

**Bay Education
Foundation, Inc.**

Financial Statements

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bay Education Foundation, Inc.
Panama City, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bay Education Foundation, Inc. (the "Foundation"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation'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 financial position of the Foundation as of June 30, 2025, and the changes in 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 the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Foundation'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 Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025, on our consideration of the Foundation'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 Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 20, 2025

Bay Education Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash - checking	\$ 247,081	\$ 209,522
Cash - savings	1,010,833	798,400
Grants receivable	22,794	60,000
Investments	867,266	825,808
Prepaid expenses	8,666	-
Florida prepaid scholarship fund	<u>750,093</u>	<u>857,747</u>
Total assets	<u>\$ 2,906,733</u>	<u>\$ 2,751,477</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accrued liabilities	\$ 4,658	\$ 21,149
Deferred revenues	180,411	189,890
Agency funds payable	<u>1,062,925</u>	<u>801,967</u>
Total liabilities	<u>1,247,994</u>	<u>1,013,006</u>
Net assets		
Without donor restrictions	842,793	723,609
With donor restrictions	<u>815,946</u>	<u>1,014,862</u>
Total net assets	<u>1,658,739</u>	<u>1,738,471</u>
Total liabilities and net assets	<u>\$ 2,906,733</u>	<u>\$ 2,751,477</u>

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

Bay Education Foundation, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUES AND OTHER SUPPORT				
State Grants				
CFEF grant	\$ -	\$ 60,833	\$ 60,833	\$ 363,094
TSIC grant	56,219	-	56,219	111,729
Contributions				
Classroom grants	-	-	-	16,122
Scholarships	-	18,029	18,029	9,199
General contributions	346,056	61,780	407,836	475,515
Teacher appreciation	45,000	-	45,000	-
Fundraising events, net	37,710	-	37,710	79,588
Other income	49,897	-	49,897	43,678
Net assets released from restrictions	339,558	(339,558)	-	-
 Total revenues and other support	874,440	(198,916)	675,524	1,098,925
 EXPENSES				
Program services:				
Programs	706,939	-	706,939	1,202,245
Supporting services:				
Management and general	66,666	-	66,666	62,379
Fundraising	23,991	-	23,991	22,683
 Total expenses	797,596	-	797,596	1,287,307
 Changes in net assets - before investments	76,844	(198,916)	(122,072)	(188,382)
Investment gain	42,340	-	42,340	39,188
Changes in net assets	119,184	(198,916)	(79,732)	(149,194)
Net assets, beginning of year	723,609	1,014,862	1,738,471	1,887,665
Net assets, end of year	\$ 842,793	\$ 815,946	\$ 1,658,739	\$ 1,738,471

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

Bay Education Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)**

	Program Services		Supporting Services		2025 Total	2024 Total
	Programs	Direct Donor Benefits	Management and General	Fundraising		
Grants	\$ 273,779	\$ -	\$ -	\$ -	\$ 273,779	\$ 783,993
Scholarships	192,079	-	-	-	192,079	199,880
Salaries	119,061	-	34,017	17,009	170,087	148,329
Teacher awards	73,149	-	-	-	73,149	59,595
Office expense	48,871	-	13,963	6,982	69,816	78,496
Event supplies	-	61,950	-	-	61,950	72,768
Professional fees	-	-	18,686	-	18,686	17,014
Total expenses	706,939	61,950	66,666	23,991	859,546	1,360,075
Expenses netted against revenues						
Fundraising events	-	(61,950)	-	-	(61,950)	(72,768)
	<u>\$ 706,939</u>	<u>\$ -</u>	<u>\$ 66,666</u>	<u>\$ 23,991</u>	<u>\$ 797,596</u>	<u>\$ 1,287,307</u>

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

Bay Education Foundation, Inc.

STATEMENTS OF CASHFLOW

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (79,732)	\$ (149,194)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Unrealized gain on investments	(9,111)	(6,562)
(Increase) decrease in assets:		
Grants receivable	37,206	(54,600)
Prepaid expenses	(8,666)	-
Florida Prepaid Scholarship Fund	107,654	71,111
Increase (decrease) in liabilities		
Accrued liabilities	(16,491)	8,790
Deferred revenue	(9,479)	29,888
Agency funds payable	260,958	9,310
	282,339	(91,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(100,022)	(118,955)
Sales, redemption, or maturity of investments	67,675	30,543
	(32,347)	(88,412)
Net increase (decrease) in cash and equivalents	249,992	(179,669)
Cash and equivalents, beginning of year	1,007,922	1,187,591
Cash and equivalents, end of year	\$ 1,257,914	\$ 1,007,922
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash - checking	\$ 247,081	\$ 209,522
Cash - savings	1,010,833	798,400
	\$ 1,257,914	\$ 1,007,922

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – NATURE AND ACTIVITIES OF ORGANIZATION

Bay Education Foundation, Inc. (the Foundation) is a not-for-profit corporation organized under the Florida Not-For-Profit Corporation Act. The Foundation was organized to provide classroom support and scholarships to schools, teachers, and students in the Bay County School District of Florida (the District).

