

**Bay Education
Foundation, Inc.**

Financial Statements

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bay Education Foundation, Inc. (the "Foundation"), a nonprofit foundation, which comprise the statement of financial position as of June 30, 2023, 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, 2023, 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

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 November 15, 2023, 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
November 15, 2023

Bay Education Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash - checking	\$ 228,266	\$ 741,726
Cash - savings	1,448,518	361,821
Grants receivable	5,400	24,132
Investments	241,641	232,636
Florida Prepaid Scholarship Fund	<u>928,858</u>	<u>1,001,373</u>
Total assets	<u>\$ 2,852,683</u>	<u>\$ 2,361,688</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued liabilities	\$ 12,359	\$ 2,989
Deferred revenues	160,002	69,314
Agency funds payable	<u>792,657</u>	<u>252,991</u>
Total liabilities	<u>965,018</u>	<u>325,294</u>
Net assets		
Without donor restrictions	745,391	695,285
With donor restrictions	<u>1,142,274</u>	<u>1,341,109</u>
Total net assets	<u>1,887,665</u>	<u>2,036,394</u>
Total liabilities and net assets	<u>\$ 2,852,683</u>	<u>\$ 2,361,688</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, 2023
(with comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUES AND OTHER SUPPORT				
State Grants				
CFEF grant	\$ -	\$ 34,143	\$ 34,143	\$ 44,079
TSIC grant	120,395	-	120,395	101,727
Contributions				
Classroom grants	-	68,723	68,723	25,331
Scholarships	-	38,733	38,733	62,500
General contributions	28,459	93,794	122,253	128,293
Fundraising events, net	9,557	-	9,557	17,409
Other income	50,843	-	50,843	4,054
Net assets released from restrictions	434,228	(434,228)	-	-
Total revenues and other support	643,482	(198,835)	444,647	383,393
EXPENSES				
Program services:				
Programs	538,084	-	538,084	453,883
Supporting services:				
Management and general	48,746	-	48,746	43,392
Fundraising	15,551	-	15,551	15,908
Total expenses	602,381	-	602,381	513,183
Changes in net assets - before investments	41,101	(198,835)	(157,734)	(129,790)
Investment gain (loss)	9,005	-	9,005	(17,364)
Changes in net assets	50,106	(198,835)	(148,729)	(147,154)
Net assets, beginning of year	695,285	1,341,109	2,036,394	2,183,548
Net assets, end of year	\$ 745,391	\$ 1,142,274	\$ 1,887,665	\$ 2,036,394

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

Bay Education Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	Program Services		Supporting Services		2023 Total	2022 Total
	Programs	Direct Donor Benefits	Management and General	Fundraising		
Grants	\$244,280	\$ -	\$ -	\$ -	\$244,280	\$195,985
Salaries	95,202	-	27,200	13,600	136,002	141,779
Scholarships	134,402	-	-	-	134,402	97,023
Event supplies	-	69,884	-	-	69,884	126,855
Other program expenses	50,546	-	-	-	50,546	49,517
Office expense	13,654	-	3,901	1,951	19,506	17,304
Professional fees	-	-	17,645	-	17,645	11,575
Total expenses	538,084	69,884	48,746	15,551	672,265	640,038
Expenses netted against revenues						
Fundraising events	-	(69,884)	-	-	(69,884)	(126,855)
	\$ 538,084	\$ -	\$ 48,746	\$ 15,551	\$ 602,381	\$ 513,183

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

Bay Education Foundation, Inc.

STATEMENTS OF CASHFLOW

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (148,729)	\$ (147,154)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Unrealized (gain) loss on investments	(1,002)	18,657
(Increase) decrease in assets:		
Grants receivable	18,732	3,464
Prepaid expenses	-	25,705
Florida Prepaid Scholarship Fund	72,515	25,662
Increase (decrease) in liabilities		
Accrued liabilities	9,370	(14,751)
Deferred event revenue	90,688	32,528
Agency funds payable	539,666	(304,138)
	<u>581,240</u>	<u>(360,027)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,003)	(251,293)
	<u>(8,003)</u>	<u>(251,293)</u>
Net cash used in investing activities		
Net increase (decrease) in cash and equivalents	573,237	(611,320)
Cash and equivalents, beginning of year	1,103,547	1,714,867
Cash and equivalents, end of year	<u>\$ 1,676,784</u>	<u>\$ 1,103,547</u>

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

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 \$699,000 and \$242,000 at June 30, 2023, and 2022, 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, 2023

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, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition – Contributions (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, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

Accounting Pronouncements Implemented

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Foundation adopted the lease standard effective July 1, 2022. The adoption had no effect on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Foundation adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Foundation's financial statements.

