Pasco-Hernando
State College Foundation, Inc.

A Component Unit of Pasco-Hernando State College

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025 AND 2024

King & Walker, CPAs, PL

Certified Public Accountants

THIS PAGE IS INTENTIONALLY BLANK.

PASCO-HERNANDO STATE COLLEGE FOUNDATION, INC.

TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis – (Unaudited)	4
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13
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*	27

KING & WALKER
CERTIFIED PUBLIC ACCOUNTANTS

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd., Suite 106
Tampa, FL 33618
office (813) 892-4274 *fax* (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors
Pasco-Hernando State College Foundation, Inc.
New Port Richey, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Pasco-Hernando State College Foundation, Inc. ("Foundation"), a component unit of Pasco-Hernando State College, as of and for the years ended December 31, 2025, and 2024, 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 business-type activities of the Pasco-Hernando State College Foundation, Inc., as of December 31, 2025, and 2024, and the respective changes in financial position and cash flows thereof for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 GAAS 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 GAAS 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report April 24, 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 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.



April 24, 2026
Tampa, Florida

The management of Pasco-Hernando State College Foundation, Inc. (the Foundation) presents this Management's Discussion and Analysis (MD&A) to provide a narrative overview and analysis of the Foundation's financial activities for the year ended December 31, 2025. This report includes comparative information for the years ended December 31, 2024, and 2023.

The purpose of this discussion is to help readers identify and understand the significant issues and changes in the Foundation's financial condition. It is important to read this information alongside the accompanying audited financial statements and the notes to those financial statements. Both the financial statements and the notes, along with this MD&A, were prepared by management and are the responsibility of management.

The Foundation is a component unit of Pasco-Hernando State College.

FINANCIAL HIGHLIGHTS

In 2025, the financial landscape was significantly influenced by strong investments in AI, persistent inflation, fluctuating tariff rates, and high interest rates. It was also a robust year for investments. This year marked another important transition for both the College and the Foundation, as Dr. Eric Hall began his tenure as the sixth president of Pasco-Hernando State College. An alumnus of the college, Dr. Hall has already begun implementing several strategic changes to the College's structure.

During the year ending December 31, 2025, the Foundation's investment portfolio achieved a 12.1% return, net of fees. This is an improvement compared to a positive return of 10.0% in the prior year and a positive return of 7.71% two years ago. As a result, the Foundation's total net position, which represents the difference between total assets and total liabilities, increased from $74.2 million to $81.5 million by December 31, 2025. This growth was mainly fueled by both realized and unrealized gains in the markets.

The Foundation's revenue from donor contributions and fundraising totaled over $1.6 million for the year ended December 31, 2025. This represents a 48% increase compared to a 60% decrease in 2024. Included in the donor contributions was a $500,000 contribution from a strategic healthcare partner. During the year ended December 31, 2025, the Foundation provided support to campus needs through scholarships and grants amounting to $2.34 million, while in 2024, this support was $2.01 million.

Scholarships awarded increased from $1,117,742 in 2024 to $1,725,733 in 2025. The significant rise in 2025 was partly due to additional awards given in the spring to compensate for the shortfall of scholarships awarded in the fall of 2024. This shortfall was caused by the need to award scholarships manually in the new Banner system until automation became fully operational. The combination of this support for the College, along with other operating expenses, resulted in an operating loss of $1,617,494 for the year ended December 31, 2025, compared to an operating loss of $1,677,219 for the year ended December 31, 2024. However, due to positive investment returns in 2025, the Foundation achieved a non-operating gain of $8.8 million compared to $6.7 million in 2024. Additionally, new donations to permanent endowments totaled $99,470 for the year ended December 31, 2025.

The Foundation anticipates fluctuations in both contribution revenue and investment results from year to year. Significant contributions may occasionally come from donors with whom we have developed relationships over many years. The timing of these contributions is often unpredictable

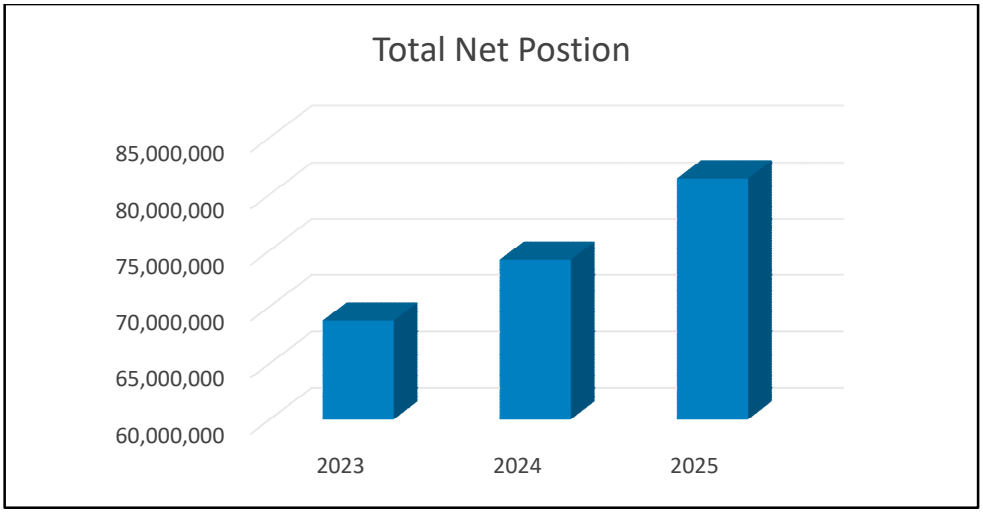
and may align with specific campus initiatives. Additionally, since the Foundation manages the endowment portfolio with a long-term goal of capital appreciation, it is normal and expected for there to be variations in any single year.

