



**Okaloosa Public Schools
Foundation, Inc.**

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

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY INFORMATION)**

June 30, 2023



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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, 2023, 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, 2023, 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 28, 2023 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 28, 2023

Okaloosa Public Schools Foundation, Inc.
Statement of Financial Position

<i>June 30,</i>	2023
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Assets	
Cash	\$ 185,358
Certificates of deposit	99,077
Program receivables	40,767
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Total assets	\$ 325,202
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Liabilities and Net Assets	
Accounts payable	\$ 19,532
Performance obligation	10,000
<hr/>	
Total liabilities	29,532
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Net assets	
Without donor restrictions	147,889
With donor restrictions	147,781
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Total net assets	295,670
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Total liabilities and net assets	\$ 325,202
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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, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants	\$ 31,104	\$ 398,417	\$ 429,521
Royalty income	37,371	-	37,371
Contributed services and non-financial assets	22,403	-	22,403
Interest income	366	193	559
Net assets released from restrictions	369,876	(369,876)	-
Total revenues and other support	461,120	28,734	489,854
Expenses			
<i>Program services</i>			
Take Stock in Children (TSIC)	120,444	-	120,444
Consortium	108,643	-	108,643
Other educational programs	177,154	-	177,154
Total program services	406,241	-	406,241
<i>Supporting services</i>			
Fundraising	9,942	-	9,942
General and administrative	15,685	-	15,685
Total expenses	431,868	-	431,868
Change in Net Assets	29,252	28,734	57,986
Net assets at beginning of year	118,637	119,047	237,684
Net assets at end of year	\$ 147,889	\$ 147,781	\$ 295,670

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

Okaloosa Public Schools Foundation, Inc.
Statement of Functional Expenses

	Program Services				Supporting Services		
			Other Educational Programs	Programs subtotal	General and Administrative	Fund Raising Programs	Total
<i>For the year ended June 30, 2023</i>	TSIC	Consortium					
Donated payroll and benefits	\$ -	\$ -	\$ 16,785	\$ 16,785	\$ 5,618	\$ -	\$ 22,403
Contract labor	65,274	10,326	21,000	96,600	-	-	96,600
Professional fees	-	-	85	85	7,200	-	7,285
Direct teacher/student support	54,677	96,446	135,480	286,603	-	-	286,603
Insurance	-	-	-	-	977	-	977
Memberships	-	-	1,935	1,935	-	-	1,935
Postage	305	-	-	305	152	-	457
Printing	105	1,121	-	1,226	759	-	1,985
Supplies	-	-	-	-	32	-	32
Other	83	750	1,869	2,702	947	-	3,649
Fundraiser supplies & food	-	-	-	-	-	6,125	6,125
Fundraiser printing costs	-	-	-	-	-	1,062	1,062
Fundraiser postage costs	-	-	-	-	-	8	8
Fundraiser rentals	-	-	-	-	-	360	360
Fundraiser professional fees	-	-	-	-	-	1,820	1,820
Fundraiser insurance	-	-	-	-	-	567	567
Total	\$ 120,444	\$ 108,643	\$ 177,154	\$ 406,241	\$ 15,685	\$ 9,942	\$ 431,868

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

Okaloosa Public Schools Foundation, Inc.
Statement of Cash Flows

For the year ended June 30,

2023

Cash Flows from Operating Activities

Change in net assets	\$	57,986
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Program receivables		(27,373)
Prepaid expenses		1,800
Accounts payable		5,877
Performance obligation		(10,000)

Net cash provided (used) by operating activities	28,290
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Investing activities

Purchase of certificates of deposit, net	(559)
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Net cash provided (used) by investing activities	(559)
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Net increase (decrease) in cash	27,731
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Cash at beginning of year	157,627
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Cash at end of year	\$ 185,358
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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, 2023, 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. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from dues and fees, member services, and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dues and fees relate. 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 removed 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.

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.

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.

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, 2023, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Program Services

The Foundation's program services consists of the following:

Take Stock in Children (TSIC) – The Foundation provides student mentoring and scholarships.

Consortium – The Foundation provides various educational programs to teachers and students of Okaloosa County School District from funds obtained through the Consortium of Florida Education Foundation and local businesses.

Other educational programs – The Foundation provides various educational programs to teachers and students of Okaloosa County School District.

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 28, 2023 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.

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.

<i>June 30,</i>	2023
Financial assets, at year-end	\$ 325,202
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with donor purpose restrictions	(147,781)
Financial assets available to meet cash needs for general expenditures	<u>\$ 177,421</u>

Note 4: CERTIFICATES OF DEPOSIT

At June 30, 2023, the Foundation had \$99,077 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 12 months, maturing August 2023, September 2023, and January 2024, with interest earned at rates ranging from 2.20 to 4.35%.

Note 5: PROGRAM RECEIVABLES

The Foundation has a program receivable in the amount of \$40,767 due from Take Stock in Children, Consortium of FL ED Foundations, and OCSD Employees, as of June 30, 2023. The program receivables are considered fully collectible and are typical of normal operations; therefore, no allowance for doubtful accounts is necessary as of June 30, 2023.

