OKALOOSA ACADEMY, INC.

Basic Financial Statements and Supplemental Information

June 30, 2026

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Outlay Fund	29
Notes to Required Supplementary Information	30
COMPLIANCE INFORMATION	
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*	31-32
MANAGEMENT LETTER	33-34
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	35

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 School 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 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

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 opinions. 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 School'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 School'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 28-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Required Supplementary Information (continued)

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2026, on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 25, 2026

Management's Discussion and Analysis

As management of Okaloosa Academy, Inc. (the "School"), which is a component unit of the Okaloosa County School District, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2026 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, event, and conditions, it should be considered in conjunction with the basic financial statements, as listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal by $1,305,144.
- The School's total net position increased by $72,554.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of $852,430 a increase of $56,818 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $110,077.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Schools that are principally supported by District, State, and Federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the Okaloosa County School District, Florida. The Okaloosa County School District, Florida includes the operations of the School as a component unit in their operations.

The governmental-wide financial statements can be found listed on the table of contents of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund and capital outlay fund, which are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents in this report. The School adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

Notes to financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found listed on the table of contents in this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by $1,305,144 at the close of the most recent fiscal year.

A portion of the School's net position is reflected in its net investment in capital assets (e.g., land, buildings, furniture, fixtures and equipment, improvements other than buildings, computer software, and motor vehicles) less any related outstanding debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's net investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparison of the condensed statements of net position and the statement of activities are provided below:

	2026	2025	Variance
ASSETS			
Current assets	$ 875,161	$ 803,621	$ 71,540
Capital assets, net	462,898	449,442	13,456
Total assets	1,338,059	1,253,063	84,996
LIABILITIES			
Current liabilities	25,113	8,009	17,104
Non-current liabilities	7,802	12,464	(4,662)
Total liabilities	32,915	20,473	12,442
NET POSITION			
Net investment in capital assets	452,714	436,978	15,736
Restricted for capital outlay	725,491	439,153	286,338
Restricted for food service	16,862	-	16,862
Unrestricted	110,077	356,459	(246,382)
Total net position	$ 1,305,144	$ 1,232,590	$ 72,554

Current assets increased due to higher amounts of due from other agencies and cash. Capital assets increased due to current year capital asset additions, including approximately $35,000 in building additions and $65,000 in vehicle additions. Current liabilities increased due to higher accrued payroll liabilities. Net position increased primarily due to an increase in amounts restricted for capital outlay, resulting from increased state and local funding during the fiscal year. Net investment in capital assets also increased as a result of the School's investment in building improvements and vehicle acquisitions during the current year.

Changes in the School's revenues for the years ended June 30, were as follows:

	2026	2025	Variance
Revenues			
Program revenues			
Operating grants and contributions	$ 126,005	$ 87,990	$ 38,015
Capital grants and contributions	531,043	128,712	402,331
General revenues			
Florida education finance program	1,387,153	1,032,844	354,309
Federal impact aid	102,383	118,660	(16,277)
Other revenues	51,356	252,089	(200,733)
Total revenues	$ 2,197,940	$ 1,620,295	$ 577,645

Capital grants and contributions increased related to increases in capital outlay and increases in county sales tax funding during the year. Operating grants and contributions increased related primarily due to increases in Title 1 funding. General revenues increased due to increased enrollment.

Changes in the School's expenses for the years ended June 30, were as follows:

	2026	2025	Variance
Expenses			
Basic instruction	$ 898,164	$ 853,519	$ (44,645)
Board of directors	34,074	36,959	2,885
School administration	353,685	320,592	(33,093)
Facilities	104,590	102,680	(1,910)
Fiscal services	182,879	201,703	18,824
Food services	84,759	65,279	(19,480)
Staff services	167,646	183,423	15,777
Transportation	131,616	103,253	(28,363)
Operation of plant	167,556	166,152	(1,404)
Maintenance of plant	417	-	(417)
Total expenses	2,125,386	2,033,560	(91,826)
Change in net position	72,554	(413,265)	485,819
Net position - beginning	1,232,590	1,645,855	(413,265)
Net position - ending	$ 1,305,144	$ 1,232,590	$ 72,554

School administration increased primarily due to increases in salaries and benefits associated with personnel costs. Basic instruction increased due to additional resources, supplies, and personnel needed to support the increase in student enrollment. Transportation increased due to additional bus driver salary expenditures in the current fiscal year.