Presentation

The Foundation presents its financial report in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), which focuses the reader of the financial reports on the Foundation's overall financial condition, and changes in net position and cash flow, taken as a whole.

Condensed Statement of Net Position

	12-31-2025	Change		12-31-2024	Change		12-31-2023
ASSETS							
Current Assets	$ 4,872,754	$ 1,136,066	30%	$ 3,736,688	$ (2,525,380)	-40%	$ 6,262,068
Property and Equipment, net	56,691	(796)	-1%	57,487	(233,365)	-80%	290,852
Noncurrent Assets, other	77,011,552	6,329,984	9%	70,681,568	7,595,497	12%	63,086,071
Total Assets	$ 81,940,997	$ 7,465,254	10%	$ 74,475,743	$ 4,836,752	7%	$ 69,638,991
LIABILITIES							
Current and Other Liabilities	$ 479,207	$ 224,376	88%	$ 254,831	$ (611,817)	-71%	$ 866,648
Total Liabilities	479,207	224,376	88%	254,831	(611,817)	-71%	866,648
NET POSITION							
Restricted							
Expendable	47,197,196	6,710,231	17%	40,486,965	4,231,263	12%	36,255,702
Nonexpendable	29,027,775	93,859	0%	28,933,916	727,577	3%	28,206,339
Unrestricted	5,236,819	436,788	9%	4,800,031	489,728	11%	4,310,303
Total Net Position	81,461,790	7,240,878	10%	74,220,912	5,448,568	8%	68,772,344
Total Liabilities and Net Position	$ 81,940,997	$ 7,465,254	10%	$ 74,475,743	$ 4,836,751	7%	$ 69,638,992



The Statement of Net Position encompasses all the assets and liabilities of the Foundation. Net position is a valuable indicator of the Foundation's financial health over time. Several factors related to the Foundation's financial operations contributed to the change in net position for the year ending December 31, 2025.

The Condensed Statement of Net Position presents the Foundation's assets, liabilities, and net position as of December 31 for the years 2025, 2024, and 2023. The Foundation's current assets primarily consist of cash and cash equivalents, investments, and interest receivable.

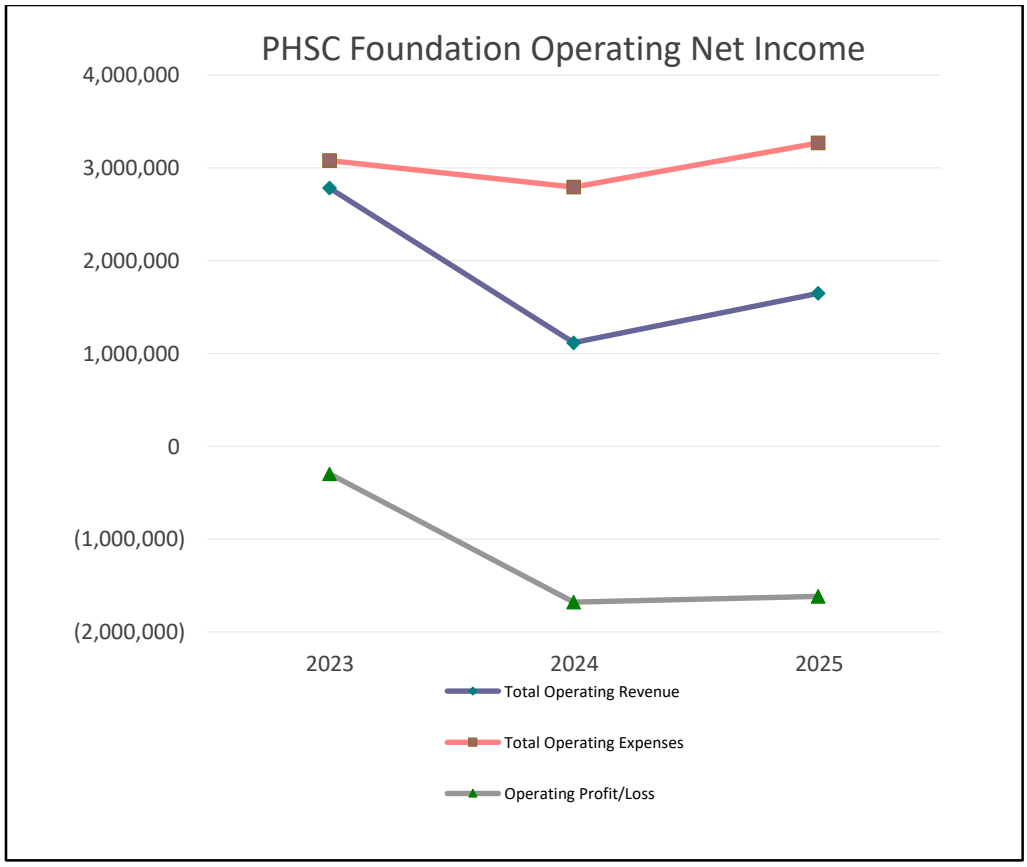
In 2025, current assets increased by $1,136,066, or 30%, while in 2024 they decreased by $2,525,380, or 40%. This increase was due to cash and cash equivalents increasing by approximately $1.1 million in 2025, and current investments by $144,000.

Noncurrent assets mainly include endowment investments, land, property, equipment, and long-term receivables. These assets increased by 9%, rising to $77.0 million from $70.7 million in the previous year.

Current liabilities consist of accrued and unpaid scholarships and program costs at the end of the year, as well as deferred revenue and deferred liabilities. Current liabilities increased by 88%, or $224,376, compared to the previous year, largely due to outstanding invoices and an increase in the College's year-end invoice.

