TALLAHASSEE STATE COLLEGE

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September 21, 2026

M E M O R A N D U M

TO: Jim Murdaugh, Ph.D.
President

FROM: Barbara Wills, Ph.D.
Vice President for Administrative Services and Chief Business Officer

SUBJECT: Direct Support Organization Audit Reports

Item Description
This item presents the most recent financial audit reports of the direct support organizations (DSO) affiliated with the College for the Board's review.

Overview and Background
Per Florida Statutes 1004.70(6), the College's DSOs must be audited annually and the results be submitted to the Board for review. For the fiscal year ending March 31, 2026, audits were completed for both the Tallahassee Community College Foundation, Inc. and the Public Safety Academy Housing, Inc.

Past Actions by the Board
The Board last reviewed the audited financial statements for these DSOs at the September 15, 2025 meeting.

Funding/ Financial Implications
No funding requirements.

Recommended Action
For information only, no Board action required.

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2026 AND 2025

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
TABLE OF CONTENTS
MARCH 31, 2026 AND 2025

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Tallahassee State College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tallahassee State College Foundation, Inc. (the Foundation), a component unit of Tallahassee State College (the College), which comprise the statements of financial position as of March 31, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement 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 judgement, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2026, 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 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
July 22, 2026

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 552,928	$ 140,030
Investments	1,684,083	2,031,462
Contributions receivable, current portion (net)	380,775	321,155
Total current assets	2,617,786	2,492,647
Noncurrent assets		
Cash and cash equivalents for endowments	846,815	829,282
Endowment investment pool	26,180,241	23,047,846
Contributions receivable, noncurrent portion (net)	406,098	390,930
Other assets	8,068	-
Total noncurrent assets	27,441,222	24,268,058
Total Assets	$ 30,059,008	$ 26,760,705
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 374,944	$ 329,480
Total current liabilities	374,944	329,480
Total liabilities	374,944	329,480
Net assets		
Without donor restrictions	1,786,645	2,172,383
With donor restrictions	27,897,419	24,258,842
Total net assets	29,684,064	26,431,225
Total Liabilities and Net Assets	$ 30,059,008	$ 26,760,705

DRAFT

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

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	2026			2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and revenues						
Private contributions	$ 310,481	$ 1,415,394	$ 1,725,875	$ 37,945	$ 2,242,703	$ 2,280,648
In-kind contributions	976,822	-	976,822	885,589	-	885,589
Investment income, net	26,137	3,872,393	3,898,530	55,154	1,309,432	1,364,586
Special events	596,707	-	596,707	773,294	-	773,294
Miscellaneous	-	-	-	32,362	-	32,362
Net assets released from restrictions:						
Satisfaction of program and time restrictions	2,197,461	(2,197,461)	-	1,487,624	(1,487,624)	-
Reclassification between net asset classes	(548,251)	548,251	-	(421,698)	421,698	-
Total support and revenues	3,559,357	3,638,577	7,197,934	2,850,270	2,486,209	5,336,479
Expenses						
Program services - educational activities	2,338,255	-	2,338,255	1,395,200	-	1,395,200
General and administrative	629,716	-	629,716	491,145	-	491,145
Development activities	977,124	-	977,124	890,057	-	890,057
Total expenses	3,945,095	-	3,945,095	2,776,402	-	2,776,402
Increase (decrease) in net assets	(385,738)	3,638,577	3,252,839	73,868	2,486,209	2,560,077
Net assets, beginning of year	2,172,383	24,258,842	26,431,225	2,098,515	21,772,633	23,871,148
Net assets, end of year	$ 1,786,645	$ 27,897,419	$ 29,684,064	$ 2,172,383	$ 24,258,842	$ 26,431,225

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

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2026

	Educational Activities	General and Administrative	Development Activities	Total
Scholarships	$ 946,334	$ -	$ -	$ 946,334
In-kind personnel services	123,678	175,540	411,903	711,121
Contract services	97,212	124,694	270,593	492,499
Academic and athletic support	925,614	80,027	-	1,005,641
Hospitality and events	77,382	74,742	64,039	216,163
Materials and supplies	50,683	18,776	44,442	113,901
Professional fees	-	58,400	-	58,400
Honoraria and awards	9,319	16,250	15	25,584
Travel	1,687	5,900	7,492	15,079
Advertising	750	6,048	26,694	33,492
Printing and postage	6,080	21,425	2,531	30,036
Bank fees	72	10,176	2	10,250
Meetings	2,313	6,388	621	9,322
Insurance	-	5,459	-	5,459
Training	400	-	-	400
Dues and subscriptions	3,735	1,978	-	5,713
In-kind office supplies	64,635	16,620	103,414	184,669
In-kind office space	28,361	7,293	45,378	81,032
Total expenses	$ 2,338,255	$ 629,716	$ 977,124	$ 3,945,095

The accompanying notes to the financial statements
are an integral part of this statement.