Financial Analysis of the Government's Funds

As previously noted, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the chief operating fund of the School. At the end of the current fiscal year. Unassigned and total fund balance of the general fund decreased to $110,077. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned balance represents 6.55% of total general fund expenditures.

The fund balance of the School's general fund decreased by $246,382 which was primarily attributed to a decrease in state funding.

The capital outlay fund has an increase in fund balance during the current fiscal year due to a increase in capital revenues.

The other governmental fund had an increase of $16,862 during the current fiscal year.

General Fund Budgetary Highlights

Actual revenues were more than budgeted; and expenditures were less than the final budget. The School's expenditures were lower than budgeted because the School spent less on insurance, software subscriptions, computer equipment, and custodial expenses than were budgeted.

The budgetary information can be found listed on the table of contents in this report.

Capital Asset and Debt Administration

Capital Assets: The School's net investment in capital assets for its governmental type activities as of June 30, 2026 amounts to $462,898 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures and equipment, computer software, motor vehicles, and right-of-use leased assets. Additional information on the School's capital assets can be found at Note D.

Debt and Long-Term Liabilities: At the end of the current fiscal year, the School had an outstanding equipment lease liability of $7,802.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. For the 2026-2027 school year, the School is forecasting enrollment to be 150 students, a decrease from 170 students enrolled in 2025-2026.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Rader Group, 101-A Business Centre, Miramar Beach, FL 32550.

OKALOOSA ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2026

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 707,680
Due from other agencies	167,481
Total current assets	875,161
CAPITAL ASSETS	
Capital assets not being depreciated or amortized:	
Land	7,126
Capital assets, net of accumulated depreciation and amortization:	
Buildings	116,668
Improvements other than buildings	142,265
Furniture, fixtures and equipment	47,103
Motor vehicles	139,552
Right-of-use assets, net	10,184
Total capital assets, net	462,898
Total assets	1,338,059
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	1,420
Accrued payroll liabilities	21,311
Lease liabilities - due within one year	2,382
Total current liabilities	25,113
NONCURRENT LIABILITIES	
Lease liabilities - due in more than one year	7,802
Total liabilities	32,915
NET POSITION	
Net investment in capital assets	452,714
Restricted for:	
Capital outlay	725,491
Food service	16,862
Unrestricted	110,077
Total net position	$ 1,305,144

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

OKALOOSA ACADEMY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

		Program Revenues			
Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Basic instruction	$ 898,164	$ -	$ 47,380	$ -	$ (850,784)
Board of directors	34,074	-	-	-	(34,074)
School administration	353,685	-	-	-	(353,685)
Facilities	104,590	-	-	531,043	426,453
Fiscal services	182,879	-	-	-	(182,879)
Food services	84,759	-	78,625	-	(6,134)
Staff services	167,646	-	-	-	(167,646)
Transportation	131,616	-	-	-	(131,616)
Operation of plant	167,556	-	-	-	(167,556)
Maintenance of plant	417	-	-	-	(417)
Total governmental activities	$ 2,125,386	$ -	$ 126,005	$ 531,043	(1,468,338)

General revenues:	
Florida education finance program	1,387,153
Federal impact aid	102,383
Other revenues	51,356
Total revenues	1,540,892
Change in net position	72,554
Net position at July 1, 2025	1,232,590
Net position at June 30, 2026	$ 1,305,144

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

OKALOOSA ACADEMY, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2026

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 707,680	$ -	$ -	$ 707,680
Due from other agencies	167,481	-	-	167,481
Due from other funds	-	725,491	16,862	742,353
Total assets	$ 875,161	$ 725,491	$ 16,862	$ 1,617,514
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,420	$ -	$ -	$ 1,420
Accrued payroll liabilities	21,311	-	-	21,311
Due to other funds	742,353	-	-	742,353
Total liabilities	765,084	-	-	765,084
FUND BALANCES				
Restricted for:				
Capital outlay	-	725,491	-	725,491
Food service	-	-	16,862	16,862
Unassigned	110,077	-	-	110,077
Total fund balances	110,077	725,491	16,862	852,430
Total liabilities and fund balances	$ 875,161	$ 725,491	$ 16,862	$ 1,617,514

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

OKALOOSA ACADEMY, INC.