The Foundation is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Foundation has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contribution deduction. The Foundation is operated exclusively for charitable, scientific, and educational purposes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared using the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations (US GAAP). Although the Foundation works closely with the District, the Foundation is comprised of a self-perpetuating Board of Directors (the “Board”) and, therefore, is not considered a governmental entity for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of 90 days or less. Cash consists of checking in financial institutions in the United States. Amounts on deposit exceeded insured balance limits of the Federal Deposit Insurance Corporation by approximately \$997,009 and \$744,929 at June 30, 2025, and 2024, respectively.

Grants Receivable

Grants receivable consists primarily of Take Stock in Children (TSIC) Grant receivable for which allowable costs have been incurred.

Florida Prepaid Scholarship Fund

The Foundation purchases prepaid scholarships through the Stanley G. Tate Florida Prepaid College Foundation. Scholarships are generally purchased in batches and later assigned to specific students.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Florida Prepaid Scholarship Fund (continued)

Although scholarships are matched dollar for dollar via the Project STARS scholarship program funded by the Florida Legislature, the Foundation reports only the value of the scholarships purchased net of any amounts redeemed or refunded to the Foundation. The asset value presented is the balance available to the Foundation for redemption.

Agency Funds

When a resource provider makes donations to the Foundation and stipulates that the resources must be passed through to the District, the Foundation is acting in the capacity of an agent for the District. In those circumstances, the donations are reported as liabilities until the resources are provided to the District.

Net Assets

The Foundation's net assets, the excess of assets over liabilities, are reported in two classes that are based upon existence or absence of restriction on use that are imposed by its donors, as follows:

Net Assets Without Donor Restrictions are available for use in general operations. The only limits of these net assets are board designations or the broad limits resulting from the nature of the organization. See Note F for further discussion on net assets without donor restrictions.

Net Assets With Donor Restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, 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. See Note F for further discussion on net assets with donor restrictions.

Revenue Recognition – Contributions

Restricted Contributions. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized. Investment income and gains are reported as increases in net assets when earned.

Contributed Services. Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition – Contributions (continued)

Contributed Services (continued). Although the Foundation received significant contributions of time from its Board, none of these services were recorded since they did not meet the criteria for recognition.

Conditional Contributions. Conditional contributions are recognized when the condition has been substantially met. Amounts received before the conditions have been met are reported as refundable advances or deferred revenue. Amounts received after the conditions have been met are recorded as Grants Receivable.

The following are considered conditional contributions:

CFEF (Consortium of Florida Education Foundations) Grant. CFEF grant consisted of a dollar-for-dollar match from the State of Florida which may be used for projects in any of six target areas. Revenues are recognized when the Foundation incurs allowable costs.

TSIC Grant. TSIC is a grant from the State of Florida which may be used for staffing, scholarships, and recruiting and supporting volunteer mentors. Revenues are recognized when the Foundation incurs allowable costs.

Revenue Recognition – Contracts with Customers / Deferred Revenue

Revenue from contracts with customers is limited to the fair value of tickets to special events. Revenues are recognized at the point in time that the event is held. Deferred revenue represents the revenue portion of the tickets sold for an event to be held after the end of the fiscal year. Deferred revenue also includes donor restricted funds which include a right of return.

Expense Recognition and Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Foundation assigns most expenses directly to the benefited function. The Foundation uses a reasonable method of allocating expenses relating to more than one functional category. Fundraising expenses include an allocation of salaries and supporting expenses as well as costs of fundraising events that are not direct donor benefits. Functions are further described as follows:

Program Services. Program services include the expenses of classroom grants and scholarships, as well as an allocation of salaries and other overhead expenses.

Management and General. Management and general activities are those that provide governance oversight, business and financial management, financial recordkeeping, budgeting, legal and human resource management.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Recognition and Allocation (continued)

Fundraising. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, and any other activities that solicit contributions from foundations, corporations, individuals and others.

Fair Value of Financial Instruments

The Foundation reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Levels 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 – Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature or market interest rates of these instruments. These financial instruments include cash, accounts and notes receivables, and accounts payable.

The Foundation's Level 1 and 2 financial assets consist of investments identified in Note I and are valued on a daily basis in an active market. There are no Level 3 financial assets or liabilities.

Accounting Pronouncements Implemented

Effective July 1, 2023, the Foundation adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The adoption of this pronouncement had no impact on the financial statements.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE C – AVAILABILITY AND LIQUIDITY

The Foundation considers all of its expenditures to be general expenditures. The following table displays financial assets available for general expenditure within one year of the date of the statement of financial position.

