

**Bay Education
Foundation, Inc.**

Financial Statements

June 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	14 - 15



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bay Education Foundation, Inc. (the "Foundation"), a nonprofit foundation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Foundation'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.

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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

Other auditors previously audited the Foundation's 2021 financial statements and they expressed an unmodified audit opinion on those audited financial statements in their report dated February 9, 2022. In their opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 24, 2022

Bay Education Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash - checking	\$ 741,726	\$ 1,354,170
Cash - savings	361,821	360,697
Grants receivable	24,132	27,596
Prepaid expenses	-	25,705
Investments	232,636	-
Florida Prepaid Scholarship Fund	<u>1,001,373</u>	<u>1,027,035</u>
Total assets	<u>\$ 2,361,688</u>	<u>\$ 2,795,203</u>
LIABILITIES AND NET ASSETS		
Accrued liabilities	\$ 2,989	\$ 17,740
Deferred revenues	69,314	36,786
Agency funds payable	<u>252,991</u>	<u>557,129</u>
Total liabilities	<u>325,294</u>	<u>611,655</u>
Net assets		
Without donor restrictions	695,285	792,699
With donor restrictions	<u>1,341,109</u>	<u>1,390,849</u>
Total net assets	<u>2,036,394</u>	<u>2,183,548</u>
Total liabilities and net assets	<u>\$ 2,361,688</u>	<u>\$ 2,795,203</u>

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

Bay Education Foundation, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
REVENUES AND OTHER SUPPORT				
State Grants				
CFEF grant	\$ -	\$ 44,079	\$ 44,079	\$ 46,493
TSIC grant	101,727	-	101,727	93,547
Contributions				
Classroom grants	-	25,331	25,331	46,120
Scholarships	-	62,500	62,500	37,790
General contributions	55,127	73,166	128,293	101,992
Fundraising events, net	17,409	-	17,409	21,835
Other income	4,054	-	4,054	5,831
Net assets released from restrictions	254,816	(254,816)	-	-
Total revenues and other support	433,133	(49,740)	383,393	353,608
EXPENSES				
Program services:				
Programs	453,883	-	453,883	543,516
Supporting services:				
Management and general	43,392	-	43,392	37,621
Fundraising	15,908	-	15,908	13,577
Total expenses	513,183	-	513,183	594,714
Changes in net assets - before investments	(80,050)	(49,740)	(129,790)	(241,106)
Investment loss	(17,364)	-	(17,364)	-
Changes in net assets	(97,414)	(49,740)	(147,154)	(241,106)
Net assets, beginning of year	792,699	1,390,849	2,183,548	2,424,654
Net assets, end of year	\$ 695,285	\$ 1,341,109	\$ 2,036,394	\$ 2,183,548

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

Bay Education Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Program Services		Supporting Services		2022 Total	2021 Total
	Programs	Direct Donor Benefits	Management and General	Fundraising		
Grants	\$ 195,985	\$ -	\$ -	\$ -	\$ 195,985	\$ 136,909
Salaries	99,245	-	28,356	14,178	141,779	109,450
Event supplies	-	126,855	-	-	126,855	19,070
Scholarships	97,023	-	-	-	97,023	88,978
Other program expenses	49,517	-	-	-	49,517	32,713
Office expense	12,113	-	3,461	1,730	17,304	18,930
Professional fees	-	-	11,575	-	11,575	11,945
Program supplies	-	-	-	-	-	195,050
Total Expenses	453,883	126,855	43,392	15,908	640,038	613,045
Expenses netted against revenues						
Fundraising events	-	(126,855)	-	-	(126,855)	(18,331)
	<u>\$ 453,883</u>	<u>\$ -</u>	<u>\$ 43,392</u>	<u>\$ 15,908</u>	<u>\$ 513,183</u>	<u>\$ 594,714</u>

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

Bay Education Foundation, Inc.