Condensed Statement of Revenues, Expenses, and Change in Net Position

	12-31-2025	Change		12-31-2024	Change		12-31-2023
Operating Revenues and Expenses							
Contributions and Other	$ 1,648,943	$ 532,351	48%	$ 1,116,592	$ (1,666,961)	-60%	$ 2,783,553
Operating Expenses	3,266,437	472,626	17%	2,793,811	(285,984)	-9%	3,079,795
Operating (Loss)	(1,617,494)	59,725		(1,677,219)	(1,380,977)	466%	(296,242)
Nonoperating Revenue	8,758,902	2,036,014	30%	6,722,888	1,733,226	35%	4,989,662
Additions to Permanent Endowments	99,470	(303,429)	-75%	402,899	337,492	516%	65,407
Change in Net Position	7,240,878	1,792,310		5,448,568	689,741	14%	4,758,827
Net Position, beginning of year	74,220,912	5,448,568	8%	68,772,344	4,758,827	7%	64,013,517
Net Position, end of year	$ 81,461,790	$ 7,240,878	10%	$ 74,220,912	$ 5,448,568	8%	$ 68,772,344



The Statement of Revenues, Expenses, and Change in Net Position provides an overview of revenues earned and expenses incurred during the year, categorized as operating, nonoperating, or additions to permanent endowments. Incoming gifts to the Foundation are reported as operating revenue, while grants made to the College are classified as operating expenses. Additionally, the results of investments are recorded as nonoperating income or expense.

The Condensed Statement of Revenues, Expenses, and Change in Net Position summarizes the operating and non-operating revenues and expenses, as well as additions to permanent endowments, for the years ending December 31, 2025, 2024, and 2023. For the year ending December 31, 2025, the organization reported a net operating loss of $1.62 million. This is a decrease in the loss compared to $1.68 million for the year ending December 31, 2024, and an increase from a loss of $296,242 for the year ending December 31, 2023.

During the year ended December 31, 2025, operating revenue included approximately $1.65 million in contributions and other revenues. This represents a 48% increase compared to the year ended December 31, 2024, when contributions decreased by approximately $1.7 million, or 60%, from the year ended December 31, 2023. These contributions result from long-term donor cultivation as well as specific appeals for immediate needs, and they are not entirely predictable.

During the year ended December 31, 2025, operating expenses amounted to $3.3 million, reflecting an increase of $472,626 compared to the year ended December 31, 2024. In 2024, operating expenses fell by $285,984 compared to the year ended December 31, 2023. A significant portion of the operating expenses includes grants made by the Foundation to the College in response to funding requests from intended campus beneficiaries. These grants are allocated for purposes that align with the donor restrictions associated with contributions, supporting various college programs and needs, including student aid and general departmental assistance. Typically, the disbursement of grants to the College lags behind the timing of incoming contribution revenues and endowed payouts. This lag can vary from a short period to several years. The annual changes in grant amounts given to the College depend on the College's needs for the funds and the timing of expenditures on capital projects funded by contributions. As a result of these factors, operating expenses have exceeded contribution revenue in the fiscal years ending December 31 for 2025, 2024, and 2023, leading to operating losses in all three years.

Nonoperating revenues consist of net investment income and the net appreciation or depreciation of investments for both unrestricted and restricted expendable funds. For the year ending December 31, 2025, nonoperating revenues increased by $2.04 million, representing a 30% rise compared to the year ending December 31, 2024. In contrast, nonoperating revenues for the year ending December 31, 2024, increased by $1.73 million, or 35%, compared to the year ending December 31, 2023. These fluctuations from year to year are primarily due to changes in the market.

During the year ended December 31, 2025, endowed gifts contributed an additional $99,470 to the Foundation's net position, a significant decrease from the $402,899 received in the year ended December 31, 2024. Increasing both the number of gifts and the overall value of the endowment is crucial for the Foundation. The size of the endowment directly influences the availability of permanent resources that benefit the College and its students.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Several factors can significantly influence future periods, particularly the condition of financial markets and the overall economy, including ongoing inflation, tariffs and trade negotiations with foreign countries. These elements affect investment values and can impact charitable contributions. The Foundation Board members continuously monitor the state of the economy, its direct effect on overall giving, and the investment pool.

Private support has become an increasingly important source of revenue for students and the various campuses. The Foundation expects a higher rate of utilization of its held funds in the future.

USING THE INFORMATION IN THE FINANCIAL REPORT

The Foundation's financial statements follow this discussion and analysis. The annual report includes a series of financial statements that are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. These statements provide insights into the Foundation's overall financial condition, changes in net position, and cash flows, considered as a whole.

One of the most important questions asked regarding the Foundation's finances is whether its overall situation has improved or worsened due to the year's activities. To understand this question, it is essential to examine the Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position, and the Statement of Cash Flows. These statements present financial information in a format similar to that used by private sector companies. The Foundation's net position, which is the difference between its assets and liabilities, serves as one indicator of the Foundation's financial health, particularly when considered alongside other non-financial information.

The Statement of Net Position reports assets, liabilities, and net position as of December 31, 2025, and 2024. The balances are a reflection of activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the Statement of Revenues, Expenses, and Change in Net Position. The balances are presented as either current (expected to be realized in 12 months) or noncurrent in nature.

The Statement of Revenues, Expenses, and Change in Net Position showcases the operational results for the years ending December 31, 2025, and 2024. Activities are categorized as operating, nonoperating, or additions to permanent endowments. Non-endowed gifts are recorded as operating revenue, while investment results are classified as nonoperating revenue. Both the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position are prepared using the accrual basis of accounting.

The remaining required statement is the Statement of Cash Flows which details the sources and uses of funds, effectively accounting for the change in cash and cash equivalent balances for the reporting period.

The notes to the financial statements offer crucial information and detailed explanations that are necessary for a complete understanding of the data presented in the financial statements. You can find these notes immediately after the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dr. Lisa Richardson, Vice President of Advancement, Pasco-Hernando State College Foundation, 10230 Ridge Road, New Port Richey, FL 34654-5199.