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025

	Educational Activities	General and Administrative	Development Activities	Total
Scholarships	$ 802,078	$ 3,278	$ -	$ 805,356
In-kind personnel services	103,496	151,239	343,545	598,280
Contract services	14,681	133,901	212,639	361,221
Academic and athletic support	256,456	5,686	-	262,142
Provision for credit losses	-	-	37,610	37,610
Hospitality and events	36,370	62,601	66,955	165,926
Materials and supplies	46,187	11,079	42,234	99,500
Professional fees	-	21,600	-	21,600
Honoraria and awards	29,049	15,625	8,474	53,148
Travel	1,075	1,736	2,518	5,329
Advertising	556	39,616	326	40,498
Printing and postage	3,171	5,195	5,072	13,438
Bank fees	-	-	8,112	8,112
Meetings	-	5,105	1,335	6,440
Licenses	-	97	-	97
Insurance	-	5,652	403	6,055
Dues and subscriptions	199	2,898	70	3,167
Miscellaneous	1,405	-	-	1,405
In-kind office supplies	78,418	20,165	125,469	224,052
In-kind office space	22,059	5,672	35,295	63,026
Total expenses	$ 1,395,200	$ 491,145	$ 890,057	$ 2,776,402

The accompanying notes to the financial statements
are an integral part of this statement.

TALLAHASSEE STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
Cash flows from operating activities		
Cash received from contributors and others	$ 1,285,844	$ 1,765,026
Cash received from interest and dividends	603,600	499,470
Cash paid for scholarships and suppliers	(2,930,877)	(1,878,597)
Net cash provided by (used in) operating activities	(1,041,433)	385,899
Cash flows from investing activities		
Purchases of investments	(641,395)	(1,494,997)
Sales of investments	1,832,366	102,958
Proceeds from sale of land held for investment	-	400,000
Net cash provided by (used in) investing activities	1,190,971	(992,039)
Cash flows from financing activities		
Contributions restricted for endowments	280,893	940,829
Increase in cash, cash equivalents, and cash for endowments	430,431	334,689
Cash, cash equivalents, and cash for endowments, beginning of year	969,312	634,623
Cash, cash equivalents, and cash for endowments, end of year	$ 1,399,743	$ 969,312
Reconciliation of increase in net assets to net cash provided by (used in) operating activities		
Increase in net assets	$ 3,252,839	$ 2,560,077
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Investment return and other noncash investment activity	(3,975,987)	(1,288,881)
(Increase) decrease in:		
Collectibles and other assets	(8,068)	-
Contributions receivable	(74,788)	43,316
Increase (decrease) in:		
Accounts payable and accrued expenses	45,464	12,216
Contributions restricted for endowments	(280,893)	(940,829)
Total adjustments	(4,294,272)	(2,174,178)
Net cash provided by (used in) operating activities	$ (1,041,433)	$ 385,899

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

(1) <u>Summary of Significant Accounting Policies</u>:

(a) **Nature of organization—**Tallahassee State College Foundation, Inc. (the Foundation) was incorporated on February 23, 1981, as a Florida non-profit corporation under the provisions of 1004.70 Florida Statutes – Florida College System institution direct-support organizations. The Foundation was organized to aid the advancement of Tallahassee State College (the College) and to support attending students by means of academic scholarships and student loans. The Foundation receives revenue primarily from private contributions, donated services from the College, fund raising events, and earnings from its managed investment pools.

(b) **Basis of presentation and classification of net assets**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions - consists of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations.

Net assets with donor restrictions - consists of amounts that are available for the purposes restricted by donors and grantors, a time restriction, or to be held in perpetuity with earnings restricted for a specific purpose. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(c) **Income taxes**—The Foundation is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal and state income tax on income from unrelated business activities, if any; however, management has determined that no material unrelated-business taxable income was generated for the years presented. The Foundation's federal information returns (Forms 990) for the preceding three fiscal years remain subject to examination by the Internal Revenue Service, but no such examinations have occurred.