Cash and cash equivalents	\$	1,257,914
Investments		<u>867,266</u>
Total financial assets available within one year		<u>2,125,180</u>
Agency funds payable		<u>(1,062,925)</u>
Total financial liabilities due within one year		<u>(1,062,925)</u>
Amounts unavailable to management		
Donor restricted funds (less Florida Prepaid Scholarship Fund)		(65,853)
Board designated funds (less Operations Reserve)		<u>(282,004)</u>
Total amounts unavailable to management		<u>(347,857)</u>
Total financial assets available to management within one year	\$	<u><u>714,398</u></u>

The Foundation has structured its financial assets to be available as its general expenditures and liabilities come due. In addition, the Foundation does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them. As of June 30, 2025, the Foundation has projected positive liquidity of \$714,398 and the Board has at its disposal, Board designated funds which could be released for operations.

NOTE D – FLORIDA PREPAID SCHOLARSHIP FUND

The following details the activity of the Florida Prepaid Scholarship Fund for the years ending June 30:

	<u>2025</u>	<u>2024</u>
Scholarship funds available - beginning of year	\$ 857,747	\$ 928,858
Scholarships purchased	-	11,076
Scholarships redeemed	<u>(107,654)</u>	<u>(82,187)</u>
Scholarship funds available - end of year	<u><u>\$ 750,093</u></u>	<u><u>\$ 857,747</u></u>

Scholarships redeemed are included in Scholarships expenses in the statement of functional expenses.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E – AGENCY FUND TRANSACTIONS

The Foundation serves as an agent for certain contributions throughout the year. The following is a schedule of activity by major donor for the years ended June 30:

	2025	2024
Walshingham Academy donation received:		
Balance, beginning of year	\$ 680,169	\$ 698,717
Received	-	-
Disbursed	-	(18,548)
Balance, end of year	680,169	680,169
St. Joe Community Foundation grants:		
Balance, beginning of year	95,582	68,019
Received	884,092	910,358
Disbursed	(628,104)	(882,795)
Balance, end of year	351,570	95,582
Other funders:		
Balance, beginning of year	26,216	25,921
Received	86,348	58,651
Disbursed	(81,378)	(58,356)
Balance, end of year	31,186	26,216
Total agency funds liability	\$ 1,062,925	\$ 801,967

NOTE F – NET ASSETS

Net assets with donor-imposed restrictions for the year ended June 30, 2025, are summarized as follows:

	June 30, 2024	2025		June 30, 2025
		Proceeds	Released	
Scholarships:				
Florida Prepaid Scholarship Fund	\$ 857,747	\$ -	\$ (107,654)	\$ 750,093
Other scholarships	69,593	18,029	(25,375)	62,247
Other	87,522	122,613	(206,529)	3,606
	\$ 1,014,862	\$ 140,642	\$ (339,558)	\$ 815,946

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE F – NET ASSETS (continued)

Net assets without donor restrictions as of June 30 consist of the following:

	2025	2024
Undesignated	\$ 100,228	\$ 79,547
Board designated:		
Operations	437,767	346,308
Reserve	169,473	169,473
Scholarships	112,531	128,281
	\$ 819,999	\$ 723,609

NOTE G – FACILITIES

Staff and volunteers conduct the activities of the Foundation utilizing space provided by the District at no cost. The Foundation does not report a value for donated use of space since the Foundation's purpose is to provide services to the District and amounts are nominal.

NOTE H – FUNDRAISING EVENTS

The Foundation held fundraising events during the years ended June 30, 2025 and 2024. Net revenues consist of the following:

	Strides for Scholars	Golf Tournament	Arts Alive	2025
2025				
Total revenue	\$ 5,643	\$ 18,973	\$ 75,044	\$ 99,660
Direct donor benefits	(3,790)	(11,810)	(46,350)	(61,950)
Fundraising events, net	\$ 1,853	\$ 7,163	\$ 28,694	\$ 37,710
	Strides for Scholars	Golf Tournament	Arts Alive	2024
2024				
Total revenue	\$ 12,893	\$ 43,925	\$ 95,538	\$ 152,356
Direct donor benefits	(9,582)	(16,347)	(46,839)	(72,768)
Fundraising events, net	\$ 3,311	\$ 27,578	\$ 48,699	\$ 79,588

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE I – INVESTMENTS

The Foundation's investments are maintained in a Merrill Lynch brokerage account. Balances, fair value, and activities in the account are measured at fair value on a recurring basis by the fair value hierarchy levels as follows:

Fair Value Measurements as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 264,029	\$ -	\$ -	\$ 264,029
Certificates of Deposit	-	603,237	-	603,237
Total investment by level	\$ 264,029	\$ 603,237	\$ -	\$ 867,266

Fair Value Measurements as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 244,302	\$ -	\$ -	\$ 244,302
Certificates of Deposit	-	581,506	-	581,506
Total investment by level	\$ 244,302	\$ 581,506	\$ -	\$ 825,808

The activities in the investments for the years ended June 30, consist of the following:

	2025	2024
Interest and dividends	\$ 33,229	\$ 32,626
Unrealized gain on investments, net	9,111	6,562
Investment gain	\$ 42,340	\$ 39,188

NOTE J – SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure through October 20, 2025, which is the date the financial statements were available to be issued.



**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

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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 Bay Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 October 20, 2025.

Report on Internal Control over Financial Reporting

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

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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.

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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 Foundation'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
October 20, 2025