STATEMENTS OF CASHFLOW

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (147,154)	\$ (241,106)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Unrealized loss on investments	17,364	-
(Increase) decrease in assets:		
Grants receivable	3,464	(3,520)
Prepaid expenses	25,705	(25,705)
Florida Prepaid Scholarship Fund	25,662	(32,524)
Increase (decrease) in liabilities		
Accrued liabilities	(14,751)	17,740
Deferred event revenue	32,528	980
Agency funds payable	<u>(304,138)</u>	<u>307,129</u>
Net cash (used in) provided by operating activities	<u>(361,320)</u>	<u>22,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(250,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(250,000)</u>	<u>-</u>
Net (decrease) increase in cash and equivalents	(611,320)	22,994
Cash and equivalents, beginning of year	<u>1,714,867</u>	<u>1,691,873</u>
Cash and equivalents, end of year	<u>\$ 1,103,547</u>	<u>\$ 1,714,867</u>

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – NATURE AND ACTIVITIES OF ORGANIZATION

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

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

Cash

Cash consists of checking deposits and certificates of deposit in financial institutions in the United States. Amounts on deposit exceeded insured balance limits of the Federal Deposit Insurance Foundation by approximately \$242,000 and \$1,153,000 at June 30, 2022, and 2021, respectively.

Receivables

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

Florida Prepaid Scholarship Fund

The Foundation purchases prepaid scholarships through the Stanley G. Tate Florida Prepaid College Foundation. Scholarships are generally purchased in batches and later assigned to specific students. Although scholarships are matched dollar for dollar via the Project STARS scholarship program funded by the Florida Legislature, the Foundation reports only the value of the scholarships purchased net of any amounts redeemed or refunded to the Foundation. The asset value presented is the balance available to the Foundation for redemption.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency Funds

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

Net Assets

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

Net Assets Without Donor Restrictions are available for use in general operations. The only limits of these net assets are board designations or the broad limits resulting from the nature of the organization.

Net Assets With Donor Restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition – Contributions

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

Contributed Services. Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Foundation received significant contributions of time from its Board, none of these services were recorded since they did not meet the criteria for recognition.

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are considered conditional contributions:

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

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

Revenue Recognition – Contracts with Customers / Deferred Revenue

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

Expense Recognition and Allocation

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

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

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

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE C – AVAILABILITY AND LIQUIDITY

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

Cash and equivalents	\$ 1,103,547
Grants receivable	24,132
Investments	<u>232,636</u>
Total financial assets available within one year	<u>1,360,315</u>
Accrued liabilities	(2,989)
Deferred revenues	(69,314)
Agency funds payable	<u>(252,991)</u>
Total financial liabilities due within one year	<u>(325,294)</u>
Amounts unavailable to management	
Donor restricted funds (less Florida Prepaid Scholarship Fund)	(339,736)
Board designated funds	<u>(350,307)</u>
Total amounts unavailable to management	<u>(690,043)</u>
Total financial assets available to management within one year	<u><u>\$ 344,978</u></u>

The Foundation has structured its financial assets to be available as its general expenditures and liabilities come due. The Foundation employed no mechanism for investment of cash in excess of immediate cash needs during the year ended June 30, 2022. In addition, the Foundation does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them. As of June 30, 2022, the Foundation has projected positive liquidity of \$344,978 and the Board has at its disposal, Board designated funds which could be released for operations.

NOTE D – FLORIDA PREPAID SCHOLARSHIP FUND

The following details the activity of the Florida Prepaid Scholarship Fund:

	2022	2021
Scholarship funds available - beginning of year	\$ 1,027,035	\$ 994,511
Scholarships purchased	38,956	92,645
Scholarships redeemed	<u>(64,618)</u>	<u>(60,121)</u>
Scholarship funds available - end of year	<u><u>\$ 1,001,373</u></u>	<u><u>\$ 1,027,035</u></u>

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE E – AGENCY FUND TRANSACTIONS