(d) **Advertising costs**—The Foundation expenses advertising costs as incurred.

(e) **Investments and fair value measurements**—The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position (see Note 6). Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(f) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Cash, cash equivalents, and restricted cash**—The Foundation considers cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition. Cash equivalents include investments in a government money market fund that is highly liquid and readily available for use.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

	2026	2025
Cash and cash equivalents	$ 552,928	$ 140,030
Cash restricted for endowment purposes	846,815	829,282
	$ 1,399,743	$ 969,312

(h) **Contributions receivable**—Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized until the conditions are substantially met. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Foundation considers a contribution to be past due once it exceeds 90 days past the scheduled due date. No interest is charged on past-due balances. Promises to give are written off when deemed uncollectable.

(i) **Contributed services and facilities**—The Foundation recognizes contributed services and facilities as support and corresponding expenses in the accompanying financial statements if the services received (a) create or enhance nonfinancial 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.

The College provides the Foundation with donated personnel, office space, and supplies. The value of donated personnel includes salaries and benefits for administrative staff and other services that meet the criteria for recognition under U.S. GAAP. Donated facilities represent the fair value of office space and supplies provided for Foundation operations.

The estimated value of these in-kind contributions is determined based on the College’s actual cost of services and prevailing market rates for comparable space, materials, and labor, and is recorded as in-kind contribution revenue and as functional expenses in the statements of functional expenses.

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Functional allocation of expenses**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. In-kind salaries and benefits provided by the College are allocated based on management's estimate of time and effort. All other expenses are recorded based on the nature of the expense directly related to the functional category.

(2) **Related Party Transactions:**

Personnel and certain facility costs are provided to the Foundation by the College. For the years ended March 31, 2026 and 2025, the Foundation has recorded these donated services at $711,121 and $598,280 for personnel services, $81,032 and $63,026 for facility costs, and $184,669 and $224,052 for other office expenses, respectively. The Foundation owed $369,077 and $309,034 to the College for scholarships at March 31, 2026 and 2025.

In addition, during the years ending March 31, 2026 and 2025, the Foundation utilized the services of vendors owned by board members in the amount of $23,304 and $13,746, respectively.

(3) **Contributions Receivable:**

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows have been calculated using a discount rate of 3.92% and 3.96%, after providing for collection losses for the years ended March 31, 2026 and 2025, respectively. A summary of contributions to be collected follows:

	2026	2025
In one year or less	$ 380,775	$ 321,155
Between one year and five years	404,250	418,185
More than five years	217,071	214,445
	1,002,096	953,785
Less:		
Allowance for collection losses	(3,830)	(36,610)
Discounts for time-value of money	(211,393)	(205,090)
	$ 786,873	$ 712,085

The Foundation is the beneficiary of conditional promises to give. A conditional promise requires a future event to take place before the promise becomes binding on the donor. Typically, the Foundation has no control over the required event. As of March 31, 2026 and 2025, the Foundation was the beneficiary of various promises to give that did not meet recognition criteria of approximately $4,320,884 and $4,135,500, respectively. No receivable has been recorded and no contribution revenue has been recognized for these conditional pledges.

(4) **Investments:**

The following are the major types of investments held by the Foundation at March 31, 2026 and 2025:

	2026	2025
Investment pool	$ 26,180,241	$ 23,047,846
Bond mutual and exchange traded funds	1,684,083	2,031,462
	$ 27,864,324	$ 25,079,308

March 31, 2026

The investment pool consists of 96.7% in mutual funds and exchange traded funds (ETFs), 0.1% in alternative investment funds, and 3.2% in demand deposits.

March 31, 2025

The investment pool consists of 92.8% in mutual funds and exchange traded funds (ETFs), 1.9% in alternative investment funds, and 5.3% in demand deposits.

The investment return, which is included in revenue and support as a component of investment income, is composed of the following for the years ended March 31, 2026 and 2025:

	2026	2025
Interest and dividends	$ 322,899	$ 537,669
Net realized gain (loss) on investments	29,385	12,721
Net unrealized gain (loss) on investments	3,610,285	871,590
Investment fees	(64,039)	(57,394)
Total investment return	$ 3,898,530	$ 1,364,586

(5) **Commitments:**

As of March 31, 2026 and 2025, there were no conditional commitments outstanding.