PASCO-HERNANDO STATE COLLEGE FOUNDATION, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current Assets:		
Cash and Cash Equivalents	$ 4,400,446	$ 3,373,979
Investments	168,651	24,962
Interest Receivable	219,350	219,593
Pledges Receivable	-	22,063
State Matching Grants Receivable	27,000	26,397
Deposits in Transit	10,448	28,333
Prepaid Expenses and Other Current Assets	46,859	41,361
Total Current Assets	4,872,754	3,736,688
Noncurrent Assets:		
Property and Equipment, net	56,691	57,487
Investments	47,983,776	41,747,651
Endowment Investments	29,027,775	28,933,916
Long-Term Receivables	1	1
Total Noncurrent Assets	77,068,243	70,739,055
TOTAL ASSETS	$ 81,940,997	$ 74,475,743

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts Payable	$ 137,298	$ 40,480
Due to Pasco-Hernando State College	295,964	160,561
Deferred Revenue	45,945	53,790
Total Current Liabilities	479,207	254,831
Net Position:		
Restricted:		
Expendable	47,197,196	40,486,965
Nonexpendable	29,027,775	28,933,916
Unrestricted	5,236,819	4,800,031
Total Net Position	81,461,790	74,220,912
TOTAL LIABILITIES AND NET POSITION	$ 81,940,997	$ 74,475,743

The Notes are an integral part of these financial statements.

PASCO-HERNANDO STATE COLLEGE FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For The Years Ended DECEMBER 31, 2025 and 2024

	2025	2024
Operating Revenues:		
Contributions	$ 955,619	$ 430,669
State Matching Grant Funds	64,000	52,794
Fundraising	112,057	38,874
In-Kind Contributions	517,267	594,255
Total Operating Revenue	1,648,943	1,116,592
Operating Expenses:		
Program Services:		
Scholarships	1,725,733	1,177,742
Staff & Program Development	616,383	832,139
Total Program Services	2,342,116	2,009,881
Support Services:		
Fundraising	159,967	43,690
Administrative Expenses	254,296	160,671
Depreciation	796	796
In-Kind Personnel Services	509,262	578,773
Total Support Services	924,321	783,930
Total Operating Expenses	3,266,437	2,793,811
OPERATING PROFIT/(LOSS)	(1,617,494)	(1,677,219)
Nonoperating Revenues:		
Investment income, net of fees	7,361,212	1,939,146
Net Unrealized Gain/(Loss) of Investments	1,397,690	4,783,742
Total Nonoperating Revenues	8,758,902	6,722,888
Income before additions to Permanent Endowments	7,141,408	5,045,669
Additions to Permanent Endowments:		
Contributions	99,470	402,899
Total Additions to Permanent Endowments	99,470	402,899
CHANGE IN NET POSITION	7,240,878	5,448,568
NET POSITION - BEGINNING	74,220,912	68,772,344
NET POSITION - ENDING	$ 81,461,790	$ 74,220,912

The Notes are an integral part of these financial statements.

PASCO-HERNANDO STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For The Years Ended DECEMBER 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Contributions from donors and grantors	$ 1,171,181	$ 1,734,388
Payments to vendors	(322,943)	(208,145)
Payments for scholarships	(1,725,733)	(1,177,742)
Payments for programs	(480,980)	(1,474,011)
Net cash provided/(used) by operating activities	(1,358,475)	(1,125,510)
Cash flows from noncapital financing activities:		
Endowment contributions	99,470	402,899
Net cash provided by noncapital financing activities	99,470	402,899
Cash flows from capital and related financing activities:		
Sale of Capital Assets	-	232,569
Net cash (used) by capital and related financing activities	-	232,569
Cash flows from investing activities:		
Proceeds from sale of investments	20,890,767	39,414,475
Purchase of investments	(21,219,687)	(42,030,904)
Cash received from investment income, net of fees	2,614,392	1,683,842
Net cash provided/(used) by investing activities:	2,285,472	(932,587)
Net Change in Cash and Cash Equivalents	1,026,467	(1,422,629)
Cash and Cash Equivalents - beginning of year	3,373,979	4,796,608
Cash and Cash Equivalents - end of year	$ 4,400,446	$ 3,373,979

Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:

Operating Profit/(Loss)	$ (1,617,494)	$ (1,677,219)
Adjustments to reconcile the operating loss to net cash provided/(used) by operating activities:		
Depreciation expense	796	796
Change in assets and liabilities:		
Accounts receivable	39,948	1,161,859
State matching grants receivable	(603)	1,301
Prepaid expenses	(5,498)	(430)
Accounts payable	232,221	(645,856)
Deferred revenue	(7,845)	34,039
Net cash used by operating activities	$ (1,358,475)	$ (1,125,510)

The Notes are an integral part of these financial statements.

1. DESCRIPTION OF ORGANIZATION

Pasco-Hernando State College Foundation, Inc. ("Foundation") is a nonprofit corporation based in Florida, established in December 1975. It is governed by a 19-member board. The Foundation primarily serves as an advocate for Pasco-Hernando State College ("College") and encourages charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts contributions to enhance the College's diverse teaching and public service programs, support capital projects, and facilitate other related improvements. In addition, The Foundation provides an avenue for cultural events through the support of theater and art programs.

The College provides the necessary resources to cover facility costs, administration, and some personnel expenses. The Foundation's main expenditures are related to operations, including personnel costs, scholarships for students attending Pasco-Hernando State College, and funding for staff and program development that support campus needs, all while adhering to donor restrictions on gifts.

