PENSACOLA STATE COLLEGE FOUNDATION, INC.

A COMPONENT UNIT OF
PENSACOLA STATE COLLEGE

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE
TABLE OF CONTENTS
DECEMBER 31, 2025 AND 2024

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) 4

FINANCIAL STATEMENTS

Statements of Net Position 8

Statements of Revenues, Expenses and Changes in Net Position 9

Statements of Cash Flows 10

Notes to the Financial Statements 11

OTHER INFORMATION

Dr. Philip Benjamin Matching Grant Programs –
Schedule of Revenues, Expenses and Changes in Net Position 28

Florida Community College Scholarship Programs –
Schedule of Revenues, Expenses and Changes in Net Position 29

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* 30

Warren Averett
CPAs AND ADVISORS

350 W Cedar Street, Suite 400
Pensacola, FL 32502
850.435.7400
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Pensacola State College Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pensacola State College Foundation, Inc. [a 501(c)(3) nonprofit corporation], hereinafter referred to as the Foundation, which comprise the statements of net position as of December 31, 2025 and 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, as of December 31, 2025 and 2024, and the changes in net 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 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 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 the 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 Information
Management is responsible for the other information included in the financial statements. The other information comprises the Dr. Philip Benjamin Matching Grant Programs – Schedule of Revenues, Expenses and Changes in Net Position and the Florida Community College Scholarship Programs – Schedule of Revenues, Expenses and Changes in Net Position but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 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, 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.

Warren Averett, LLC

Pensacola, Florida
May 12, 2026

OVERVIEW OF FINANCIAL STATEMENTS

The following management's discussion and analysis (MD&A) provides an overview and analysis of the financial activities of Pensacola State College Foundation, Inc. (the Foundation) for the year ended December 31, 2025, with comparative information for the year ended December 31, 2024. The Foundation is a legally separate Florida not-for-profit corporation and a direct support organization of Pensacola State College (the College). The Foundation exists to encourage, solicit, receive, and administer gifts and bequests of property and funds for educational, scientific, and charitable purposes that support the mission and objectives of the College.

The Foundation's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the related notes to financial statements.

The Statement of Net Position presents the Foundation's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of year-end. The Statement of Revenues, Expenses, and Changes in Net Position presents the Foundation's operating and nonoperating revenues and expenses for the year and shows how the Foundation's net position changed during the year. The Statement of Cash Flows presents information about the Foundation's cash receipts and cash payments related to operating, noncapital financing, and investing activities. The notes to financial statements provide additional detail necessary to understand the amounts reported in the basic financial statements.

As a direct support organization of the College, the Foundation's financial resources are used to support scholarships, programs, equipment, and other initiatives that benefit the College, its students, and the surrounding community.

FINANCIAL SUMMARY

Condensed financial information for the Foundation as of and for the years ended December 31, 2025, 2024 and 2023 is presented below:

	December 31, 2025	December 31, 2024	2025-2024 Dollar Change	2025-2024 Percentage Change	December 31, 2023	2024-2023 Dollar Change	2024-2023 Percentage Change
ASSETS							
Current	$ 32,503,307	$ 29,072,215	$ 3,431,092	11.8%	$ 25,574,382	$ 3,497,833	13.7%
Noncurrent	21,740,615	20,086,872	1,653,743	8.2%	18,799,199	1,287,673	6.8%
TOTAL ASSETS	$ 54,243,922	$ 49,159,087	$ 5,084,835	10.3%	$ 44,373,581	$ 4,785,506	10.8%
LIABILITIES							
Current	$ 176,795	$ 102,599	$ 74,196	72.3%	$ 147,420	$ (44,821)	-30.4%
Noncurrent	-	161,481	(161,481)	-100.0%	154,630	6,851	4.4%
TOTAL LIABILITIES	176,795	264,080	(87,285)	-33.1%	302,050	(37,970)	-12.6%
DEFERRED INFLOWS OF RESOURCES							
Split-interest agreements	2,100,953	1,914,511	186,442	9.7%	1,786,323	128,188	7.2%
NET POSITION							
Unrestricted	2,372,885	2,042,138	330,747	16.2%	2,080,354	(38,216)	-1.8%
Restricted:							
Expendable	29,749,593	25,917,237	3,832,356	14.8%	23,474,130	2,443,107	10.4%
Nonexpendable	19,843,696	19,021,121	822,575	4.3%	16,730,724	2,290,397	13.7%
TOTAL NET POSITION	51,966,174	46,980,496	4,985,678	10.6%	42,285,208	4,695,288	11.1%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 54,243,922	$ 49,159,087	$ 5,084,835	10.3%	$ 44,373,581	$ 4,785,506	10.8%