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2026

Total Fund Balances - Governmental Funds		$ 852,430
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Capital assets	$ 3,285,172	
Accumulated depreciation and amortization	(2,822,274)	
		462,898
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Lease liabilities		(10,184)
Net Position of Governmental Activities		$ 1,305,144

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

OKALOOSA ACADEMY, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2026

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state and local	$ 1,107	$ -	$ 226,519	$ 227,626
State passed through local school district	1,387,153	175,600	762	1,563,515
Other revenues	45,222	355,443	6,134	406,799
Total revenues	1,433,482	531,043	233,415	2,197,940
Expenditures				
Current:				
Basic instruction	641,298	42,712	129,395	813,405
Board of directors	33,605	469	-	34,074
School administration	353,685	-	-	353,685
Facilities	2,746	199,940	2,399	205,085
Fiscal services	182,879	-	-	182,879
Food services	-	-	84,759	84,759
Staff services	167,646	-	-	167,646
Transportation	131,616	-	-	131,616
Operation of plant	165,972	1,584	-	167,556
Maintenance of plant	417	-	-	417
Total expenditures	1,679,864	244,705	216,553	2,141,122
Net change in fund balance	(246,382)	286,338	16,862	56,818
Fund balances at July 1, 2025	356,459	439,153	-	795,612
Fund balances at June 30, 2026	$ 110,077	$ 725,491	$ 16,862	$ 852,430

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

OKALOOSA ACADEMY, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds		$ 56,818
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets decreased net position.		
Capital outlay	$ 100,495	
Provision for depreciation and amortization	(87,039)	
		13,456
Some expenses reported in governmental funds are to be reported in a long-term basis; therefore are not reported in the Statement of Activities		
Payment of lease principal		2,280
Change in Net Position - Governmental Activities		$ 72,554

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

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Okaloosa Academy, Inc. (the "School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School provides educational services to students at-risk in grades four through twelve. The governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Okaloosa County School District, Florida (the "District). The charter may be renewed by mutual agreement between the School and the District. The current charter is effective through August 31, 2027. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Okaloosa County School District, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all inter-fund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures and other financing sources and uses.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

Capital Outlay Fund – in accordance with guidelines established by the Okaloosa County School District, Florida. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Other Governmental Funds – used to account for restricted Federal grant programs.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables, including due from other agencies and schools, mainly consist of amounts due from other agencies at June 30, 2026. Based on prior experience, the School's management has determined that 100% of the receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (See Note C).

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than $1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets (continued)

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	7-10
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Motor vehicles	5
Computer software	3

8. Leases

The Charter School is a lessee for an office lease. The Charter School recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements in accordance with GASB 87. At the commencement of a lease, the Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue sources (continued)

Under the provisions of Section 1011.62, Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

13. Prepaid items

Payment made to vendors for services that will benefit periods beyond June 30, 2026, are recorded as prepaid items in both government-wide and fund financial statements. As of June 30, 2026, there are no amounts prepaid.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable fund balance – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

15. Budget

An operating budget is adopted and maintained by the governing board for all governmental funds of the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Deferred revenue

The School recognizes cash that has been received in advance of services provided as deferred revenue. As of June 30, 2026, there are no amounts deferred.

17. Accounting pronouncements implemented

GASB issued Statement No. 103, Financial Reporting Model Improvements, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 are effective for fiscal years beginning after June 15, 2025 and will be implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

GASB issued Statement No. 104, Disclosure of Certain Capital Assets, in September 2024. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025 and will be implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

18. New GASB pronouncements

GASB issued Statement No. 105, Subsequent Events, in December 2025. GASB 105 enhances consistency in financial reporting by clarifying the requirements for accounting for and disclosing subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. It also clarifies the distinction between recognized and nonrecognized subsequent events and establishes specific disclosure requirements for nonrecognized events. Governments are required to disclose the date through which subsequent events have been evaluated. The provisions of GASB 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. The School is evaluating the impact of this new standard on its financial statements.