As a direct support organization for the College, the Foundation's financial statements are included in the College's financial statements as a component unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is presented below:

- ***Basis of Accounting***

  The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule, the effects of interfund activities have been eliminated from the Foundation's financial statements.

  The Foundation reports as an entity engaged in one business-type activity.

- ***Classification of Current and Noncurrent Assets and Liabilities***

  The Foundation defines assets as current if they are held as cash or can be easily converted to cash within 12 months of the Statement of Net Position date and are available for meeting operating needs or paying current liabilities. Similarly, liabilities are considered current if they are expected to be due and paid within 12 months of that same date, as part of normal Foundation business operations. All other assets and liabilities are classified as noncurrent.

- ***Cash and Cash Equivalents***

  The Foundation's cash and cash equivalents consist of cash in banks, money market accounts, and cash held in investment accounts, which are used to deposit Foundation contribution receipts and make transfers to the College to expend in accordance with donor restrictions. The Foundation considers all resources invested in money market funds, certificates of deposit and highly liquid debt instruments issued with a maturity of three months or less to be cash equivalents.

- ***Investments***

  Investments are carried at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ). In the case of pooled funds or mutual funds, the fair value is determined by multiplying the number of units held in the pool by the prices per unit share as quoted by the broker and/or investment manager. The net change in fair value of investments consists of both realized and unrealized gain and loss on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

- ***Property and Equipment***

  Acquisitions of property and equipment are recorded at cost, while donated equipment and tangible property are recorded at their fair market value at the time of donation. Depreciation is applied over the estimated useful lives of the assets using the straight-line method. Tangible property, such as works of art, is considered part of a collection and is not subject to depreciation.

- ***Net Position***

  The Foundation's net position is classified into the following net asset categories:

  Restricted – nonexpendable: Assets subject to externally imposed conditions that the Foundation will retain in perpetuity. This classification of net position represents the net corpus of true donor-restricted endowed funds. Generally, the donors of these assets permit the Foundation to use all, or part of the income earned on any related investments for general or specific purposes. To the extent that the market value of a fund is below its historical cost (corpus), the difference is recorded as restricted-expendable in the Statement of Net Position.

  Restricted – expendable: Assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. These assets may include accumulated appreciation on the endowment funds, accumulated endowment spending allocations, and restricted expendable funds.

  Unrestricted – All other categories.

- ***Classification of Revenue and Expenses***

  The Foundation considers operating revenue and expenses in the Statement of Revenues, Expenses and Changes in Net Position to be revenue and expenses that result from activities that are connected directly to the Foundation's primary functions. Such transactions include grants the Foundation makes to the College. The Foundation has no revenue from exchange transactions that would be considered operating revenue. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 34. These non-operating activities include the Foundation's noncapital financing activities and net investment income.

- ***Contributions and Pledges***

  Contributions are recognized when a donor makes an unconditional promise to give to the Foundation. If a donor imposes restrictions on the contribution, these are reported as an increase in unrestricted net position only if the restriction expires within the same reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in either expendable or nonexpendable net position, depending on the nature of the restriction. When a restriction expires, any net position that was restricted - expendable is reclassified to unrestricted net position.

  Investment income and net realized or unrealized gains or losses on restricted contributions are recorded as increases or decreases to net position, either restricted - expendable or nonexpendable, in accordance with donor stipulations.

  Unconditional promises to donate cash or other assets to the Foundation in the future are recorded as contribution revenue and pledges receivable. If management anticipates that the cash from these pledges will be received more than one year from now, both the contribution revenue and the pledges receivable are discounted for the time value of money.

- ***Donated Items***

  The fair value of donated securities, materials, services, small equipment, land, and other nonmonetary items is recorded in the financial statements as contributions at the time of the donation.

  Employees of the College manage the Foundation. The expenses covered by the College are recognized as in-kind contribution revenue and expenses. Additionally, the College provides office space for the Foundation.

- ***Expenses***

  The expenses of the Foundation are allocated between Program Services and Support Services.

  Program Services:

  Program services include scholarships as well as expenses for staff and program development paid to the College. These scholarships and expenses are recognized as liabilities and expenses when the commitment to pay is made, rather than when the cash is actually disbursed.

Support Services:

Support services encompass the operating expenses associated with fundraising, administration, depreciation, and in-kind support. Administrative expenses cover the costs of running the Foundation's offices, which includes collecting, processing, and maintaining financial and legal information. Fundraising costs refer to the expenses related to the direct solicitation of contributions to the Foundation.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Foundation's policy is to apply restricted resources first.

- ***Income Tax***

The Foundation is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to Federal or state income taxes. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation Section 509(a)(1). However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in the furtherance of the purpose for which the Foundation is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

- ***Use of Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that impact certain reported amounts and disclosures. Consequently, actual results may differ from these estimates.

- ***Subsequent Events***

Management has reviewed all events that occurred after the balance sheet date and up to the report date, which is when these financial statements were made available for issuance. They continue to assess the effects of fluctuations in the investment market, as well as the impacts of inflation, tariffs and trade negotiations with other countries. While it is reasonably possible that these factors could negatively affect the organization's financial position, operational results, and/or cash flows, the specific impact cannot be determined as of the date of these financial statements. Therefore, no adjustments have been made to the financial statements to reflect this uncertainty.

3. *CASH, CASH EQUIVALENTS, AND INVESTMENTS*

In accordance with GASB Statement No. 40, Deposits and Investment Risk Disclosure, (GASB 40) the Foundation's investments are reported by investment type at fair value in the table below. GASB 40 also requires disclosure of various types of investment risk based on the type of investment, as well as, stated policies adopted by the Foundation to manage the risk.

