ 332,751	\$ 355,218
Royalty income	38,441	-	38,441
Donated services and assets	22,470	-	22,470
Interest income	212	-	212
Net assets released from restrictions	303,099	(303,099)	-
Total revenues and other support	386,689	29,652	416,341
Expenses			
<i>Program services</i>			
Take Stock in Children (TSIC)	108,266	-	108,266
Consortium	81,430	-	81,430
Other educational programs	157,509	-	157,509
Total program services	347,205	-	347,205
<i>Supporting services</i>			
General and administrative	16,120	-	16,120
Total expenses	363,325	-	363,325
Change in Net Assets	23,364	29,652	53,016
Net assets at beginning of year	95,273	89,395	184,668
Net assets at end of year	\$ 118,637	\$ 119,047	\$ 237,684

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

Okaloosa Public Schools Foundation, Inc.
Statement of Functional Expenses

	Program Services				Supporting Services	
	TSIC	Consortium	Other educational programs	Programs subtotal	Management and administrative	Total
<i>For the year ended June 30, 2022</i>						
Donated payroll and benefits	\$ -	\$ -	\$ 16,875	\$ 16,875	\$ 5,595	\$ 22,470
Contract labor	65,798	1,741	21,200	88,739	-	88,739
Professional fees	-	-	-	-	6,900	6,900
Direct teacher/student support	41,294	78,945	114,205	234,444	-	234,444
Insurance	-	-	-	-	959	959
Memberships	-	-	1,862	1,862	-	1,862
Postage	846	-	-	846	71	917
Printing	328	244	237	809	585	1,394
Supplies	-	-	329	329	309	638
Other	-	500	2,801	3,301	1,701	5,002
Total	\$ 108,266	\$ 81,430	\$ 157,509	\$ 347,205	\$ 16,120	\$ 363,325

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

Okaloosa Public Schools Foundation, Inc.
Statement of Cash Flows

<i>For the year ended June 30,</i>	2022
Cash Flows from Operating Activities	
Change in net assets	\$ 53,016
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Program receivables	2,124
Prepaid expenses	(1,800)
Accounts payable	12,986
Performance obligation	(12,141)
Net cash provided (used) by operating activities	54,185
Investing activities	
Purchase of certificates of deposit, net	(51,689)
Net cash provided (used) by investing activities	(51,689)
Net increase (decrease) in cash	2,496
Cash at beginning of year	155,131
Cash at end of year	\$ 157,627

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

Okaloosa Public Schools Foundation, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Okaloosa Public Schools Foundation, Inc. (“the Foundation”) is a not-for-profit corporation organized under the laws of the State of Florida as of July 16, 1996, for the purpose of raising funds for supplementing and assisting the Okaloosa County School District (“the District”). The Foundation is primarily supported through private contributions from individuals, businesses, and Take Stock in Children funds. The Foundation also has the licenses to four FCC approved channels of the Educational Broadcast Service (EBS). The Foundation operates these licenses and works with the District on future plans for instructional television and other related educational programs for students in pre-kindergarten through twelfth grade. The Foundation is a direct support organization of the School District and therefore is considered a component unit of the District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Program Receivables

Program receivables are stated at unpaid balances, less an allowance for doubtful accounts, if any. The Foundation provides for losses on program receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of the donors to meet their obligation.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2022, the Foundation considers all receivables fully collectable.

Okaloosa Public Schools Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for Okaloosa Communications.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Membership dues, program service fees and payments under cost-reimbursable contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Foundation recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from royalty income received in advance are deferred and recognized over the periods to which the income is earned. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Okaloosa Public Schools Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. During the year ended June 30, 2022, the value of donated equipment and supplies received from the District totaled \$4,500.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Foundation receives donated accounting and executive director services from District personnel. During the year ended June 30, 2022, the value of services received from personnel of the District totaled \$17,970.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area.

Donated payroll and benefits are allocated to other educational programs based on estimates of time and effort. For the year ended June 30, 2022, management allocated 95% of Executive Director donated payroll and benefit expenses to program services and 5% to supporting services. In addition, management allocated 100% of donated accounting services to supporting services as disclosed in the accompanying Statement of Functional Expenses.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. Unrelated business income can result from revenues such as rent, administration of self-insurance activities, and commissions.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Okaloosa Public Schools Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 30, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The Foundation is currently in the process of evaluating the impact of the new standard on its financial statements and will implement for the year ended June 30, 2023.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Foundation maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<u>June 30,</u>	<u>2022</u>
Financial assets, at year-end	\$ 269,539
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with donor purpose restrictions	(119,047)
<u>Financial assets available to meet cash needs for general expenditures</u>	<u>\$ 150,492</u>

Financial assets at year-end as noted in the above schedule exclude prepaid expenses.

Note 4: CERTIFICATES OF DEPOSIT

At June 30, 2022, the Foundation had \$98,518 of monies in three certificates of deposit at local financial institutions. These certificates are reported at amortized cost. Terms of these investments are for six months, 10 months, and 6 months, maturing September 2022, October 2022, and January 2023, with interest earned at rates ranging from 0.40 to 0.75%.

