

**WALTON EDUCATION
FOUNDATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Walton Education Foundation, Inc.
DeFuniak Springs, FL

Opinion

We have audited the accompanying financial statements of Walton Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walton Education 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. 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 Walton Education 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 opinion.

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 Walton Education 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.

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 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 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, 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 Walton Education 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 Walton Education 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.

Coastal Accounting

COASTAL ACCOUNTING OF NW FLORIDA, PA
Certified Public Accountants & Consultants

Destin, FL
November 2, 2023

WALTON EDUCATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

| | |
|--|--------------------------|
| Cash and cash equivalents - without donor restrictions | \$ 127,458 |
| Cash and cash equivalents - with donor restrictions | 71,223 |
| Pledges receivable | <u>18,463</u> |
| TOTAL ASSETS | \$ <u>217,144</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | |
|---|--------------------------|
| Accounts payable | \$ <u>35,311</u> |
| Net assets | |
| Without donor restrictions | 110,610 |
| With donor restrictions | <u>71,223</u> |
| Total net assets | <u>181,833</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>217,144</u> |

See independent auditor's report and notes to financial statements.

WALTON EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | Without donor restrictions | With donor restrictions | Total |
|--|----------------------------------|----------------------------|-------------------|
| PUBLIC SUPPORT AND OTHER REVENUES | | | |
| Public support | | | |
| Contributions | \$ 64,041 | \$ 74,674 | \$ 138,715 |
| Grants | - | 408,342 | 408,342 |
| Total public support | <u>64,041</u> | <u>483,016</u> | <u>547,057</u> |
| Revenues, gains, and other support | | | |
| Interest income | <u>456</u> | <u>-</u> | <u>456</u> |
| Net assets released from restriction | | | |
| Satisfaction of program restrictions | <u>452,016</u> | <u>(452,016)</u> | <u>-</u> |
| Total public support and other revenues | <u>516,513</u> | <u>31,000</u> | <u>547,513</u> |
| EXPENSES | | | |
| Program services | 355,532 | - | 355,532 |
| Supporting services | | | |
| Administrative and general | <u>181,479</u> | <u>-</u> | <u>181,479</u> |
| Total expenses | <u>537,011</u> | <u>-</u> | <u>537,011</u> |
| Change in net assets | (20,498) | 31,000 | 10,502 |
| NET ASSETS - BEGINNING | <u>131,108</u> | <u>40,223</u> | <u>171,331</u> |
| NET ASSETS - ENDING | <u>\$ 110,610</u> | <u>\$ 71,223</u> | <u>\$ 181,833</u> |

See independent auditor's report and notes to financial statements.

WALTON EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | <u>Supporting Services</u> | | | Total Supporting Services | <u>Total</u> |
|---------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------------------|-------------------|
| | <u>Program Services</u> | <u>Administrative and General</u> | <u>Fundraising</u> | | |
| FUNCTIONAL EXPENSES | | | | | |
| Direct | | | | | |
| Scholarships and grants | \$ 355,447 | \$ 102,606 | \$ - | \$ 102,606 | \$ 458,053 |
| Executive director contract | - | 52,000 | - | 52,000 | 52,000 |
| Administrative | - | 1,902 | - | 1,902 | 1,902 |
| Insurance | - | 1,362 | - | 1,362 | 1,362 |
| Legal and professional | - | 7,836 | - | 7,836 | 7,836 |
| Travel | - | 1,263 | - | 1,263 | 1,263 |
| Miscellaneous | - | 9,085 | - | 9,085 | 9,085 |
| Office | - | 866 | - | 866 | 866 |
| Dues and subscriptions | 85 | 4,100 | - | 4,100 | 4,185 |
| Licenses and fees | - | 459 | - | 459 | 459 |
| TOTAL FUNTIONAL EXPENSES | <u>\$ 355,532</u> | <u>\$ 181,479</u> | <u>\$ -</u> | <u>\$ 181,479</u> | <u>\$ 537,011</u> |

See independent auditor's report and notes to financial statements.

WALTON EDUCATION FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Change in net assets | \$ 10,502 |
| Adjustments to reconcile change in net assets to cash flows from operating activities: | |
| (Increase) decrease in assets | |
| Pledges receivable | (18,463) |
| Increase (decrease) in liabilities | |
| Accounts payable | <u>(248,678)</u> |
| <i>Cash flows from operating activities</i> | (256,639) |

CASH AND CASH EQUIVALENTS - BEGINNING 455,320

CASH AND CASH EQUIVALENTS - ENDING \$ 198,681

CASH AND CASH EQUIVALENTS AT YEAR-END CONSIST OF:

| | |
|--|--------------------------|
| Cash and cash equivalents - without donor restrictions | \$ 127,458 |
| Cash and cash equivalents - with donor restrictions | <u>71,223</u> |
| TOTAL CASH AND CASH EQUIVALENTS | <u><u>\$ 198,681</u></u> |

See independent auditor's report and notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION AND PURPOSE

The Walton Education Foundation, Inc. (hereinafter referred to as the Foundation), is a not-for-profit organization incorporated under the laws of Florida on August 9, 2005, and is headquartered in Defuniak Springs, Florida. The Foundation is organized to assist the Walton County School District through grants, gifts, awards, expenditures, and other contributions of money, real property, tangible and intangible personal property, goods, services and other items of value, to improve the quality of education provided by such schools. The Foundation is also organized to enhance the physical facilities, the level of teaching, qualifications and performance of personnel, student achievement and development, and the confidence of the public in such schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Pledges for contributions are recorded as revenue at the time of the pledge.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958 "Not-for-Profit Organizations." Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired. Board designated or appropriated amounts are reported in the without donor restrictions class since the Board has the authority to change or withdraw such designations or appropriations.
- Net assets with donor restrictions contain donor-imposed restrictions which require the Foundation to use or expend the assets as specified.

The Foundation in previous years has been considered a component unit of the Walton County School District. Accordingly, these financial statements are not intended to be presented under reporting standards as prescribed by Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly-liquid investments available for use with an original maturity of three months or less to be classified as cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give (pledge) to the Foundation that is, in substance, unconditional. Contributions that are conditional are not recognized as revenue until the condition on which it depends has been substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services

No amounts have been reflected in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific program services, campaign solicitations and various other tasks.

Income Taxes

The Foundation has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi). The Foundation is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. With few exceptions, the Foundation is no longer subject to federal and state income tax examinations by tax authorities for years before the fiscal year ended June 30, 2019.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates as assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Expenses directly related to program, administrative, or fundraising activities are charged to the individual program, administrative activity, or fundraiser.

NOTE 3 – CONCENTRATIONS

Concentration of Credit Risk

At various times throughout the year cash balances may exceed FDIC coverage limits. The Foundation has not experienced any such losses.

WALTON EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions as of June 30, 2023, are restricted for the following purposes:

| | |
|--|------------------|
| Doris Curry McCall Scholarship | \$ 2,650 |
| No Ordinary Joe Scholarship | 36,000 |
| Take Stock in Children | <u>32,573</u> |
| Total net assets with donor restrictions | <u>\$ 71,223</u> |

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of June 30, 2023, reduced by amounts not available for general use because of donor imposed restrictions.

| | |
|--|-------------------|
| Financial assets at year end | \$ 217,144 |
| Less those unavailable for general expenditures | |
| Donor restricted funds | <u>(71,223)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 145,921</u> |

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 2, 2023, which is the date the financial statements were available to be issued, and concluded no events or transactions occurred during the period requiring recognition or disclosure.