(6) **Fair Value Measurements**:

FASB guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The guidance describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The Foundation holds an investment in a private equity fund measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient. The NAV is provided by the fund manager and is based on the fair value of the underlying investments held by the fund. Because this investment is valued using NAV as a practical expedient, it is not classified within the fair value hierarchy. This private equity fund is a diversified investment vehicle that seeks to generate long-term capital appreciation by investing in a portfolio of private equity funds and co-investments. The fund targets a mix of buyout, growth equity, and opportunistic strategies across multiple sectors and geographies, with an emphasis on middle-market and lower-middle-market managers. Investments are made through a combination of primary fund commitments, secondary purchases, and direct co-investments, with a focus on generating attractive risk-adjusted returns through manager selection and portfolio construction. Redemptions are not permitted. The fund distributes proceeds upon the liquidation of underlying investments at the discretion of the general partner. As of March 31, 2026 and 2025, the Foundation had immaterial unfunded commitments related to this fund. These commitments are not expected to have a significant impact on liquidity or future cash flows.

(6) **Fair Value Measurements:** (Continued)

	Fair Value Measurements as of March 31, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments restricted for endowment purposes				
Fixed rate commercial paper	$ 1,331,816	$ -	$ -	$ 1,331,816
Domestic equity securities	14,374,979	-	-	14,374,979
International equity securities	8,028,875	-	-	8,028,875
Domestic bond mutual funds and ETFs	1,308,537	-	-	1,308,537
International bond mutual funds	1,107,735	-	-	1,107,735
Subtotal of investments within fair value hierarchy	26,151,942	-	-	26,151,942
Private equity fund (NAV practical expedient)	-	-	-	28,299
Total investments restricted for endowment purposes	26,151,942	-	-	26,180,241
Non-endowed investments				
Equity mutual funds	411,056	-	-	411,056
Bond mutual funds and ETFs	828,518	-	-	828,518
Commercial paper and notes	444,509	-	-	444,509
Total non-endowed investments	1,684,083	-	-	1,684,083
Total assets at fair value within hierarchy	27,836,025	-	-	27,836,025
Private equity fund (NAV practical expedient)	-	-	-	28,299
Total assets at fair value	$ 27,836,025	$ -	$ -	$ 27,864,324

	Fair Value Measurements as of March 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments restricted for endowment purposes				
Fixed rate commercial paper	$ 1,217,811	$ -	$ -	$ 1,217,811
Domestic equity securities	12,240,611	-	-	12,240,611
International equity securities	6,930,531	-	-	6,930,531
Domestic bond mutual funds and ETFs	1,195,385	-	-	1,195,385
International bond mutual funds	1,035,510	-	-	1,035,510
Subtotal of investments within fair value hierarchy	22,619,848	-	-	22,619,848
Private equity fund (NAV practical expedient)	-	-	-	427,998
Total investments restricted for endowment purposes	22,619,848	-	-	23,047,846
Non-endowed investments				
Equity mutual funds	476,061	-	-	476,061
Bond mutual funds and ETFs	1,011,386	-	-	1,011,386
Commercial paper and notes	544,015	-	-	544,015
Total non-endowed investments	2,031,462	-	-	2,031,462
Total assets at fair value within hierarchy	24,651,310	-	-	24,651,310
Private equity fund (NAV practical expedient)	-	-	-	427,998
Total assets at fair value	$ 24,651,310	$ -	$ -	$ 25,079,308

(7) Endowments:

The Foundation's endowments consist of one hundred seventy-seven (177) donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

Interpretation of Relevant Law—Florida has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective on July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation's Board of Directors. Although UPMIFA does not preclude the Foundation from spending below the original gift value of donor-restricted endowments, the Foundation considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor. There were no underwater endowments at March 31, 2026 and 2025.

With regard to donor restricted endowments, the Foundation respects and enforces the donor's restriction to preserve the historic gift value of the fund.

Endowment Spending Policy—The maximum endowment spending is equal to 4% of a five (5) year moving average of endowment fund balances starting from the most recent calendar year end. If an endowment does not have five (5) years of historical returns, then the calendar year end balance would be averaged to the extent available. The payout is subject to the following provisions:

1. No disbursement will be made if the endowment fund balance is less than corpus, defined as donor restricted contributions to be held in perpetuity, at the time of the spending calculation.