NOTE B – CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to $250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the state treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the state treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to 280.08, Florida Statutes. As of June 30, 2026, $451,256 of the School's balances held were exposed to custodial credit risk.

NOTE C – INTER-FUND ACTIVITY

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (see Note A-6). The general fund has recorded total payables of $742,353 to the capital outlay and other governmental funds for amounts spent in the fund but received in the general fund. Transfers between funds are made to move any excess or shortage of funds derived from capital outlay or other governmental funds to or from the general fund. There were no transfers for the year ended June 30, 2026.

NOTE D – CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets not depreciated or amortized:				
Land	$ 7,126	$ -	$ -	$ 7,126
Total capital assets not being depreciated or amortized:	7,126	-	-	7,126
Capital assets being depreciated or amortized:				
Buildings	2,333,327	34,995	-	2,368,322
Furniture, fixtures, and equipment	313,538	-	-	313,538
Improvements other than buildings	244,485	-	-	244,485
Computer software	85,831	-	-	85,831
Motor vehicles	184,516	65,500	-	250,016
Lease asset:				
Copier	13,019	-	-	13,019
Total capital assets being depreciated or amortized:	3,174,716	100,495	-	3,275,211
Less accumulated depreciation and amortization:				
Buildings	2,230,561	21,093	-	2,251,654
Furniture, fixtures, and equipment	252,209	14,226	-	266,435
Improvements other than buildings	82,043	20,177	-	102,220
Computer software	85,831	-	-	85,831
Motor vehicles	81,201	29,263	-	110,464
Lease asset:				
Copier	555	2,280	-	2,835
Total accumulated depreciation and amortization:	2,732,400	87,039	-	2,819,439
Total capital assets, net	$ 449,442	$ 13,456	$ -	$ 462,898

Depreciation and amortization expense for the year ended June 30, 2026 was charged to functions of the School as follows:

Basic instruction	$ 84,759
School administration	2,280
Total	$ 87,039

NOTE E – COMMITMENT AND CONTINGENCIES

Management service contract

As of July 8, 2015, the School entered into a management agreement with a third party to provide financial, human resources, and administration services to the School at a fee approved annually by the School's Board of Directors as part of the annual and amended budget for the School. The management agreement will remain in effect during any subsequent terms of the charter contract between the School and School District unless terminated in accordance with the terms of the contact. The current year management fees charged to operations totaled $335,293.

NOTE F – LEASE LIABILITIES

Lease Liabilities – Right-of-Use

The School entered into leases for copiers for use in the facility and classrooms. The leases are noncancellable 60-month terms. The leases have nonrenewal clauses and the copiers revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

Type	Start Date	July 1, 2025	Additions	Interest Paid	Principal Paid	Totals	June 30, 2026	Current Portion of Lease Liabilities
Copier	3/10/2025	$ 12,464	$ -	$ (500)	$ (2,280)	$ (2,780)	$ 10,184	$ 2,382
Totals		$ 12,464	$ -	$ (500)	$ (2,280)	$ (2,780)	$ 10,184	$ 2,382

Future debt service related to the long-term liabilities is as follows:

Years ended June 30,	Principal	Interest	Total
2027	$ 2,382	$ 398	$ 2,780
2028	2,488	292	2,780
2029	2,599	181	2,780
2030	2,715	65	2,780
Total	$ 10,184	$ 936	$ 11,120

NOTE G – RELATED PARTY

1. Management agreement

The Management Company provides financial, human resources, and administration services based on a contractual arrangement with the School. The Management Company manages the finances and operations and makes recommendations to the School's independent Board of Directors, which makes the final determinations regarding policies and contracts. Total management fees charged to operations for the year ended June 30, 2026 were $335,293 (see Note E).

2. Shared operating expenses

The School shares various operating expenses with schools operated by the same management company. During the year, the School had no reimbursed shared operating expenses.

No amounts were due from other schools for shared operating expenses for the year ended June 30, 2026.