	December 31, 2025	December 31, 2024	2025-2024 Dollar Change	2025-2024 Percentage Change	December 31, 2023*	2024-2023 Dollar Change	2024-2023 Percentage Change
Operating revenue	$ 200,813	$ 213,722	$ (12,909)	-6.0%	$ 2,700,620	$ (2,486,898)	-92.1%
Operating expenses	3,261,708	4,357,799	(1,096,091)	-25.2%	2,525,233	1,832,566	72.6%
OPERATING INCOME (LOSS)	(3,060,895)	(4,144,077)	1,083,182	-26.1%	175,387	(4,319,464)	-2462.8%
Noncapital subsidies	2,501,772	4,075,310	(1,573,538)	-38.6%			
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	(559,123)	(68,767)	(490,356)	713.1%			
Nonoperating revenues (losses)	5,544,801	4,764,055	780,746	16.4%	4,976,541	(212,486)	-4.3%
Other changes in net position					825,730	(825,730)	-100.0%
Change in net position	4,985,678	4,695,288	290,390	6.2%	5,977,658	(5,357,680)	-89.6%
NET POSITION, BEGINNING OF YEAR	46,980,496	42,285,208	4,695,288	11.1%	36,307,550	5,977,658	16.5%
NET POSITION, END OF YEAR	$ 51,966,174	$ 46,980,496	$ 4,985,678	10.6%	$ 42,285,208	$ 619,978	1.5%

* Fiscal year 2023 comparative information presented in the MD&A has not been restated to conform to GASB Statement No. 103.

The Foundation's total net position increased by 10.6% during 2025. The increase was primarily attributable to favorable investment performance and lower operating expenses in 2025 compared with 2024. Investment gains totaled $4,253,299 in 2025, compared with $3,634,251 in 2024. In addition, operating expenses decreased approximately 25% from the prior year.

The Foundation's investment portfolio returned 12.18% net of fees during 2025. Since December 31, 2001, the portfolio has produced a total annualized return of 7.40% net of fees. Management continues to maintain a diversified investment allocation intended to balance long-term growth and preservation of capital, with a target mix of approximately 60% equity investments and 40% fixed income investments.

DETAILED ANALYSIS

Financial Position

The Foundation's financial position improved during 2025 as total net position increased from the prior year. The increase was driven primarily by investment gains generated from favorable market performance during the year, together with a reduction in support and program-related expenditures compared with 2024.

Restricted nonexpendable net position, restricted expendable net position, and unrestricted net position all increased during 2025. The increase in restricted nonexpendable and restricted expendable net position reflects positive market performance on endowed and restricted resources. The increase in unrestricted net position reflects the combined effects of current-year operating activity and investment earnings available for Foundation purposes.

The Foundation's financial position continues to be strongly influenced by the size and performance of its investment portfolio, because investments represent the Foundation's most significant asset and a major source of annual changes in net position. As a result, year-over-year changes in market value, realized gains and losses, and related investment income can have a significant effect on the Foundation's overall financial results.

Results of Operations

The Foundation reported an increase in net position of $4,985,678 for 2025. That increase resulted primarily from nonoperating investment income and lower operating expenses.

In accordance with GASB Statement No. 103, Financial Reporting Model Improvements, certain contributions, including donations restricted for scholarships and endowments, are presented as noncapital subsidies in the Statement of Revenues, Expenses, and Changes in Net Position. This classification reflects the required financial reporting presentation under GASB standards and is based on the role these resources play in supporting the educational mission of the College. The term "noncapital subsidies" is a financial reporting designation and does not change the nature, intent, or purpose of the generous contributions received from donors.

Noncapital subsidies in 2025 decreased approximately 39% from 2024. The decline was primarily due to a significant noncash gift recognized in 2024 consisting of an airplane valued at $900,000.

Because that contribution did not recur in 2025, current-year noncapital subsidies were lower than in the prior year.

Operating expenses decreased approximately 25% from 2024 to 2025. The reduction was primarily due to fewer large equipment and program purchases made for the benefit of College departments in 2025, as well as the absence of the 2024 activity associated with the donated airplane. As a result, current-year expenses more closely reflect the Foundation's recurring scholarship, program, and departmental support activity.

Program services continued to represent the Foundation's primary use of resources. During 2025, those expenditures consisted primarily of scholarships, facility upgrades, equipment, supplies, and professional services that directly benefited College departments, students, and related educational activities.

Cash flows remained adequate to support current operations, distributions, and investment activity. The Foundation's cash position is affected by the timing of donor receipts, scholarship and program disbursements, and investment purchases and sales. Consistent with prior years, investment activity and noncapital financing receipts continue to be important sources of liquidity.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

The Foundation had no significant capital asset acquisitions, disposals, or impairments during 2025.

The Foundation also had no significant long-term financing activity during 2025. No debt was issued, and there were no significant lease, subscription-based information technology arrangement, public-private partnership, or other long-term financing transactions affecting the Foundation's financial position during the year.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Management believes the Foundation is well positioned to continue supporting Pensacola State College through scholarships, program support, equipment purchases, and other mission-based activities. The Foundation's financial condition at December 31, 2025, provides continued capacity to support approved and anticipated College initiatives in 2026.

However, the Foundation's future results remain sensitive to investment market performance, donor giving patterns, and broader economic conditions. Because investment earnings are a significant component of annual changes in net position, future fluctuations in financial markets could materially affect operating results and net position in subsequent years.