2. The endowment spending payout is limited to the lesser of the maximum endowment spending calculated above, or the amount by which the endowment fund balance exceeds corpus.

Endowment Investment Policy—The endowment investment policy adopted by the Foundation's Board of Directors seeks long-term growth of principal to preserve and grow Foundation assets, cover expenses, and maintain the approved spending rate of the funds. The Foundation maximizes the probability that the funds will meet or exceed an annualized target rate of return, adjusted for inflation, by having a target rate of return equal to the Board-adopted spending policy's percentage amount plus inflation and expenses. The Board of Directors considers and seeks to minimize appropriate risks when overseeing the funds managed by its contracted investment advisor and selecting its investment strategies. The strategies for achieving the Foundation's investment objectives include a well-diversified portfolio, target allocations in each investment category, guidelines and restricted investments, benchmarks for performance of each asset class, low fees, performance measurement, regular monitoring, and detailed reports.

(7) **Endowments:** (Continued)

Investment endowments reported in the statements of financial position include donor-restricted endowment funds and other donor-restricted or board-designated amounts invested with the Foundation's endowment investment pool. The endowment disclosures below include only donor-restricted endowment funds. Accordingly, investment endowments reported in the statements of financial position may exceed the donor-restricted endowment net assets disclosed below.

Endowment net assets composition by type of fund as of March 31, 2026:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Donor-restricted endowment funds	$ 10,737,904	$ 12,534,725	$ 23,272,629

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Endowment net assets, beginning of year	$ 10,445,990	$ 10,430,293	$ 20,876,283
Investment return, net	-	3,872,268	3,872,268
Contributions	291,914	-	291,914
Amounts appropriated for expenditure	-	(1,767,836)	(1,767,836)
	$ 10,737,904	$ 12,534,725	$ 23,272,629

Endowment net assets composition by type of fund as of March 31, 2025:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Donor-restricted endowment funds	$ 10,445,990	$ 10,430,293	$ 20,876,283

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Endowment net assets, beginning of year	$ 9,432,439	$ 9,457,631	$ 18,890,070
Investment return, net	-	1,319,432	1,319,432
Contributions	1,393,792	-	1,393,792
Transfers	(380,241)	380,241	-
Amounts appropriated for expenditure	-	(727,011)	(727,011)
	$ 10,445,990	$ 10,430,293	$ 20,876,283

(8) Concentrations of Credit Risk:

The more significant concentrations of credit risk are as follows:

(a) **Demand and time deposits—**The Foundation maintains cash and time deposits with several financial institutions and brokerage houses. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with the financial institutions are federally insured up to FDIC limits. At brokerage houses, amounts are insured by the Securities Investor Protection Corporation (SIPC) up to the SIPC limits.

(b) **Financial instruments**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

(c) **Contributions receivable**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include contributions receivable. The contributions receivable is made up of pledge receivables from donors.

(9) Net Assets with Donor Restrictions:

Net assets with donor restrictions as of March 31, 2026 and 2025, are restricted for the following purposes. The amounts subject to the Foundation's spending policy or donor-specified appropriation include accumulated gains, term endowments, donor-restricted endowment pledges, and other donor-restricted balances. As a result, these amounts may differ from the endowment net assets presented in Note 7, which reports donor-restricted endowment funds by original gift amount and accumulated gains.

	2026	2025
Subject to expenditure for specified purpose:		
Scholarships and grants	$ 2,203,779	$ 1,219,605
Academic, student programs, and support	754,124	1,439,303
Facility support	169,037	410,318
Pledges receivable with purpose restrictions, net	450,630	314,330
	3,577,570	3,383,556
Subject to spending policy and appropriation:		
Accumulated gains and term endowments	15,158,894	10,429,296
Pledges receivable to be held in perpetuity, net	87,878	57,658
Endowment funds restricted in perpetuity	9,073,077	10,388,332
	24,319,849	20,875,286
Total net assets with donor restrictions	$ 27,897,419	$ 24,258,842

(9) **Net Assets with Donor Restrictions:** (Continued)

Net assets with donor restrictions were released from restriction or reclassified during the years ended March 31, 2026 and 2025, by incurring expenses satisfying restricted purposes, transfers, or by the occurrence of other events specified by donors as follows:

	2026	2025
Satisfaction of restrictions - scholarships	$ (850,856)	$ (805,356)
Time restrictions expired	(1,346,605)	(682,268)
Total net assets released from restrictions	(2,197,461)	(1,487,624)
Reclass from without donor restriction	548,251	421,698
Net releases and reclassifications from donor restrictions	$ (1,649,210)	$(1,065,926)

(10) **Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2026	2025
Non-endowed cash and cash equivalents	$ 552,928	$ 140,030
Non-endowed investments	1,684,083	2,031,462
Current portion of contributions receivable	107,693	113,292
	$ 2,344,704	$ 2,284,784

It is the Foundation's policy to employ cash at all times in short term cash equivalents to provide safety, liquidity and return. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment return of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, bond mutual funds and exchange traded funds.