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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	\$ 1,676,784
Grants receivable	5,400
Investments	<u>241,641</u>
Total financial assets available within one year	<u>1,923,825</u>
Accrued liabilities	(12,359)
Deferred revenues	(160,002)
Agency funds payable	<u>(792,657)</u>
Total financial liabilities due within one year	<u>(965,018)</u>
Amounts unavailable to management	
Donor restricted funds (less Florida Prepaid Scholarship Fund)	(213,416)
Board designated funds	<u>(581,250)</u>
Total amounts unavailable to management	<u>(794,666)</u>
Total financial assets available to management within one year	<u><u>\$ 164,141</u></u>

The Foundation has structured its financial assets to be available as its general expenditures and liabilities come due. In addition, the Foundation does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them. As of June 30, 2023, the Foundation has projected positive liquidity of \$164,141 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:

	2023	2022
Scholarship funds available - beginning of year	\$ 1,001,373	\$ 1,027,035
Scholarships purchased	-	38,956
Scholarships redeemed	<u>(72,515)</u>	<u>(64,618)</u>
Scholarship funds available - end of year	<u><u>\$ 928,858</u></u>	<u><u>\$ 1,001,373</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, 2023

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>2023</u>	<u>2022</u>
Walshingham Academy donation received:		
Balance, beginning of year	\$ 241,101	\$ 247,921
Received	500,000	-
Disbursed	<u>(42,384)</u>	<u>(6,820)</u>
Balance, end of year	<u>698,717</u>	<u>241,101</u>
St. Joe Community Foundation grants:		
Balance, beginning of year	11,890	309,208
Received	597,018	356,312
Disbursed	<u>(540,889)</u>	<u>(653,630)</u>
Balance, end of year	<u>68,019</u>	<u>11,890</u>
Other funders:		
Balance, beginning of year	-	-
Received	31,724	-
Disbursed	<u>(5,803)</u>	<u>-</u>
Balance, end of year	<u>25,921</u>	<u>-</u>
Total agency funds liability	<u><u>\$ 792,657</u></u>	<u><u>\$ 252,991</u></u>

NOTE F – NET ASSETS

Net assets with donor-imposed restrictions for the year ended June 30, 2023, are summarized as follows:

	<u>June 30, 2022</u>	<u>2023</u>		<u>June 30, 2023</u>
		<u>Proceeds</u>	<u>Released</u>	
Hurricane Michael relief	\$ -	\$ 40,920	\$ (40,920)	\$ -
Classroom Grants	238,725	35,876	(200,327)	74,274
Scholarships:				
Florida Prepaid Scholarship Fund	1,001,373	-	(72,515)	928,858
Other scholarships	69,375	42,850	(28,331)	83,894
Other	<u>31,636</u>	<u>115,747</u>	<u>(92,135)</u>	<u>55,248</u>
	<u><u>\$ 1,341,109</u></u>	<u><u>\$ 235,393</u></u>	<u><u>\$ (434,228)</u></u>	<u><u>\$ 1,142,274</u></u>

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE F – NET ASSETS (continued)

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

	2023	2022
Undesignated	\$ 164,141	\$ 344,978
Board designated:		
Reserve	199,473	199,473
Scholarships	124,908	72,300
Operations	256,869	78,534
	\$ 745,391	\$ 695,285

NOTE G – FACILITIES

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

NOTE H – FUNDRAISING EVENTS

The Foundation held fundraising events during the years ended June 30, 2023 and 2022. Net revenues consist of the following:

	Strides for Scholars	Golf Tournament	Arts Alive	2023 Total
2023				
Total revenue	\$ 9,661	\$ 36,770	\$ 33,010	\$ 79,441
Direct donor benefits	(6,878)	(13,884)	(49,122)	(69,884)
Fundraising events, net	\$ 2,783	\$ 22,886	\$ (16,112)	\$ 9,557
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	\$ 1,807	\$ 28,548	\$ (12,946)	\$ 17,409

Bay Education Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – INVESTMENTS

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

Fair Value Measurements as of June 30, 2023				
	Level 1	Level 3	Level 3	Total
Money market funds	\$ 17,412	\$ -	\$ -	\$ 17,412
Mutual funds	224,229	-	-	224,229
Total investment by level	\$ 241,641	\$ -	\$ -	\$ 241,641

Fair Value Measurements as of June 30, 2022				
	Level 1	Level 3	Level 3	Total
Money market funds	\$ 43,121	\$ -	\$ -	\$ 43,121
Mutual funds	189,515	-	-	189,515
Total investment by level	\$ 232,636	\$ -	\$ -	\$ 232,636

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

	2023	2022
Interest and dividends	\$ 8,003	\$ 1,293
Unrealized gain (loss) on investments, net	1,002	(18,657)
Investment gain (loss)	\$ 9,005	\$ (17,364)

NOTE J – SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure through November 15, 2023, which is the date the financial statements were available to be issued.



Partners

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**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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2023.

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
November 15, 2023