Management is also aware that future support requests from the College, changes in donor priorities, and broader economic conditions may affect both contribution activity and the timing and level of Foundation expenditures in 2026. At the date the financial statements were issued, management was not aware of any other currently known facts, decisions, or conditions expected to have a significant effect on the Foundation's financial position or results of operations beyond those discussed above.

FINANCIAL STATEMENTS

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,821,241	$ 7,524,705
Investments, net	26,528,464	21,329,708
Promises to give, net	118,428	180,530
Other receivables, net	8,308	8,904
Prepaid expenses	26,866	28,368
Total current assets	32,503,307	29,072,215
NONCURRENT ASSETS		
Investments	19,593,696	17,852,131
Promises to give, net	45,966	137,914
Capital assets, net	-	20,835
Assets held under split-interest agreements	2,100,953	2,075,992
Total noncurrent assets	21,740,615	20,086,872
TOTAL ASSETS	$ 54,243,922	$ 49,159,087
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 94,565	$ 20,369
Unearned revenue	82,230	82,230
Total current liabilities	176,795	102,599
NONCURRENT LIABILITIES		
Liability under split-interest agreement	-	161,481
TOTAL LIABILITIES	176,795	264,080
DEFERRED INFLOWS OF RESOURCES		
Split-interest agreements	2,100,953	1,914,511
NET POSITION		
Unrestricted	2,372,885	2,042,138
Restricted:		
Expendable	29,749,593	25,917,237
Nonexpendable	19,843,696	19,021,121
TOTAL NET POSITION	51,966,174	46,980,496
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 54,243,922	$ 49,159,087

See notes to the financial statements.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
OPERATING REVENUE		
Other operating revenues	$ 200,813	$ 213,722
Total operating revenue	200,813	213,722
OPERATING EXPENSES		
Program services	2,168,517	3,243,905
Management and general	665,966	746,912
Fundraising services	427,225	366,982
Total operating expenses	3,261,708	4,357,799
OPERATING LOSS	(3,060,895)	(4,144,077)
NONCAPITAL SUBSIDIES		
Contributions	995,476	995,758
In-kind contributions	993,307	1,847,828
Endowment contributions	512,989	1,231,724
Total noncapital subsidies	2,501,772	4,075,310
OPERATING LOSS AND NONCAPITAL SUBSIDIES	(559,123)	(68,767)
NONOPERATING REVENUES		
Interest and dividend income	1,291,502	1,129,804
Net unrealized and realized gain on investments	4,253,299	3,634,251
Total nonoperating revenues	5,544,801	4,764,055
CHANGE IN NET POSITION	4,985,678	4,695,288
NET POSITION, BEGINNING OF YEAR	46,980,496	42,285,208
NET POSITION, END OF YEAR	$ 51,966,174	$ 46,980,496

See notes to the financial statements.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from other operating revenue	$ 201,409	$ 210,772
Cash payments for operating expenses	(2,171,868)	(2,537,316)
Net cash used in operating activities	(1,970,459)	(2,326,544)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	-	1,121,427
Purchase of investment securities	(11,162,078)	(3,157,136)
Proceeds from sales of investment securities	8,475,056	2,690,419
Interest and dividends received	1,291,502	1,129,804
Net cash (used in) provided by investing activities	(1,395,520)	1,784,514
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	1,149,526	1,232,973
Endowment contributions	512,989	1,231,724
Net cash provided by noncapital financing	1,662,515	2,464,697
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,703,464)	1,922,667
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,524,705	5,602,038
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,821,241	$ 7,524,705
RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (3,060,895)	$ (4,144,077)
Adjustments to reconcile operating (loss) income to net cash used in operating activities		
Depreciation	20,835	22,730
In-kind operating expense (noncash)	993,307	1,847,828
Decrease (increase) in operating assets and liabilities:		
Prepaid expenses	1,502	-
Other receivables	596	(8,204)
Accounts payable	74,196	(44,821)
Net cash used in operating activities	$ (1,970,459)	$ (2,326,544)

See notes to the financial statements.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Pensacola State College Foundation, Inc. (the Foundation) was formed in 1965 as a Florida not-for-profit corporation to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of Pensacola State College (the College) and its objectives.

The Foundation receives contributions from the public and occasionally receives state matching funds to promote and support education.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financially Interrelated Organizations

Generally accepted accounting principles presume that combined financial statements for financially interrelated organizations are more meaningful than separate statements and are usually necessary for fair presentation. The College and the Foundation are financially interrelated organizations as defined by generally accepted accounting principles. The Foundation is a component unit of the College and is presented within the College's reporting entity as one of its discretely presented component units.

These financial statements are intended to present only the financial position and results of operations of the Foundation and do not include the financial position or results of operations of the College. These financial statements are issued separately to comply with the State of Florida's reporting requirements.

Basis of Presentation and Accounting

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied.