For the purposes of analyzing resources available to meet general expenditures over a twelve (12) month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Endowment spending and endowed assets are not included in this calculation, refer to Note 7 for information on the Endowment spending policy of the Foundation.

(11) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 22, 2026, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,
Tallahassee State College Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee State College Foundation, Inc. (the Foundation), a component unit of Tallahassee State College, which comprise the statements of financial position as of March 31, 2026, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2026.

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.

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 Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
July 22, 2026

PUBLIC SAFETY ACADEMY HOUSING, INC.
Havana, Florida

FINANCIAL STATEMENTS

March 31, 2026 and 2025

C O N T E N T S

TBL
THOMSON BROCK
LUGER & COMPANY
Certified Public Accountants and Business Advisors

FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.
SAWYER SCHMOOKLER, C.P.A.
REBEKAH E.A. GRIFFIN, C.P.A.
BRETT GILMAN, C.P.A.
STORMM PHILLIPS, C.P.A.
CLAIRE BING, C.P.A.

HAROLD A. BROCK, JR. (Retired)
W. FREDERICK THOMSON, (1943-2024)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Public Safety Academy Housing, Inc.
Havana, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Public Safety Academy Housing, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2026 and 2025 and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Safety Academy Housing, Inc. as of March 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Safety Academy Housing, Inc. 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 Public Safety Academy Housing, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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 Public Safety Academy Housing, Inc.'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of Public Safety Academy Housing, Inc.'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 Public Safety Academy Housing, Inc.'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 Public Safety Housing, Inc.'s internal control over financial reporting and compliance.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 6 be presented to supplement the basic financial statements. Such information, although not a part of 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 inquiring with 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. 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.

Tallahassee, Florida
August 20, 2026

PUBLIC SAFETY ACADEMY HOUSING, INC.
Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") provides a brief overview of the financial activities of Public Safety Academy Housing, Inc. (the "Organization") for the year ended March 31, 2026, with comparative information for the year ended March 31, 2025, where applicable. This discussion should be read in conjunction with the Organization's basic financial statements and accompanying notes.

The Organization is a direct support organization of Tallahassee State College (the "College") formed in connection with the College's public safety academy operations at Florida Public Safety Institute. The Organization was incorporated on February 26, 2003, for the purpose of financing and constructing a housing facility (the "Facility") for student housing related to those operations. The Facility was financed by a $9 million mortgage note and was completed on January 4, 2006. Upon completion, the Organization executed a lease agreement with the College whereby the College leases the Facility from the Organization and is responsible for operating and maintaining the Facility. During the fiscal year ended March 31, 2015, the Organization refinanced its original mortgage and borrowed an additional $575,000 through a separate mortgage note payable to renovate and refurnish the dormitory. As of June 2, 2025, both mortgage notes payable had been fully paid off.

Overview of the Financial Statements
The Organization's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include:

- **Statements of Financial Position** — presents assets, liabilities, and net assets as of March 31, 2026 and 2025.

- **Statements of Activities and Changes in Net Assets** — presents revenues and expenses for the years then ended.

- **Statements of Cash Flows** — presents cash receipts and cash payments by operating, investing, and financing activities.

- **Notes to the Financial Statements** — provide additional information necessary to understand the financial statements.

Because the Organization has limited operations, financial activity is concentrated in a small number of accounts, including cash, the property and equipment, amounts received from the College, depreciation, audit and administrative costs, and debt-related activity.

Condensed Financial Highlights

The Organization's financial position and results for the year ended March 31, 2026 were affected primarily by the timing and amount of receipts from the College, depreciation on the housing facility, payoff of prior mortgage notes, and new financing related to the design phase of a potential new residential property.

