

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE
OPPORTUNITY, INC.**

HOMELESSNESS AND HOUSING ALLIANCE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
Year Ended June 30, 2025

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CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Executive Management of
Okaloosa Walton Homeless Continuum of Care Opportunity, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Okaloosa Walton Homeless Continuum of Care Opportunity, Inc. (a nonprofit organization) (Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, 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 the Organization as of June 30, 2025, 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 the Organization 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 Organization'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, 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 schedule of expenditure of state financial assistance 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 November 10, 2025, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance

Kaye Kendrick Enterprises, LLC

Kaye Kendrick Enterprises, LLC

Tallahassee, Florida

November 10, 2025

OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	2025
Assets	
Cash and cash equivalents	\$ 162,849
Accounts receivable	325,588
Prepaid expenses and other assets	11,252
Property and equipment, net	714
Operating right-of-use asset	20,606
Total assets	\$ 521,009
Liabilities and Net Assets	
Accounts payable and accrued expenses	\$ 328,524
Refundable advance	24,472
Operating lease liability	21,526
Total liabilities	374,522
Net Assets	
With donor restrictions	146,487
Total net assets	146,487
Total liabilities and net assets	\$ 521,009

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

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025**

	With Donor Restrictions
Revenue, Support, and Gains	
Federal and state contracts	\$ 2,258,781
Gross special events revenue	42,873
Contributions	8,292
Total revenue, support, and gains	2,309,946
 Expenses	
Program services expense	
Assistance to the homeless	2,127,859
Total program service expense	2,127,859
 Supporting services expense	
Management and general	144,744
Total supporting services expense	144,744
 Fundraising and development expense	1,531
Total expenses	2,274,134
 Change in Net Assets With Donor Restrictions	35,812
Net Assets, Beginning of Year	110,675
Net Assets, End of Year	\$ 146,487

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

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>			<u>Total</u>
	<u>Assistance to Homeless</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	
Grants to service providers	\$ 1,415,994	\$ -	\$ -	\$ 1,415,994
Direct client assistance	390,883	-	-	390,883
Continuum of Care Coordination	31,166	-	-	31,166
Event Expense	-	-	1,531	1,531
Salaries	183,624	74,641	-	258,265
Professional fees	77,161	31,517	-	108,678
Occupancy	10,088	8,828	-	18,916
Information technology	4,732	12,452	-	17,184
Office expenses	6,201	7,976	-	14,177
Training	662	4,538	-	5,200
Travel	-	3,608	-	3,608
Business fees and licenses	-	1,184	-	1,184
Other expenses	7,348	-	-	7,348
Total expenses included in the expense section on the statement of activities	<u>\$ 2,127,859</u>	<u>\$ 144,744</u>	<u>\$ 1,531</u>	<u>\$ 2,274,134</u>

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

OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of Change in Net Assets to Net Cash from (used for)	
Operating Activities	
Change in net assets	\$ 35,812
Changes in operating assets and liabilities	
Grants and contracts receivable	(36,390)
Prepaid expenses	(10,232)
Lease right to use asset	5,495
Accounts payable and accrued expenses	177,095
Refundable advance	<u>(126,369)</u>
Net Cash from Operating Activities	<u>45,411</u>
Cash Flows from Financing Activities	
Net borrowings under lease liability	<u>(5,168)</u>
Net Cash used for Financing Activities	(5,168)
Net Change in Cash, Cash Equivalents, and Unrestricted Cash	40,243
Cash, Cash Equivalents, and Unrestricted Cash, Beginning of Year	<u>122,606</u>
Cash, Cash Equivalents, and Unrestricted Cash, End of Year	<u>\$ 162,849</u>

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

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 – Principal Activity and Significant Accounting Policies

Organization

The Okaloosa Walton Homeless Continuum of Care Opportunity, Inc. is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Organization was formed for the purpose of implementing a continuum of care plan for the homeless in the service areas of Okaloosa and Walton counties working to end homelessness in these counties. The Organization accomplishes its mission by bringing together homeless service providers, local government, behavioral health providers, hospitals, and affordable housing developers so that these communities work together to meet the immediate needs of the homeless. The services provided by this program include assessment, resources, and best practices.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less. All cash and cash equivalents are restricted for assistance to the homeless.

Accounts Receivable

Accounts receivable occurs when billings are prepared for services provided to assist the homeless under state programs. These amounts are generally paid monthly after services are provided and there has been no history of non-payments on these accounts. As of June 30, 2025, the accounts receivable totaled \$325,588, and has been fully collected.

Property and Equipment

The Organization records property and equipment additions over \$2,500 at cost, or if donated, at the fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the year incurred.

The Organization reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Right-of-Use Leased Assets and Liabilities

Right-of-use leased assets, and the related liabilities are recognized at the lease commencement date and represent the right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives

OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor restrictions). All net assets of this organization are restricted for use to assist the homeless.

Revenue and Revenue Recognition

The Organization's revenues are derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The amounts of \$24,472 and \$150,841 have not been recognized as revenue as of June 30, 2025, and 2024, respectively, because qualifying expenditures had not yet been incurred.

The Organization records special events revenue at the time the contribution is received and the event occurs. There is no significant direct benefit to donors.

Donated Services and In-Kind Contributions

Volunteers contribute time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Advertising Costs

Advertising costs are expensed as incurred. There was no advertising costs during the year ended June 30, 2025.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, some costs have been allocated among the program and supporting services benefited. The expenses that are allocated include

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

occupancy, which is allocated on a square footage basis, as well as salaries and benefits, payroll taxes, and related expenses which are allocated on the basis of estimated time and effort.