The Foundation's cash, cash equivalents, and investments consist of the following as of December 31, 2025, and 2024:

	2025	2024
Cash and Cash Equivalents:		
Commercial Banks	$ 1,219,497	$ 810,293
Money Market Funds	3,180,949	2,563,686
Total Cash and Cash Equivalents	4,400,446	3,373,979
Investments:		
U.S Government Obligations	5,879,895	6,682,406
Federal Agency Obligations	2,558	4,472
Corporate Bonds & Notes	8,013,458	6,956,099
Asset Backed Securities	117,764	148,653
Mortgage Backed Securities	5,776,094	4,716,138
Mutual Funds	48,496,273	43,217,177
Stocks and Equity Securities	9,065,059	9,150,946
CFTB Investment Pool	48,451	50,231
Total Investments	77,399,552	70,926,122
Total Cash, Cash Equivalents, and Investments	81,799,998	74,300,101
Current - Cash and Cash Equivalents	$ 4,400,446	$ 3,373,979
Current - Investments	388,001	244,555
Noncurrent - Investments	77,011,551	70,681,567
Total	$ 81,799,998	$ 74,300,101

Fair Value Measurement

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing and asset or liability) as follows:

- Level 1 Input Valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume);
- Level 2 Input Valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3 Input Valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data.

Foundation Investments at fair value, as of December 31, 2025, and 2024, are classified as follows:

2025

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Government Obligations	$ 5,879,895	$ 5,879,895	$ -	$ -
Federal Agency Obligations	2,558	2,558	-	-
Corporate Bonds & Notes	8,013,458	8,013,458	-	-
Asset Backed Securities	117,764	117,764	-	-
Mortgage Backed Securities	5,776,094	5,776,094	-	-
Total Debt Securities	19,789,770	19,789,770	-	-
Equities:				
Mutual Funds	48,496,272	48,496,273	-	-
Stocks	9,065,059	3,708,428	-	5,356,631
Total Equities	57,561,331	52,204,701	-	5,356,631
CFTB Investment Pool	48,451	48,451	-	-
TOTAL INVESTMENTS	$ 77,399,552	$ 72,042,922	$ -	$ 5,356,631

2024

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Government Obligations	$ 6,682,406	$ 6,682,406	$ -	$ -
Federal Agency Obligations	4,472	4,472	-	-
Corporate Bonds & Notes	6,956,099	6,956,099	-	-
Asset Backed Securities	148,653	148,653	-	-
Mortgage Backed Securities	4,716,138	4,716,138	-	-
Total Debt Securities	18,507,768	18,507,768	-	-
Equities:				
Mutual Funds	43,217,177	43,217,177	-	-
Stocks	9,150,946	3,373,462	-	5,777,484
Total Equities	52,368,123	46,590,639	-	5,777,484
CFTB Investment Pool	50,231	50,231	-	-
TOTAL INVESTMENTS	$ 70,926,122	$ 65,148,638	$ -	$ 5,777,484

The following schedules show the maturities for the Foundation's investments in debt securities and mutual funds:

2025

	Investment Maturities (In Years)				
Investment	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Government Obligations	$ 5,879,895	$ -	$ 1,210,688	$ 2,971,966	$ 1,697,241
Federal Agency Obligations	2,558	-	2,558	-	-
Corporate Bonds and Notes	8,013,458	142,888	3,767,275	3,164,853	938,442
Asset Backed Securities	117,764	785	35,624	54,645	26,710
Mortgage Backed Securities	5,776,094	-	10,198	1,778,910	3,986,986
Mutual Funds	48,496,273	48,496,273	-	-	-
Total	$ 68,286,042	$ 48,639,946	$ 5,026,343	$ 7,970,374	$ 6,649,379

2024

	Investment Maturities (In Years)				
Investment	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Government Obligations	$ 6,682,406	$ -	$ 2,678,574	$ 2,976,436	$ 1,027,396
Federal Agency Obligations	4,472	-	4,472	-	-
Corporate Bonds and Notes	6,956,099	-	2,859,267	2,604,790	1,492,042
Asset Backed Securities	148,653	748	54,476	64,482	28,947
Mortgage Backed Securities	4,716,138	-	15,461	1,362,724	3,337,953
Mutual Funds	43,217,177	43,217,177	-	-	-
Total	$ 61,724,945	$ 43,217,925	$ 5,612,250	$ 7,008,432	$ 5,886,338

Investment income from these investments for the years ended December 31, 2025, and 2024 is summarized as follows:

	2025	2024
Net capital gains/(loss) on investments	$ 4,533,794	$ (230,000)
Interest and dividends	3,056,307	2,420,970
Investment fees and taxes	(228,889)	(251,824)
Total	$ 7,361,212	$ 1,939,146

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Foundation has adopted a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate Risk

Interest rate risk refers to the possibility that the value of fixed-income securities will decrease as interest rates rise. Fixed-income securities with longer maturities are usually more sensitive to changes in interest rates and, consequently, tend to be more volatile than those with shorter maturities.

The Foundation's investment policy aims to manage risk by maintaining substantial balances in cash equivalents and other short-term investments. This strategy is effective because changing interest rates have a limited impact on the prices of these securities. Additionally, the policy restricts the duration of bond investments to between 80% and 120% of the fixed income benchmark.

The Foundation's investment policy stipulates that fixed income securities must have a rating of Baa2 or higher from Moody's, or BBB (mid) or higher from Standard and Poor's. Additionally, if any investment is downgraded below this minimum rating, it must be sold within 10 trading days.

Credit Risk

Fixed income securities carry credit risk, which is the risk that a bond issuer might fail to make timely interest or principal payments. Additionally, negative perceptions regarding the issuer's ability to meet these obligations can lead to a decline in bond prices. Various factors can contribute to this risk, including financial instability, bankruptcy, litigation, or adverse political events.