The Foundation follows standards of accounting and financial reporting that are generally accepted in the United States of America for governmental entities. The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Because the Foundation solely supports the activities of the College, which has elected to report as an entity engaged in business-type activities, the Foundation has also elected to report as an entity engaged in business-type activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments
The Foundation records investments at quoted market values. The market value method of accounting for endowment funds is employed to ensure proper distribution of market price changes, realized gains (losses) on sales, accrued income earned and distribution of investment earnings. Investment income from endowed investments, up to 5%, is recorded as revenue in the restricted funds as designated by the individual endowments. Endowment investment income in excess of 5% is added to the principal of the nonexpendable endowments, where applicable, in accordance with donor agreements and investment recorded as stated in the respective document(s). Income from the investments in the remaining funds is recorded as revenue in the respective fund.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Florida in 2012, the Foundation employs a total return method for establishing investment objectives and spending policies designed to achieve financial equilibrium for endowment funds over the long term.

The Foundation utilizes a spending policy designed to smooth spending distributions and protect endowed programs from market volatility by calculating distributions based on a percentage of the average market value of the endowment over a specified period of time. The Foundation has made expenditure decisions in accordance with prevailing UPMIFA standards and donor gift agreements. UPMIFA allows organizations to appropriate for expenditure the amount of an endowment fund the organization deems is prudent based on a review of various factors set forth in UPMIFA, subject to terms set forth in the gift agreement.

The Foundation endowment spending rule provided for annual distributions not to exceed 5% of the average three-year balance of the December 31 statement market values of the portfolio. For the years ended December 31, 2025 and 2024, the Foundation's endowments provided investment income of 2.80% and 2.54%, respectively, of the average three-year market value.

Investments classified as current are either unrestricted or are available for expenditure in the next fiscal year in accordance with donor restrictions.

Property Held for Sale
In 2022, the Foundation received a $1,130,000 real estate contribution that is classified as property held for sale, pursuant to GASB 72. This property is recorded at acquisition value. The property was sold in 2024.

Allowance for Doubtful Accounts
No allowance for doubtful accounts has been established for other receivables as management believes all amounts are collectible. An allowance for doubtful accounts has been established for promises to give.

Capital Assets
Capital assets are recorded at cost, except for donated assets, which are recorded at estimated fair market value at the date of receipt. Assets with a useful life of three or more years and costing $10,000 or more are capitalized and depreciated over their estimated service lives on a straight-line basis.

Estimated lives used in determining depreciation for furniture and equipment are five years. Improvements to leased facilities have been capitalized and are amortized over five years.

Split-Interest Agreement
The Foundation serves as trustee for split-interest agreements classified as charitable remainder unitrusts. Assets received under these agreements are recorded at fair market value and the liabilities to make future payments under these agreements are recorded at present value, with the difference reported as deferred inflows of resources. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under split-interest agreements is based on discount rates, the remaining time period as determined in the trust documents and the fair value of the underlying investment portfolio.

Deferred Inflows of Resources
The Foundation reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of the statement of net position. Deferred inflows of resources related to split-interest agreements is discussed in Note 5.

Revenues and Expenses
Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities which are in support of the College's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive and administer charitable contributions for the College. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions.

Income Taxes
The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Foundation is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

In-Kind Contributions
In-kind contributions, including goods and services, are reflected as both revenue (noncapital subsidy) and as an equal amount of expense in the statement of revenues, expenses and changes in net position at the estimated fair value of such contributions. The College partially provides the Foundation with management, program, and support staff salaries as well as office facilities. Staff and office facility support is reflected based on all costs associated with the employment of personnel paid by the College and the established per-foot cost of the space used by the Foundation.

Restricted and Unrestricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect amounts reported in the financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses
The costs of various programs and activities have been summarized on a functional basis in the financial statements. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Subsequent Events
The Foundation has evaluated events and transactions that occurred between December 31, 2025, and May 12, 2026, which is the date that financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CASH AND INVESTMENTS

The Foundation has an investment policy which provides guidelines for the investment of Foundation assets. The objectives of the Foundation's policy are to provide a total return from investments that will preserve the purchasing power of the endowed assets in addition to generating an income stream to support the activities of the College. The Foundation Finance Committee establishes and maintains the investment policy. Investments held by the Foundation at December 31, 2025 and 2024, are reported at fair value. These investments are held by Synovus Trust Company, N.A. (Synovus), of Columbus, Georgia, by its sub-custodian, The Bank of New York Mellon.

The following table presents the fair value of investments as of December 31, 2025 and 2024:

	2025	2024
Equity Mutual Funds		
AB Small Cap Growth Portfolio Adv	$ 738,478	$ 702,452
DFA Emerging Markets Funds	-	673,820
Fidelity Small Cap Value Fund	657,847	670,011
JP Morgan Mid-Cap Value Fund	565,525	651,383
Janus Henderson Enterprise Fund	614,529	612,655
Vanguard Developed Market Index Fund	-	2,828,568
Vanguard Dividend Appreciation Index Fund	3,013,722	2,684,815
Vanguard International Growth Fund	1,127,411	-
Vanguard International Value Fund	1,145,190	-
Vanguard International Core Stock Fund	1,228,561	-
Vanguard 500 Index Fund	17,314,155	14,716,429
Vanguard Mid-Cap Index Fund	1,695,914	1,518,716
Vanguard Small Cap Index Fund	1,664,782	1,529,729
Fixed Income Mutual Funds		
Blackrock Strategic Income Opportunities Portfolio	1,378,338	-
Dodge & Cox Income Fund	3,991,767	3,685,295
Vanguard Inflation-Protected Services Securities Fund	2,010,752	1,881,562
Vanguard Intermediate Term Bond Index Fund	-	1,386,014
Federated Total Return Bond Fund	4,331,037	5,184,158
Alternative Investments		
Nyli CBRE Global Infrastructure Fund	982,590	456,184
Parametic Commodity Strategy Fund	452,741	-
TCW Global Real Estate Fund	898,742	-
Blackrock Tactical Opportunities Fund	465,462	-
Blackrock Global Equity Market Neutral Fund	936,359	-
Blackrock Event Driven Equity Fund	457,426	-
Blackrock Systematic Multi-Strategy Fund	450,803	-
Federal Agency Obligations		
Government National Mortgage Association II Modified Pass-Through Pool	30	48
Total Investments	$ 46,122,160	$ 39,181,839

The following table presents a reconciliation of current and noncurrent investments as of December 31, 2025 and 2024:

	2025	2024
Current investments, net	$ 26,528,464	$ 21,329,708
Noncurrent investments	19,593,696	17,852,131
	$ 46,122,160	$ 39,181,839

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation, causing the Foundation to experience a loss of principal. As a means of limiting its exposure to losses arising from credit risk, the Foundation's investment policies limit the exposure of its various investment types. The Foundation's investment policy permits investment in equities listed on a national exchange and bonds issued in United States dollars. Uses of leverage in an account (margin or derivatives securities that increase risk) are prohibited as an investment. Cash should be transitional or held for the purpose of providing liquidity to meet the Foundation's cash flow requirements. This includes commercial paper with an A-1 or P-1 rating at the time of initial investment and money market funds.

Concentration of Credit Risk

The Foundation funds are invested to produce maximum total return consistent with prudent risk limits. The allocation of the portfolio over various asset classes is the single most important determinant of investment risk and return. At December 31, 2025, the investment allocation targets set forth in the investment policy and the actual investment allocation were as follows:

Investment Type	Target Range	2025 Actual Allocation
Equity securities	45% - 75%	61%
Fixed income securities	25% - 55%	30%
Alternatives	0% - 15%	10%
Ranges within Equity Securities		
International and emerging market equities	25% or less	7%
Mid-capitalization equities	5% - 15%	6%
Small capitalization equities	5% - 15%	5%
Ranges within Fixed Income		
Diversified portfolios of non-investment grade bonds	5% or less	0%

At December 31, 2024, the investment allocation targets set forth in the investment policy and the actual investment allocation were as follows:

Investment Type	Target Range	2024 Actual Allocation
Equity securities	45% - 75%	68%
Fixed income securities	25% - 55%	31%
Alternatives	0% - 15%	1%
Ranges within Equity Securities		
International and emerging market equities	25% or less	9%
Mid-capitalization equities	5% - 15%	2%
Small capitalization equities	5% - 15%	7%
Ranges within Fixed Income		
Diversified portfolios of non-investment grade bonds	5% or less	0%

No more than 5% of Foundation assets may be invested in any one issuer, except in the U.S. government.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Along with federal depository insurance, the Foundation's demand deposits and money market accounts are secured as provided by Chapter 280, Florida Statutes, which requires local governments to deposit funds only in financial institutions designated as qualified public depositories and creates a trust fund with the ability to collateral shortfalls if a default or insolvency has occurred.

At December 31, 2025 and 2024, cash equivalents consisted of $3,892,804 and $5,393,192, respectively, held in the Federated Government Obligations money market mutual fund. The fund seeks to preserve the value of the investments at $1 per share; however, it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The fixed income mutual funds are not rated by a nationally recognized statistical rating organization; however, Synovus prepares average credit quality calculations based on the underlying investments in the funds.

At December 31, 2025 and 2024, the average effective maturity, duration and credit quality of the Foundation's fixed income investments were as follows:

	2025		
Investment Type	Average Effective Maturity (Years)	Average Effective Duration (Years)	Average Credit Quality Rating
Dodge & Cox Income Fund	8.97	6.13	AA-
Vanguard Inflation Protected Securities Fund	7.20	6.55	AAA
Blackrock Strategic Income Opportunities Fund	10.22	4.20	AA-
Federated Total Return Bond Fund	8.90	6.10	AA-

	2024		
Investment Type	Average Effective Maturity (Years)	Average Effective Duration (Years)	Average Credit Quality Rating
Dodge & Cox Income Fund	9.70	6.30	AA-
Vanguard Inflation Protected Securities Fund	7.60	6.70	AAA
Vanguard Intermediate Term Bond Index Fund	7.20	6.10	AA-
Federated Total Return Bond Fund	8.70	5.90	AA-

Net Return on Investments

The net return on investments as of December 31, 2025 and 2024, was as follows:

	Total Unrestricted	Total Restricted-Expendable
Year Ended December 31, 2025		
Dividends and interest	$ 240,318	$ 1,051,184
Net realized gain on investments	55,453	1,127,482
Unrealized gain on investments	131,486	2,938,878
Total return on investments	$ 427,257	$ 5,117,544