Condensed statements of financial position as of March 31, 2026 and 2025:

	2026	2025
Current assets	$ 583,409	$ 103,835
Property and equipment	4,272,924	4,235,467
Current liabilities	(225,347)	(194,453)
Long-term liabilities	(403,970)	-
NET ASSETS	$ 4,227,016	$ 4,144,849

Condensed statements of activities for the year ended March 31, 2026 and 2025:

	2026	2025
Total revenues	$ 327,538	$ 764,500
Total expenditures	(245,371)	(280,453)
Change in net position	82,167	484,047
Net assets – beginning of year	4,144,849	3,660,802
Net assets – end of year	$ 4,227,016	$ 4,144,849

Operations and College Arrangement

The Organization holds the Facility, while the College operates and maintains the dormitory facility. Under the lease agreement between the College and the Organization, all revenues generated by the Facility are retained by the College. In exchange, the Organization receives monthly lease payments from the College totaling $327,538 for the year ended March 31, 2026, to fund its operating expenses and debt-related obligations, as applicable.

The Organization was established primarily to obtain the financing for, construct and retain, the Facility, with post-completion activities being the responsibility of the College. Accordingly, the Organization's financial activities for the year ended March 31, 2026 consist primarily of monthly lease receipts from the College, debt-related payments, and the recognition of certain costs. During the year ended March 31, 2026, the Organization also obtained financing of $700,000 to begin the design phase of a new residential property.

See independent auditors' report.

Economic Factors and Future Activities

The nature of the Organization's future activities is expected to remain consistent with those of the year ended March 31, 2026, with ongoing activity primarily related to the leasing of the Facility to the College, the receipt of lease payments, the payment of audit and administrative costs, and the recognition of depreciation. In addition, the Organization plans to continue activities related to planning and development of a potential new residential property.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2026 and 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash	$ 583,409	$ 103,835
TOTAL CURRENT ASSETS	583,409	103,835
PROPERTY AND EQUIPMENT, Net	4,272,924	4,235,467
	$ 4,856,333	$ 4,339,302
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	$ 222,504	$ 193,415
Interest payable	2,843	1,038
TOTAL CURRENT LIABILITIES	225,347	194,453
LONG-TERM LIABILITIES		
Notes payable, net	403,970	-
TOTAL LIABILITIES	629,317	194,453
NET ASSETS		
Invested in capital assets, net of related debt	3,643,607	4,041,014
Unrestricted	583,409	103,835
	4,227,016	4,144,849
	$ 4,856,333	$ 4,339,302

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended March 31, 2026 and 2025

	2026	2025
OPERATING REVENUE		
Lease income	$ 327,538	$ 764,500
OPERATING EXPENSES		
Depreciation	235,719	237,580
Contractual services	7,818	7,271
Reimbursed expenses	647	-
Licenses	61	61
Bank service fees	15	15
	244,260	244,927
OPERATING INCOME	83,278	519,573
NONOPERATING EXPENSE		
Interest expense	1,111	35,526
CHANGE IN NET ASSETS	82,167	484,047
BEGINNING NET ASSETS	4,144,849	3,660,802
ENDING NET ASSETS	$ 4,227,016	$ 4,144,849

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Rents and fees collected	$ 234,361	$ 764,500
Payments to vendors	(8,541)	(7,347)
Payments for interest expense	694	(39,105)
NET CASH PROVIDED BY OPERATING ACTIVITIES	226,514	718,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(179,999)	-
NET CASH USED IN INVESTING ACTIVITIES	(179,999)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Issuance of long-term debt	697,221	-
Principal payments on long-term debt	(264,162)	(705,211)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	433,059	(705,211)
NET INCREASE IN CASH	479,574	12,837
CASH AT BEGINNING OF YEAR	103,835	90,998
CASH AT END OF YEAR	$ 583,409	$ 103,835
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	$ 82,167	$ 484,047
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	235,719	237,580
Improvements paid for by College	(93,177)	-
(Decrease) increase in liabilities:		
Interest payable	1,805	(3,579)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 226,514	$ 718,048

See accompanying notes.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Nature of Business - Public Safety Academy Housing, Inc. (the "Organization") was incorporated on February 26, 2003 as a direct support organization of Tallahassee State College (the "College"), within the meaning of Section 240.331, Florida Statutes, or any successor provision. The Organization was formed, among other purposes, to make available housing to participants in programs affiliated with the Florida Public Safety Institute. At the direction of the Board of Trustees of Tallahassee State College, income derived by the Organization, subject to the assignment of revenue and other amounts derived from the operation of the facility, may be transferred to the Tallahassee State College. The Organization is a component unit of Tallahassee State College and is included in the College's annual report.