The credit quality of a bond reflects the issuer's ability to pay interest and, ultimately, to repay the principal. This quality is assessed by independent bond rating agencies, such as Moody's Investor Service or Standard & Poor's. Generally, a lower bond rating indicates a higher probability of default or failure to meet payment obligations. Consequently, bonds with lower credit ratings typically offer higher yields to compensate investors for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, have little or no credit risk. The Foundation maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

2025	Ratings		
Investment	Standard & Poor's	Moody's	Percentage of total Debt Securities Investments
U.S. Government Obligations	AA+	Aa1	30%
Federal Agency Obligation	N/A	N/A	0%
Corporate Bonds and Notes	AA - BBB	A1 - Baa2	40%
Asset Backed Securities	AAA - AA+	Aaa - Aa1	1%
Mortgage Backed Securities	AA+	Aa1	29%

2024	Ratings		
Investment	Standard & Poor's	Moody's	Percentage of total Debt Securities Investments
U.S. Government Obligations	AA+	Aaa	36%
Federal Agency Obligation	N/A	N/A	0%
Corporate Bonds and Notes	AA - BBB	A1 - Baa2	38%
Asset Backed Securities	AAA - AA+	Aaa	1%
Mortgage Backed Securities	AAA - AA+	Aaa	25%
Taxable Munis	N/A	N/A	0%

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the Foundation to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae and government agencies are not considered by management to be a concentration of credit risk. The Foundation's investment policy limits the amount of investment with any one issuer to 5% of an investment manager's equity portfolio except for investments in: U.S. government guaranteed investments, mutual funds, external investment pools, and other pooled investments. In addition, investment in non-government bonds shall be limited to 2% of the total bond portfolio.

From time to time, the Foundation holds deposits in excess of the amount insured by the Federal Insurance Corporation. Management believes that the risk of loss on these deposits is remote.

Custodial Credit Risk

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Foundation, and are held by either: the counterparty or the counterparty's trust department or agent but not in the Foundation's name.

These securities registered in the Foundation's name are, according to industry standard, held in "book entry" format per our investment management agreements with individual financial institutions managing those assets.

The Foundation's investment policy states that custodial credit risk for deposits will be mitigated by limiting deposits to the amount insured by FDIC per banking institutions. Custodial credit risk for investments will be mitigated by prohibiting as investments those securities that are not eligible for Depository Trust Corporation (DTC) holdings.

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The Foundation's investment policy limits foreign investments to 15% of the manager's portfolio and prohibits the use of non-Depository Trust Corporation (DTC) eligible securities. As of December 31, 2025, and 2024, the portfolio does not hold any foreign bonds.

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following as of December 31, 2025, and 2024:

	2025		
	< 1 year	1 - 5 years	> 5 years
Pledges Receivable	$ 258,600	$ -	$ -
Allowance for Doubtful Pledges	(258,600)	-	-
Unamortized Discount on Pledges	-	-	-
Pledges Receivable, net	$ -	$ -	$ -

	2024		
	< 1 year	1 - 5 years	> 5 years
Pledges Receivable	$ 279,766	$ -	$ -
Allowance for Doubtful Pledges	(256,600)	-	-
Unamortized Discount on Pledges	(1,103)	-	-
Pledges Receivable, net	$ 22,063	$ -	$ -

Pledges receivable are reflected at the present value of future cash flows using a discount rate of 5% for 2024. All pledges receivable for 2025 have been written off to allowance for doubtful pledges.

5. LONG TERM RECEIVABLES

The Foundation received as a gift, a 50 percent interest in an approximtely 8 year mortgage note valued at $234,924 in December 2010. In the fiscal year ended December 2013, the Board elected to write down the unamortized value of the note to $1. The Board determined the value of the mortgage note was overstated, as there is no ready market in which to sell the note, and efforts to collect scheduled payments have met with little success. The unamortized balance of principal plus accrued interest on the note before write-down was $120,719. Efforts to collect on the balance will be continued, and subsequent payments have been received and recorded as current gifts.

6. STATE MATCHING GRANTS RECEIVABLE

The Foundation qualifies as a recipient of state matching funds under the Dr. Philip Benjamin Matching Program for Community Colleges. Under the grant agreement, the Foundation receives dollar-for-dollar matching funds from the State of Florida for all contributions that are restricted to financial aid and scholarships. All other contributions received are matched on a $4 for $6 basis. The primary use of these funds is to benefit future as well as students currently enrolled at the College and to improve the quality of education. The Foundation records these funds as either net position restricted – expendable or net position restricted – nonexpendable (permanent endowments), depending on the restriction of the contribution they are matching.

Donations of $2,814,713 that were received and deposited by June 29, 2011, are eligible for $2,588,604 of State matching funds for which the Foundation requested. The State Legislature has not appropriated funding for this program since 2007. Due to the significant backlog of unmatched gifts, the 2011 Legislature decided to enact a freeze on matching any new donations received on or after June 30, 2011, until at least $200 million of the existing backlog has been paid down

Existing eligible donations remain eligible for future matching funds. New contributions received from February 2, 2023, to February 1, 2024, are $2,012,093, and contributions received from February 2, 2024, to February 1, 2025, are $774,444.

The Foundation is also eligible to receive a $2 for $1 match of private donations for the First-Generation Matching Grant Program, which provides scholarships for students who are the first in their family to attend College. The Foundation received eligible private donations totaling $27,000 as of December 1, 2025, which were eligible for a 2:1 match of $54,000 from the State of Florida. As of December 31, 2025, $27,000 is shown as State match receivable on the Statement of Net Position.

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025, and 2024 are shown below:

	2025	2024
Land	$ -	$ -
Mineral Rights	1	1
Equipment	15,399	15,399
Tangible Property, not depreciated	56,293	56,293
Total	71,693	71,693
less: Accumulated Depreciation	(15,002)	(14,206)
Total Property and Equipment	$ 56,691	$ 57,487

Depreciation expense for the year ended December 31, 2025, and 2024 was $796 each year.