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 5: PROGRAM RECEIVABLE

The Foundation has a program receivable in the amount of \$13,394 due from Take Stock in Children as of June 30, 2022. The receivable is considered fully collectible and is typical of normal operations; therefore, no allowance for doubtful accounts is necessary as of June 30, 2022.

Note 6: AVAILABLE CREDIT

The Foundation has a credit card through a local bank with a credit limit of \$10,000. As of June 30, 2022, the Foundation had a credit card balance due in the amount of \$131, which is included in accounts payable in the accompanying balance sheet.

Note 7: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	<i>2022</i>
Undesignated	\$ 36,690
Board designated	
Okaloosa Communications	81,947
Net assets without donor restrictions	\$ 118,637

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	<i>2022</i>
Purpose restricted	
Boeing Choice Aviation Institute	\$ 1,064
Burgers and Bingo	4,513
Consortium of Florida Education Foundations	2,346
Endowment	51,477
Florida Education License Plates	6,522
Kids Tag Art	1,736
Kid's Vote Too	3,184
Nextera Energy Foundation Grant	10,000
Take Stock in Children	37,803
Teacher Grants	402
Net assets with donor restrictions	\$ 119,047

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 8: REVENUE

Approximately 91% of the Foundation’s revenue consists of contributions, grants, and donated services or assets. These items are not subject to ASC Topic 606. The remaining amount of revenue is primarily royalty income.

Royalty Income

The Foundation entered into an agreement in February 2019 to lease its EBS (Educational Based Service) spectrum with a telecommunications company. The agreement has an original term of 5 years and is subject to automatic renewal up to 30 years after the commencement date. The Foundation received an advance of \$50,000 upon entering the agreement, which is being recognized evenly over time among the initial 5 year term. As of June 30, 2022, the Foundation has \$20,000 of performance obligations to be satisfied which includes two years of advance payments. The Foundation will recognize \$10,000 of advance payments as revenue in fiscal year 2022-2023 and the remaining \$10,000 will be recognized in the following year. These performance obligations are based upon usage of the EBS spectrum owned by the Foundation. The Foundation’s method of recognizing revenue is the input method for performance obligations to be utilized over time.

In addition to the advance payments, the Foundation also receives monthly royalty payments for usage of the EBS spectrum of approximately \$2,250 based on the fee schedule entered into in February 2019. Effective October 1, 2021, royalty payments increased an additional 5% over the base fee schedule due to FCC changes.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the year ended June 30,</i>	2022
<i>Recognized over time</i>	
Royalty income	\$ 38,441
Not subject to ASC Topic 606	
Contributions and grants	355,218
Donated services and assets	22,470
Interest income	212
Total revenue	\$ 416,341

The Foundation’s donors are primarily local businesses, local governments, general public, and not-for-profits located in Okaloosa County and the State of Florida.

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

Contract Balances

<i>June 30,</i>	<i>2022</i>
Contract liabilities, beginning of year	\$ 32,141
Contract liabilities, end of year	\$ 20,000

Note 9: CONCENTRATION

The Foundation receives funding from six major sources that accounts for approximately 57% of the total funds received during the year. If the three funding sources discontinued supporting the Foundation, operations of the Foundation would be significantly affected.

SUPPLEMENTARY INFORMATION

Okaloosa Public Schools Foundation, Inc.
Schedule of Revenue, Expenses, and Net Transfers by Fund

	Balance 7/1/21	Revenue	Expense	Net Transfers	Balance 6/30/22
Without Donor Restriction:					
General Funds undesignated	\$ 30,774	\$ 45,149	\$ (342,332)	\$ 303,099	\$ 36,690
Board designated					
Okaloosa Communications	64,499	38,441	(20,993)	-	81,947
Total net assets without donor restrictions	95,273	83,590	(363,325)	303,099	118,637
With Donor Restriction:					
Boeing Choice Aviation Institute	3,997	10,000	-	(12,933)	1,064
Burgers and Bingo	2,542	2,870	-	(899)	4,513
Consortium of Florida Education Foundations	4,126	79,646	-	(81,426)	2,346
Endowment Revenue	-	51,477	-	-	51,477
Florida Education License Plates	12,266	5,857	-	(11,601)	6,522
Kids Tag Art	5,676	10,000	-	(13,940)	1,736
Kid's Vote Too	3,184	-	-	-	3,184
Nextera Energy Foundation Grant	-	10,000	-	-	10,000
School Grants	-	11,200	-	(11,200)	-
Take Stock in Children	57,602	88,467	-	(108,266)	37,803
Teacher Grants	2	63,234	-	(62,834)	402
Total net assets with donor restrictions	89,395	332,751	-	(303,099)	119,047
Total net assets	\$ 184,668	\$ 416,341	\$ (363,325)	\$ -	\$ 237,684

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

To the Board of Directors and Members
Okaloosa Public Schools Foundation, 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 Okaloosa Public Schools Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Okaloosa Public Schools Foundation, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okaloosa Public Schools Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness Okaloosa Public Schools Foundation, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okaloosa Public Schools Foundation, Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

August 30, 2022