Income Taxes

The Organization is organized as a Florida nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), which qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. The Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that estimates and assumptions be made that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025, the Organization had no amounts in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies.

Note 2 – Liquidity and Availability

Financial assets that are available for assistance to the homeless within one year of the date of the statement of financial position, comprise the following, as of June 30, 2025:

	2025
Cash and cash equivalents	\$ 162,849
Accounts receivable	325,588
Prepaid and other assets	11,252
	\$ 499,689

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 3 – Property and Equipment

Property and equipment consist of the following as of June 30, 2025:

Equipment	\$ 15,390
Less accumulated depreciation	<u>(14,676)</u>
Property and equipment, net	<u><u>\$ 714</u></u>

Depreciation expense totaled \$97 for the year ended June 30, 2025.

Note 4 – Leases

The Organization leased an administrative office and a copier under lease arrangements during the fiscal year ended June 30, 2025. The lease terms were 36 months for the office and 63 months for the copier lease. The leases do not include a renewal clause, and all are recognized as operating leases. All leases include only fixed rental payments. The operating right-of-use asset and related operating lease liability was \$20,606 and \$21,526, as of June 30, 2025, and June 30, 2024, respectively.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for our equipment leases. Total lease costs for the year ending June 30, 2025, were \$7,656.

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 5,168
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The following summarizes the average remaining lease term and average discount rate:

Remaining lease term in years:	
Operating leases	5
Discount rate:	
Operating leases	8.00%

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are listed below as of June 30, 2025:

		\$ 15,116
	2026	1,916
	2027	1,916
	2028	1,916
	2029	1,916
	2030	<u>1,277</u>
		<u>17,031</u>
Less Interest		<u>(4,495)</u>
Present value of lease liabilities		<u><u>\$ 21,526</u></u>

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Because the Organization does not have access to the interest rate implicit in the lease, the estimated incremental borrowing rate is utilized as the discount rate. The incremental borrowing rate is the rate of interest that would have to be paid to borrow an amount equal to the lease payments in a similar economic environment.

Note 5 – Risks and Uncertainties

The Organization was formed for the purpose of implementing a continuum of care plan for the homeless in a specified region in Florida. For the fiscal year ending June 30, 2025, the Organization received 98 percent of its support from state contracts which are subject to government appropriation. There are currently no asserted claims or assessments made against the Organization.

Note 6 – Subsequent Events

We have evaluated subsequent events through the date of the report, the date the financial statements were available to be issued.

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 Executive Management of
Okaloosa Walton Homeless Continuum of Care Opportunity, Inc.

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 Walton Homeless Continuum of Care Opportunity, Inc. (a nonprofit organization) (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, November 10, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Kaye Kendrick Enterprises, LLC

Kaye Kendrick Enterprises, LLC

Tallahassee, Florida

November 10, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors and Executive Management of
Okaloosa Walton Homeless Continuum of Care Opportunity, Inc.

Report of Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Okaloosa Walton Homeless Continuum of Care Opportunity, Inc.'s (Organization) compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Project Compliance Supplement* that could have a direct and material effect on each of the Organization's major state program for the year ended June 30, 2025. The Organization's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government*

Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our

audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Kaye Kendrick Enterprises, LLC

Kaye Kendrick Enterprises, LLC

Tallahassee, Florida

November 10, 2025

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

<i>State Grantor/ Pass-Through Grantor / Program Title</i>	<i>State Assistance Listing Number</i>	<i>Contract Number</i>	<i>State Expenditures</i>	<i>Passed Through to Subrecipients</i>	<i>Total Expenditures</i>
<i>Florida Department of Children and Families</i>					
Staffing Grant	600.147 and 60.021	APZ11	\$ 185,218	\$ -	\$ 185,218
Challenge Grant	600.147 and 60.021	APZ11	489,479	574,717	1,064,196
Challenge Plus Grant	600.147 and 60.021	APZ11	5,814	135,806	141,620
Challenge Unsheltered	600.147 and 60.021	APZ11	-	356,685	356,685
<i>Total Florida Department of Children and Families</i>			<u>\$ 680,510</u>	<u>\$ 1,067,209</u>	<u>\$ 1,747,719</u>
<i>Total Expenditures of State Project Awards</i>			<u>\$ 680,510</u>	<u>\$ 1,067,209</u>	<u>\$ 1,747,719</u>

The accompanying notes are an integral part of the schedule of expenditures of state awards.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of State Awards (the Schedule) includes the state program activity of Okaloosa Walton Homeless Continuum of Care Opportunity, Inc. (Organization) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented in accordance with generally accepted principles. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General.

Note 3 – Indirect Cost Rule

The Organization has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance and Chapter 10.650, Rules of the Auditor General.

Note 4 – Contingency

The Organization has received state funds for specific purposes that are subject to audit by the grantor agencies. Entitlement to these resources is conditional upon compliance with contract terms and applicable state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a regulatory audit could become a liability of the Organization.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE OPPORTUNITY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2025**

SUMMARY OF AUDITOR'S RESULTS

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered _____ Yes X None Reported
 to be material weakness

Type of Auditor's Report Issued on Unmodified

Identification of Major Programs:

CSFA Numbers	Name of Program
600.147 and 60.021	Homelessness Staffing Grant

Dollar Threshold Used to Distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes x No

II. FINANCIAL STATEMENT FINDINGS

No Matters Reported

III. STATE ASSISTANCE FINDINGS AND QUESTIONED COSTS

No Matters Reported, and No Prior Findings for these Programs

IV. SUMMARY OF PRIOR AUDIT FINDINGS

IV. OTHER MATTERS

No Matters Requiring Management Letter