3. School district services

The District paid for services totaling $64,278 during the year ended June 30, 2026.

NOTE H – CONCENTRATIONS

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts received during the year ended June 30, 2026:

Revenue sources passed through the		
School Board of Okaloosa County, Florida:		
FTE funding	$	1,241,325
FEFP referrals		145,828
State school lunch supplement		762
Total revenue from local school district		1,387,915
Federal impact aid		1,107
Federal through district		101,276
Title 1		47,380
National School Lunch Act		77,863
Capital outlay		175,600
Investment interest income		27
Uniforms		4,979
Miscellaneous revenue		15,606
Insurance policy refund		24,610
Student lunches		6,134
Lounty local sales tax		355,443
	$	2,197,940

A significant decline in funding from the local school district could have a material impact on future operations.

NOTE I – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is $1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2026. Settled claims resulting from the risks described above have not exceeded the insurance coverage in the previous three years.

NOTE J – SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 25, 2026, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OKALOOSA ACADEMY, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
FEFP	$ 1,151,998	$ 1,151,998	$ -	$ 1,241,325	$ 89,327
Federal lunch reimbursement	75,000	75,000	-	-	(75,000)
Referals	140,000	140,000	-	145,828	5,828
Federal impact aid funds	2,500	2,500	-	1,107	(1,393)
SIP grant	166,000	166,000	-	-	(166,000)
State lunch supplement	1,700	1,700	-	-	(1,700)
Donations	650	650	-	-	(650)
Student lunches	7,000	7,000	-	-	(7,000)
Interest on investments	500	500	-	27	(473)
Uniforms	3,000	5,000	2,000	4,979	(21)
Insurance policy refund	-	-	-	24,610	24,610
Miscellaneous	15,000	15,000	-	15,606	606
Total revenues	1,563,348	1,565,348	2,000	1,433,482	(131,866)
Expenditures					
Salaries	706,716	706,716	-	737,669	(30,953)
Retirement	2,600	2,600	-	-	2,600
Social security	54,319	54,319	-	58,765	(4,446)
Group insurance	171,968	171,968	-	103,464	68,504
Worker's compensation	5,000	5,000	-	-	5,000
Unemployment compensation	2,700	2,700	-	679	2,021
Management fee	399,846	399,846	-	335,293	64,553
Audit/accounting	16,500	16,500	-	15,000	1,500
Staff development	500	500	-	-	500
School resource officer	70,930	70,930	-	70,930	-
Custodial/maintenance	20,000	20,000	-	14,750	5,250
Miscellaneous contract services	5,000	50,000	(45,000)	53,690	(3,690)
Insurance	51,264	51,264	-	46,639	4,625
Travel	4,100	4,100	-	3,027	1,073
Repairs/maintenenace	1,500	1,500	-	1,160	340
Vehicle/maintenance	18,000	18,000	-	11,794	6,206
Computer repair	10,000	10,000	-	10,220	(220)
Lease-copier	7,000	11,000	(4,000)	9,526	1,474
Postage	800	800	-	543	257
Phone/internet	8,400	8,400	-	10,650	(2,250)
Cellphones	700	700	-	515	185
Water/sewer	6,000	6,000	-	5,475	525
Garbage	6,500	6,500	-	5,188	1,312
Printing	1,000	1,000	-	370	630
Pest control	2,800	2,800	-	2,620	180
Security monitoring	1,000	1,000	-	-	1,000
Miscellaneous non-professional services	1,400	1,400	-	1,062	338
Other personnel services	-	-	-	10,500	(10,500)
Gas	500	500	-	235	265
Electric	55,000	55,000	-	54,954	46
Gasoline/vehicles	17,000	25,000	(8,000)	27,434	(2,434)
Supplies	30,000	30,000	-	31,220	(1,220)
Instructional material	10,000	-	10,000	-	-
Lunches	68,000	68,000	-	7,735	60,265
Other material and supplies	7,000	8,000	(1,000)	7,260	740
Furniture, fixtures, and equipment	-	-	-	2,912	(2,912)
Payroll expenses	5,000	2,000	3,000	21,144	(19,144)
Equipment	1,500	1,500	-	-	1,500
Software subscriptions	-	-	-	1,340	(1,340)
Fees/miscellaneous	5,000	16,500	(11,500)	15,977	523
Auto tags	500	500	-	124	376
Substitutes/temporary	5,000	11,500	(6,500)	-	11,500
Total expenditures	1,781,043	1,844,043	(63,000)	1,679,864	164,179
Net change in fund balance	(217,695)	(278,695)	(61,000)	(246,382)	32,313
Fund balance at July 1, 2025	594,672	87,632	(507,040)	356,459	268,827
Fund balance at June 30, 2026	$ 376,977	$ (191,063)	$ (568,040)	$ 110,077	$ 301,140