A summary of significant accounting policies follows:

Basis of Accounting - The Organization follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recognized when incurred.

Property and Equipment - Cost directly associated with the construction of the housing complex, including interest incurred from financing during the construction period is capitalized to the cost of the building, and depreciation is provided over the building's estimated life of thirty-nine (39) years on a straight line basis.

Furniture and equipment with a value of or costing over $500 is recorded at cost and depreciated over its estimated useful life of five (5) to seven (7) years on a straight line basis.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Organization has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Cash Equivalents - For purposes of the statement of cash flows, all highly liquid instruments with a maturity of three (3) months or less are considered to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Election to Apply FASB Accounting Standards Codification - The Organization has elected to apply all FASB Accounting Standards Codification, except for those that conflict with GASB pronouncements, as permitted by GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements."

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to March 31, 2026, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2026. Management has performed their analysis through August 20, 2026, the date of this report.

NOTE 2 - RELATED PARTY TRANSACTIONS

On May 21, 2004, the College entered into a 99-year lease with the Organization for ten acres of land used for the housing complex. The lease requires annual rent of $1, paid in advance, which is below fair market value.

In November 2005, the Organization entered into an agreement with the College to operate the housing complex. The agreement provides for automatic annual renewals unless either party provides 30 days' prior notice of cancellation. During the year ended March 31, 2026, monthly lease revenue ranged from $21,572 to $63,250, and the College paid for capital improvements totaling $93,177 that benefited the building. Total lease income was $327,538 and $764,500 for the years ended March 31, 2026 and 2025, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2026 and 2025, is summarized as follows:

Depreciation expense for the years ended March 31, 2026 and 2025 amounted to $235,719 and $237,580, respectively.

	2026	2025
Building and improvements	$ 8,584,967	$ 8,491,790
Furniture and equipment	535,069	535,069
Construction in progress	179,999	-
	9,300,035	9,026,859
Accumulated depreciation	(5,027,111)	(4,791,392)
	$ 4,272,924	$ 4,235,467

NOTE 3 - PROPERTY AND EQUIPMENT (Continued)

For the years ending March 31, 2026 and 2025, the Organization capitalized interest of $18,079 and $0, respectively related to financing obtained for the design phase of a new residential building, which is included in construction in progress.

NOTE 4 - MORTGAGE NOTES PAYABLE

Mortgage notes payable as of March 31, 2026 and 2025, were as follows:

	2026	2025
$700,000 note payable executed November 7, 2025 with a commercial lender; bearing interest at 6.78%, payable in monthly installments of principal and interest in the amount of $21,575, maturing November 7, 2028. This note is net of unamortized debt issuance costs of $2,470 and $0, respectively for the years ending March 31, 2026 and 2025. This note is uncollateralized.	$ 626,474	$ -
$6,017,876 refinanced mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender; bearing interest at 2.75% through December 31, 2017, then at 3.34% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45%; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.	-	171,773

NOTE 4 - MORTGAGE NOTES PAYABLE (Continued)

$575,000 mortgage note payable executed November 10, 2014, with Gadsden County, Florida and assigned to a commercial lender. The note bears interest at 3.99% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25%; payable in monthly installments of principal and interest; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.	-	21,642
	626,474	193,415
Less: current portion	(222,504)	(193,415)
	$ 403,970	$ -

As of March 31, 2026, the scheduled maturities of the mortgage notes payable were as follows:

	Principal	Interest
March 31, 2027	$ 221,578	$ 37,287
2028	237,329	21,536
2029	167,567	5,011
	$ 626,474	$ 63,834

TBL
THOMSON BROCK
LUGER & COMPANY
Certified Public Accountants and Business Advisors

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ANN MARIE BACHMAN, C.P.A.
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CLAIRE BING, C.P.A.

HAROLD A. BROCK, JR. (Retired)
W. FREDERICK THOMSON, (1943-2024)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Public Safety Academy Housing, Inc.
Havana, Florida

We have audited, 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, the financial statements of Public Safety Academy Housing, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of March 31, 2026 and 2025, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated August 20, 2026.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Public Safety Academy Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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.

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Our consideration of the internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Public Safety Academy Housing, Inc. are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Thomas Brock Lugel + Company

Tallahassee, Florida
August 20, 2026