	Total Unrestricted	Total Restricted-Expendable
Year Ended December 31, 2024		
Dividends and interest	$ 220,733	$ 909,071
Net realized gain on investments	8,440	174,267
Unrealized gain on investments	164,197	3,287,347
Total return on investments	$ 393,370	$ 4,370,685

3. PROMISES TO GIVE

Unconditional promises to give at December 31, 2025 and 2024, consists of the following:

	2025	2024
Total promises to give	$ 169,818	$ 330,350
Less present value discount	(2,119)	(5,820)
	167,699	324,530
Less allowance for uncollectible pledges	(3,305)	(6,086)
Total promises to give, net	$ 164,394	$ 318,444
Amounts due in:		
Less than one year	$ 118,428	$ 180,530
One to five years	45,966	137,914
	$ 164,394	$ 318,444

In 2025 and 2024, promises to give were discounted using a risk-free interest rate of 2%.

Time-restricted and endowment contribution receivables (gross) not recognized in the statement of net position under the provisions of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* were $331,481 and $487,500, as of December 31, 2025 and 2024, respectively.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2025 and 2024, were as follows:

2025	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold improvements	$ 503,354	$ -	$ -	$ 503,354
Less accumulated depreciation	482,519	20,835	-	503,354
Total capital assets, net	$ 20,835	$ (20,835)	$ -	$ -

2024	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold improvements	$ 503,354	$ -	$ -	$ 503,354
Less accumulated depreciation	459,789	22,730	-	482,519
Total capital assets, net	$ 43,565	$ (22,730)	$ -	$ 20,835

Depreciation expense for the years ended December 31, 2025 and 2024, was $20,835 and $22,730, respectively.

5. SPLIT-INTEREST AGREEMENTS

During 2003, a grantor named the Foundation as the trustee of a Charitable Remainder Educational Trust. Under the terms of the Charitable Remainder Educational Trust, designated beneficiaries may receive 7% of the fair value of the trust for 20 years (through 2024) to pay post-secondary education costs. At the earlier of the death of all designated beneficiaries or 20 years, the remaining assets will be available for use by the Foundation. In August 2016, each of the four designated beneficiaries agreed to be allocated an equal share of the accumulated unitrust balance and the annual 7% unitrust amount. Such allocations will be available to the beneficiaries for postsecondary education expenses.

The trust assets are recorded at fair value and the related liabilities to make future payments under this trust are recorded at present value. At December 31, 2025 and 2024, the assets had an estimated value of $80,890 and $255,206, respectively. At December 31, 2025 and 2024, the liability was valued at $0 and $161,481, respectively. The determination of the present value of the liability was based upon the discount rate of 7% at December 31 2024. In 2025, the distribution of assets was made to the beneficiaries. In 2026, the remaining asset will be distributed evenly among the College’s Natural Science and Computer Science Programs.

The Foundation is and has been the sole recipient of annual gifts from the J.D. Carroll Irrevocable Trust since 1966. At December 31, 2025 and 2024, the trust was valued at $127,064 and $119,450, respectively, and reported as a split-interest agreement within nonexpendable net position.

During 2019, a grantor named the Foundation as the trustee of a Charitable Remainder Educational Trust and a Charitable Remainder Unitrust. Under the terms of the Charitable Remainder Unitrust, the grantor waived all rights of the Trust, and the Foundation was named beneficiary of an investment portfolio of the grantor. The Charitable Remainder Educational Trust assets are recorded at fair value. At December 31, 2025 and 2024, the Charitable Remainder Educational Trust assets had an estimated value of $1,792,999 and $1,601,336, respectively.

During 2022, a grantor named the Foundation as the sole beneficiary of a noninterest-bearing note made payable from the grantor's trust. Under the terms of the agreement, the grantor irrevocably waived all rights to the note. The asset is recorded at the estimated fair value of $100,000 as of December 31, 2025 and 2024, respectively.

Total deferred inflows on split-interest agreements represents changes in fair market value and interest income of the split-interest agreements. The deferred inflows are calculated in accordance with GASB Statement No. 81, *Irrevocable Split-Interest Agreements.*

6. NET POSITION

Net position is divided into two major categories: unrestricted and restricted. Unrestricted net position includes resources available for any lawful purpose of the Foundation. Included in the Foundation's unrestricted net position, the Board of Governors has designated $60,000 for future contingencies and $441,042 as a reserve for future operating expenses as of December 31, 2025 and 2024, respectively. The Foundation has designated a portion of unrestricted net position for organizational support; at December 31, 2025 and 2024, this amount totaled $214,932 and $176,831, respectively. Restricted net position includes resources, which are restricted by donors and are classified as either expendable or nonexpendable. Expendable restricted net position includes resources available to the Foundation for expenditure in accordance with stipulations made by donors or external entities that have placed time or purpose restrictions on the use of those resources. The corpus of nonexpendable permanent endowments is available for investment purposes only. Investment earnings on nonexpendable permanent endowments are expendable pursuant to the time or purpose restrictions stipulated by the donors.