8. CONTINGENCY – UNPAID PROPERTY TAXES ON MINERAL RIGHTS

The Foundation owns mineral rights, which are considered held for investment purposes per the respective counties in which they are located. Therefore, these counties are assessing property taxes against the Foundation for these mineral rights.

The Foundation Board does not feel that the potential value of these mineral rights warrants the payment of the taxes assessed and has elected not to pay these taxes. If the taxes are not paid within one year of assessment, the counties have the authority to sell tax certificates using the mineral rights as collateral. If the taxes are not paid within three years of assessment, the respective counties may, at the option of the certificate holder, put the mineral rights up for auction. At that time, the Foundation would be forced to either pay the taxes and accrued interest on the tax certificates or forfeit the ownership of the mineral rights.

In the fiscal year ended June 30, 1992, the Board elected to write down the value of the mineral rights to $1. The Board felt that the balance before the write-down overstated the value of the mineral rights to the Foundation, as there is no ready market in which to sell these rights, and the attempts to sell these rights to the major parcel holders who own the related surface rights have met with little or no success. For these reasons, the Board has elected not to pay the assessed taxes and has elected to write down the recorded value so as not to overstate the potential value of the mineral rights for financial statement reporting purposes.

Recently, several property owners have reached out to the Foundation requesting a release or transfer of mineral rights to allow them to sell their property. The Foundation has agreed to release or transfer the rights, but has requested that the owners voluntarily provide a donation to the Foundation.

9. UNDERWATER ENDOWMENTS

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in one donor-restricted endowed fund, with an original gift value of $20,000, a current fair value of $19,963, and a deficiency of $37 as of December 31, 2025. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds was made.

10. NET POSITION RESTRICTED – NON-EXPENDABLE

Net Position restricted - nonexpendable consist of donor restricted endowments which can be spent as specified by the donor. The net position restricted - nonexpendable as of December 31, 2025, and 2024 are summarized as follows:

	2025	2024
Program support	$ 8,387,763	$ 8,376,160
Scholarships and grants to students	20,569,293	20,487,037
Foundation	70,719	70,719
Total	$ 29,027,775	$ 28,933,916

11. NET POSITION RESTRICTED – EXPENDABLE

Net position restricted – expendable on December 31, 2025, and 2024 were available for the following purposes:

	2025	2024
Program support	$ 20,423,541	$ 17,265,244
Scholarships and grants to students	26,773,655	23,221,721
Foundation	-	-
Total	$ 47,197,196	$ 40,486,965

12. RELATED PARTY TRANSACTIONS

The Foundation is related to the College by virtue of its primary purpose, which is to engage in activities to foster, promote and provide funds to or for the benefit of the College and its students. During the years ended December 31, 2025, and 2024, the Foundation provided scholarships and program expenses to the College in the amounts of $2,342,116 and $2,009,881, respectively.

The College provided the office space and equipment for the Foundation to operate without charge. As these facilities are shared with the College, no objective basis is available to measure their value. It is management’s position that the value of these facilities is insignificant in relation to the entity as a whole.

In 2025, the College also provided five FTE employees for the first six months and three FTE employees for the final six months to operate the Foundation at an estimated cost of $509,262. In 2024, the College provided five FTE employees for the entire year to operate the Foundation at an estimated cost of approximately $578,773. The Foundation picked up the funding for two additional employees for the second half of the year, for a total of 4.5 FTE employees in 2025. In 2024, the Foundation funded 2.5 FTE employees.

13. IN-KIND CONTRIBUTIONS

In-kind contributions are included in contributions in the Statement of Revenues, Expenses, and Change in Net Position. In accordance with Statement of Financial Accounting Standard No. 116, the Foundation recognizes the fair value of contributed services received if such services:

a) Create or enhance nonfinancial assets or
b) Require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The majority of in-kind contributions are from the College in the form of personnel services. In 2024, the College provided five FTE employees for the first six months and three FTE employees for the final six months to operate the Foundation at an estimated cost of $509,262. In 2024, the College provided five FTE employees for the entire year to operate the Foundation at an estimated cost of approximately $578,773.

14. FUTURE PROMISES TO GIVE

The Foundation received endowed agreements for promises to give from donors, in which the Foundation is to receive money over time. In accordance with GASB Statement 33 – Accounting for Financial Reporting for Non-exchange Transactions, the Foundation has not recorded a receivable for these bequests in its financial statements. In accordance with this Statement, the Foundation recognizes revenue from these bequests when the funds are received. As of December 31, 2025, there were no unrecognized bequests outstanding.

15. OVERSIGHT BY PASCO-HERNANDO STATE COLLEGE

As a direct support organization, the Foundation follows the policies and procedures of the College. All contributions made to the Foundation ultimately support the College. Therefore, for reporting purposes, the Foundation is classified as a governmental not-for-profit organization under the standards set by GASB (Governmental Accounting Standards Board) and is reported as a component unit of the College.

16. LEGAL MATTERS

During its regular operations, the Foundation sometimes becomes involved in legal actions and proceedings. Management believes that the final outcomes of these legal matters will not significantly impact the financial statements.

KING & WALKER
CERTIFIED PUBLIC ACCOUNTANTS

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd., Suite 106
Tampa, FL 33618
office (813) 892-4274 *fax* (813) 932-1913
www.KingandWalker.com

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*

Independent Auditor's Report

To the Board of Directors
Pasco-Hernando State College Foundation, Inc.
New Port Richey, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Pasco-Hernando State College Foundation, Inc. ("Foundation"), a component unit of the Pasco-Hernando State College, as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated April 24, 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 opinions 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of 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 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.



April 24, 2026
Tampa, Florida