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

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, 2023, the Foundation had a credit card balance due in the amount of \$360, 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>	2023
Undesignated	\$ 56,903
Board designated	
Okaloosa Communications	90,986
Net assets without donor restrictions	\$ 147,889

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2023
Purpose restricted	
Boeing Choice Aviation Institute	\$ 7,525
Burgers and Bingo	10,770
Consortium of Florida Education Foundations	705
Endowment	51,670
Florida Education License Plates	7,586
Kids Tag Art	1,308
Kid's Vote Too	3,184
School Grants	15,000
Nextera Energy Foundation Grant	7,761
Pickleball Donations	18,936
Take Stock in Children	17,152
Teacher Grants	6,184
Net assets with donor restrictions	\$ 147,781

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 8: REVENUE

The Foundation’s method of recognizing revenue is the input method for performance obligations to be utilized over time.

Approximately 92% 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.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the year ended June 30,</i>	<i>2023</i>
<i>Recognized over time</i>	
Royalty income	\$ 37,371
<i>Not subject to ASC Topic 606</i>	
Contributions and grants	429,521
Contributed services and non-financial assets	22,403
Interest income	559
Total revenue	\$ 489,854

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.

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, 2023, the Foundation has \$10,000 of performance obligations to be satisfied which includes one year of advance payment. The Foundation will recognize the remaining \$10,000 of advance payments as revenue in fiscal year 2023-2024. 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.

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

Contract Balances

<i>June 30,</i>		<i>2023</i>
Contract liabilities, beginning of year	\$	20,000
Contract liabilities, end of year	\$	10,000

Note 9: CONCENTRATION

The Foundation receives funding from six major sources that accounts for approximately 48% 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.

Note 10: CONTRIBUTIONS IN-KIND

All donated services and goods were utilized by the Foundation’s program and supporting services. There were no donor imposed restrictions associated with the contributed space services, or goods.

Donated payroll and benefits are allocated to other educational programs based on estimates of time and effort. For the year ended June 30, 2023, 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.

The components of donated services and goods contributed to the Foundation consists of the following for the year ended June 30, 2023.

<i>For the year ended June 30, 2023</i>	Donated Services	Donated Goods	Total
Program services			
Other educational	\$ 12,810	\$ 3,975	\$ 16,785
Supporting Services			
General and administrative	5,618	-	5,618
Total donated services and goods	\$ 18,428	\$ 3,975	\$ 22,403

Donated services are valued using actual compensation paid by the District for employee time. Donated goods are valued at the fair value that would be received for similar products.

Okaloosa Public Schools Foundation, Inc.
Notes to Financial Statements

Note 11: ENDOWMENTS

The Foundation's endowment consists of one individual fund established to award college scholarships to graduating seniors of Laurel Hill School. The endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor stipulations require the Board of Directors of the Foundation to invest the fund under the Florida Uniform Prudent Management of Institutional Funds (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. Additionally, the investments must be insured through either Federal Deposit Insurance Corporation (FDIC) or Securities Investment Protection Corporation (SIPC). The Foundation is granted exclusive authority over management of the endowment, including the pooling of the endowment for investment and payout purposes.

Endowment assets are invested in a certificate of deposits. Actual returns will be based on terms of the certificate of deposit that is determined between the Foundation and financial institution in which the investment is held. Investment risk is measured in terms of the total endowment fund. The endowment is currently invested in a certificate of deposit at 2.20% annual percentage rate (APR).

SUPPLEMENTARY INFORMATION

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

	Balance 7/1/22	Revenue	Expense	Net Transfers	Balance 6/30/23
Without Donor Restriction:					
General Funds undesignated	\$ 36,690	\$ 53,873	\$ (403,536)	\$ 369,876	\$ 56,903
Board designated					
Okaloosa Communications	81,947	37,371	(28,332)	-	90,986
Total net assets without donor restrictions	118,637	91,244	(431,868)	369,876	147,889
With Donor Restriction:					
Boeing Choice Aviation Institute	1,064	10,000	-	(3,539)	7,525
Burgers and Bingo	4,513	8,247	-	(1,990)	10,770
Consortium of Florida Education Foundations	2,346	107,000	-	(108,641)	705
Endowment Revenue	51,477	193	-	-	51,670
Florida Education License Plates	6,522	6,016	-	(4,952)	7,586
Kids Tag Art	1,736	10,000	-	(10,428)	1,308
Kid's Vote Too	3,184	-	-	-	3,184
Nextera Energy Foundation Grant	10,000	5,000	-	(7,239)	7,761
School Grants	-	17,830	-	(2,830)	15,000
Pickleball Donations	-	26,889	-	(7,953)	18,936
Take Stock in Children	37,803	99,793	-	(120,444)	17,152
Teacher Grants	402	107,642	-	(101,860)	6,184
Total net assets with donor restrictions	119,047	398,610	-	(369,876)	147,781
Total net assets	\$ 237,684	\$ 489,854	\$ (431,868)	\$ -	\$ 295,670

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, 2023, 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 28, 2023.

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 28, 2023