Expendable restricted net position at December 31, 2025 and 2024, was comprised of the following:

	2025	2024
Dr. Philip Benjamin Academic Improvement Trust	$ 3,093,031	$ 3,173,257
Florida Health Care Grant	379,664	379,997
Florida Scholarship Matching Program	8,136,623	8,141,466
Florida Blue Scholarship Program	10,224	33,879
Dr. Philip Benjamin Academic Improvement Trust – to be matched	582,915	582,915
Florida Scholarship Matching Program – to be matched	539,935	542,935
Promises to give	158,644	309,065
Other	16,848,557	12,753,723
	$ 29,749,593	$ 25,917,237

Nonexpendable restricted net position at December 31, 2025 and 2024, was comprised of the following:

	2025	2024
Dr. Philip Benjamin Academic Improvement Trust	$ 1,698,309	$ 1,698,309
Florida Health Care Grant	121,337	121,337
Florida Scholarship Matching Program	5,585,179	5,585,179
Dr. Philip Benjamin Academic Improvement Trust – to be matched	110,132	110,132
Florida Scholarship Matching Program – to be matched	10,334,064	9,829,083
Other	1,994,675	1,677,081
	$ 19,843,696	$ 19,021,121

7. CHANGES IN ENDOWMENT NET POSITION

The following tables present the changes in net position for the Foundation's endowments for the years ended December 31, 2025 and 2024:

	2025		
	Expendable	Nonexpendable	Total
Endowment net position, beginning of year	$ 16,224,989	$ 19,021,121	$ 35,246,110
Interest and dividends	1,051,184	-	1,051,184
Net appreciation	4,066,360	-	4,066,360
Contributions	-	512,989	512,989
Appropriation of endowment assets, for expenditure	(706,581)	-	(706,581)
Other changes	106,844	309,586	416,430
Endowment net position, end of year	$ 20,742,796	$ 19,843,696	$ 40,586,492

	2024		
	Expendable	Nonexpendable	Total
Endowment net position, beginning of year	$ 15,941,577	$ 16,730,724	$ 32,672,301
Interest and dividends	890,612	-	890,612
Net depreciation	2,959,691	-	2,959,691
Contributions	-	1,231,724	1,231,724
Appropriation of endowment assets, for expenditure	(3,619,454)	-	(3,619,454)
Other changes	52,563	1,058,673	1,111,236
Endowment net position, end of year	$ 16,224,989	$ 19,021,121	$ 35,246,110

8. FAIR VALUE MEASUREMENTS

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the Foundation's assets and liabilities at December 31, 2025 and 2024, was as follows:

	2025			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents:				
Money market mutual funds	$ 3,892,804	$ -	$ -	$ 3,892,804
Investments:				
Equity mutual funds	29,766,113	-	-	29,766,113
Fixed income mutual funds	11,711,894	-	-	11,711,894
Federal agency obligations	-	30	-	30
Assets held under split-interest agreements:				
Funds held in trust	80,890	-	-	80,890
Funds held in trust by others	-	2,020,063	-	2,020,063
Total assets	45,451,701	2,020,093	-	47,471,794
Total	$ 45,451,701	$ 2,020,093	$ -	$ 47,471,794

	2024			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents:				
Money market mutual funds	$ 5,393,192	$ -	$ -	$ 5,393,192
Investments:				
Equity mutual funds	26,588,578	-	-	26,588,578
Fixed income mutual funds	12,137,029	-	-	12,137,029
Federal agency obligations	-	48	-	48
Assets held under split-interest agreements:				
Funds held in trust	255,206	-	-	255,206
Funds held in trust by others	-	1,820,786	-	1,820,786
Total assets	44,374,005	1,820,834	-	46,194,839
Liability under split-interest agreement	-	-	(161,481)	(161,481)
Total	$ 44,374,005	$ 1,820,834	$ (161,481)	$ 46,033,358

The following methods and assumptions were used to estimate the fair value for each class of asset and liability, measured at fair value:

Money market mutual funds – Funds are measured at the published value per share (unit) and are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Equity mutual funds – Funds are measured at fair value using quoted market prices and are classified as Level 1, as they are traded in an active market for which closing prices are readily available.

Fixed income mutual funds – Funds are classified as Level 1, as they traded with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis.

Federal agency obligations – Investments are classified as Level 2 and are measured based on quoted prices for similar securities in active markets.

Funds held in trust – Assets held by the Foundation are invested in the Level 1 securities noted above (money market mutual funds, equity mutual funds and fixed income mutual funds).

Funds held in trust by others – The Foundation's interest in the irrevocable split-interest agreement held or controlled by a third party is classified as Level 2 as the fair value is based on a combination of Level 1 inputs (underlying investments) and significant other observable inputs (the Foundation's share of the trust portfolio).

Liability under split-interest agreement – The liability is classified as Level 3 as fair value is measured at the present value of the future distributions the Foundation expects to make over the term of the agreement (significant unobservable inputs).