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

	<u>2022</u>	<u>2021</u>
Walshingham Academy donation received:		
Balance, beginning of year	\$ 247,921	\$ 250,000
Disbursed	<u>(6,820)</u>	<u>(2,079)</u>
Balance, end of year	<u>241,101</u>	<u>247,921</u>
St. Joe Community Foundation grants:		
Balance, beginning of year	309,208	-
Received	356,312	402,820
Disbursed	<u>(653,630)</u>	<u>(93,612)</u>
Balance, end of year	<u>11,890</u>	<u>309,208</u>
Total agency funds liability	<u>\$ 252,991</u>	<u>\$ 557,129</u>

NOTE F – NET ASSETS

Net assets with donor-imposed restrictions for the year ended June 30, 2022, are summarized as follows:

	June 30, 2021	<u>2022</u>		June 30, 2022
		Proceeds	Released	
Hurricane Michael relief	\$ 3,784	\$ -	\$ (3,784)	\$ -
Classroom Grants	231,660	49,298	(42,233)	238,725
Scholarships:				
Florida Prepaid Scholarship Fund	1,027,035	38,956	(64,618)	1,001,373
Other scholarships	70,620	62,500	(63,745)	69,375
Other	<u>57,730</u>	<u>54,342</u>	<u>(80,436)</u>	<u>31,636</u>
	<u>\$ 1,390,829</u>	<u>\$ 205,096</u>	<u>\$ (254,816)</u>	<u>\$ 1,341,109</u>

Net assets without donor restrictions for the years ended June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 344,978	\$ 582,516
Board designated:		
Reserve	199,473	199,473
Scholarships	72,300	10,710
Operations	<u>78,534</u>	<u>-</u>
	<u>\$ 695,285</u>	<u>\$ 792,699</u>

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – FACILITIES

Staff and volunteers conduct the activities of the Foundation utilizing space provided by the District. The Foundation does not report a value for donated use of space since the Foundation’s purpose is to provide services to the District.

NOTE H – FUNDRAISING EVENTS

The Foundation held fundraising events during the years ended June 30, 2022 and 2021. Net revenues consist of the following:

	Strides for Scholars	Golf Tournament	Arts Alive	2022 Total
2022				
Total revenue	\$ 9,305	\$ 40,626	\$ 94,333	\$ 144,264
Direct donor benefits	(7,498)	(12,078)	(107,279)	(126,855)
Fundraising events, net	<u>\$ 1,807</u>	<u>\$ 28,548</u>	<u>\$ (12,946)</u>	<u>\$ 17,409</u>
	Strides for Scholars	Golf Tournament	Arts Alive	2021 Total
2021				
Total revenue	\$ 9,440	\$ 30,726	\$ -	\$ 40,166
Direct donor benefits	(7,585)	(10,746)	-	(18,331)
Fundraising events, net	<u>\$ 1,855</u>	<u>\$ 19,980</u>	<u>\$ -</u>	<u>\$ 21,835</u>

NOTE I – DONATED SERVICES

The Foundation received donated services during various functions. Below displays donated services received by the Foundation during the year ended June 30, 2021 that were not recorded in the financial statements because they do not meet the criteria for recognition:

	Activity	Hours	Value
Take Stock in Children	Program	1,665	\$ 43,823
Board of Directors	Management	422	11,107
Events (golf, strides, arts)	Fundraising	1,820	47,902
		<u>3,907</u>	<u>\$ 102,832</u>

Value is computed at an hourly rate of \$29.95 during fiscal 2021. These hourly rates are the estimated value per hour of volunteer time for Florida as estimated by Independent Sector. For more information, see http://www.independentsector.org/volunteer_time.

During 2022, there were no donated services provided to the Foundation.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE J – COMMITMENTS

Event Commitments. The Foundation had unrecognized obligations under a facility contract related to the upcoming Arts Alive Event at June 30, 2022 and 2021, of approximately \$0 and \$15,000, respectively.

NOTE K – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation.

NOTE L – SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, which is the date the financial statements were available to be issued.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

**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
Bay Education Foundation, Inc.
Panama City, 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 Bay Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 24, 2022