See accompanying notes to this schedule.

OKALOOSA ACADEMY, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Charter school capital outlay	$ 95,000	$ 153,740	$ 58,740	$ 175,600	$ 21,860
County local sales tax	254,970	308,977	54,007	355,443	46,466
Total revenues	349,970	462,717	112,747	531,043	68,326
Expenditures					
Insurance	6,948	6,948	-	7,005	(57)
Salaries	6,950	6,950	-	7,500	(550)
Social security	550	550	-	143	407
Repairs/maintenance	200,000	120,000	80,000	112,271	7,729
Inspections	5,500	5,500	-	5,520	(20)
Equipment	10,000	7,000	3,000	4,701	2,299
Furniture, fixtures, and equipment	-	-	-	1,441	(1,441)
Computer equipment	12,000	4,000	8,000	-	4,000
Motor vehicles	29,000	70,500	(41,500)	70,500	-
Remodeling/renovation	50,000	-	50,000	-	-
Professional services	-	-	-	469	(469)
Software subscriptions	44,375	37,465	6,910	35,155	2,310
Total expenditures	365,323	258,913	106,410	244,705	14,208
Net change in fund balance	(15,353)	203,804	219,157	286,338	82,534
Fund balance at July 1, 2025	609,007	604,267	(4,740)	439,153	(165,114)
Fund balance at June 30, 2026	$ 593,654	$ 808,071	$ 223,897	$ 725,491	$ (82,580)

See accompanying notes to this schedule.

NOTE A – BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for all governmental activities and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2026, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

NOTE B – SIGNIFICANT VARIANCES

Significant variances between the original and final budgets for the year ended June 30, 2026, are as follows:

- General Fund: The final budget included approximately $45,000 of additional contract services compared to the original budget due to the implementation of a school health program. Additionally, fees/miscellaneous increased by approximately $11,500 due to pension and school management subscription fees.

- Capital Outlay Fund: State revenues increased by approximately $113,000 due to increased funding allocation from the state and local sales tax during the fiscal year. Capital expenditures increased by approximately $41,500 due to the purchase of a van, offset by approximately $130,000 decrease in anticipated repairs/maintenance and remodeling/renovations.

Significant variances between the final and actual budgets for the year ended June 30, 2026, are as follows:

- General Fund: Revenue decreased by approximately $241,000 due to the School not receiving the anticipated School Improvement Program (SIP) grant and federal lunch reimbursement. These decreases were partially offset by increases of FEFP and insurance policy refund of approximately $114,000, due to an increase in student enrollment and an unanticipated auto insurance policy refund. Salaries, other personnel services, and payroll expenses increased by approximately $61,000 due to additional hours worked by employees. These increases were offset by decreases of approximately $193,000 in group insurance, management fee, and lunches due to overestimating costs.

- Capital Outlay Fund: Revenues increased by approximately $68,000 due to increased funding allocation from the state and local sales tax during the fiscal year.

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

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*

To the Board of Directors of
Okaloosa Academy, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 25, 2026.

Report on Internal Control over Financial Reporting

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

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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
September 25, 2026

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

MANAGEMENT LETTER

To the Board of Directors of
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 25, 2026.

Auditor's Responsibility

We conducted our audit 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 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 25, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the School did not have prior year findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are *Okaloosa Academy, Inc. and 9800.*

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

Financial Condition and Management (continued)

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, required that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable School's management, and the Okaloosa County School District and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 25, 2026

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2026, there were no management finding, recommendations or responses.