9. RELATED PARTY TRANSACTIONS

Foundation Support

The Foundation provides various levels of monetary support and service to the College. In 2025 and 2024, the Foundation paid the College $1,336,953 and $1,409,322, respectively. This amount includes reimbursements for payments made by the College on behalf of the Foundation, scholarships, lease payments, and building renovations. In 2024, the Foundation received a donation of an aircraft from a third party with an estimated value of $900,000. The Foundation conveyed the aircraft to the College to provide training for students in the Aviation Airframe Mechanics and Aviation Power Plant Mechanics Program.

The College provides support to the Foundation by providing management and clerical staff, supplies and office expenses, and the use of computer equipment without charge to the Foundation.

The value of these services and materials was recognized as in-kind revenue and expense by the Foundation during the years ended December 31, 2025 and 2024, as follows:

	2025	2024
Supplies	$ 54,122	$ 55,337
Office facilities	41,850	27,756
Management and clerical staff	828,995	740,276
	$ 924,967	$ 823,369

Leases
The Foundation leases the College Centre Apartments from the College for use as dormitories. The lease is classified as an operating lease, is effective through July 31, 2026, and is renewable annually. The annual rental rate is renegotiated at each renewal. The rental expense for the years ended December 31, 2025 and 2024, was $47,558 and $46,056, respectively. There are no minimum future rental payments as the annual payment had been made as of December 31, 2025 and 2024.

The Foundation leases land and buildings, one house, one triplex and one duplex from the College and subleases these as residential apartments to the general public. The leases are classified as operating leases. The leases are effective through 2028, and one-year renewal options through 2032. The annual rental payments of $1 per year were made for 2025 and 2024. Future minimum payments are $1 per year through 2032. No estimate of the fair value of these leases has been determined.

Total sublease income recognized under these leases for the years ended December 31, 2025 and 2024, was $200,813 and $213,722, respectively. Subleases are for a period of one to two years.

Contributions
Total contributions from members of the Board of Governors, their spouses and their businesses totaled $41,610 and $123,729 for the years ended December 31, 2025 and 2024, respectively. There were no promises to give from members of the Board of Governors or senior Foundation management for the year ended December 31, 2025. Promises to give from members of the Board of Governors and senior Foundation management totaled approximately $1,000 for the year ended December 31, 2024.

10. RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are subject to Section 768.28, Florida Statutes, and are covered through the purchase of commercial insurance with minimal deductibles and an agreement through the College with the Florida College System Risk Management Consortium. The Foundation has not experienced claims for any of these risks for the past three fiscal years.

11. CONCENTRATION

The Foundation's services are funded by contributions from individuals and businesses in northwest Florida and by in-kind services and facilities provided by the College. The Foundation's ability to continue to provide the same level of services is dependent on funding from these sources.

12. CHANGE IN ACCOUNTING PRINCIPLE

The Foundation implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements for the year ended December 31, 2025, due to its presentation as a discretely presented component unit in the Pensacola State College financial statements for the fiscal year ended June 30, 2026.

GASB Statement No. 103 provides guidance related to targeted improvements in the financial reporting model, including revised presentation requirements for the statement of revenues, expenses, and changes in net position and changes to the structure and content of Management's Discussion and Analysis (MD&A). The statement primarily affects the classification, ordering, and presentation of financial information and does not change recognition or measurement principles.

The Foundation's implementation of GASB Statement No. 103 resulted in presentation-only changes, including revised subtotals and reordering of revenue and expense categories.

There was no effect on total assets, liabilities, net position, change in net position, or cash flows as a result of implementing GASB Statement No. 103.

OTHER INFORMATION

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE
DR. PHILIP BENJAMIN MATCHING GRANT PROGRAMS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for December 31, 2024)

	2025				2024
	Florida Health Care Grant	Florida Scholarship Matching Program	Dr. Philip Benjamin Academic Improvement Trust	Total	Comparative Total
Operating Expenses					
Program services	$ 333	$ 4,843	$ 80,226	$ 85,402	$ -
Operating Loss	(333)	(4,843)	(80,226)	(85,402)	-
Change in Net Position	(333)	(4,843)	(80,226)	(85,402)	-
Net Position, Beginning of Year	501,334	13,726,645	4,871,566	19,099,545	19,099,545
Net Position, End of Year	$ 501,001	$ 13,721,802	$ 4,791,340	$ 19,014,143	$ 19,099,545

See independent auditors' report.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF PENSACOLA STATE COLLEGE

FLORIDA COMMUNITY COLLEGE SCHOLARSHIP PROGRAMS
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating Expenses		
Program services	$ 52,293	$ 24,581
Operating Loss	52,293	24,581
Noncapital subsidies		
Contributions – Florida Blue	28,638	18,717
Operating loss and noncapital subsidies	80,931	43,298
Change in Net Position	80,931	43,298
Net Position, Beginning of Year	45,240	1,942
Net Position, End of Year	$ 126,171	$ 45,240

See independent auditors' report.

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
Pensacola 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 Pensacola State College Foundation, Inc., [a 501(c)(3) nonprofit corporation], hereinafter referred to as the Foundation, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 12, 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 determining the 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 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Pensacola, Florida
May 12, 2026