SANTA FE COLLEGE FOUNDATION, INC.

A COMPONENT UNIT OF SANTA FE COLLEGE

FINANCIAL STATEMENTS

DECEMBER 31, 2025

SANTA FE COLLEGE FOUNDATION, INC.
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Santa Fe College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santa Fe College Foundation, Inc. (the Foundation), a component unit of Santa Fe College (the College), 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 as listed in the table of contents.

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

Basis for Opinion

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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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

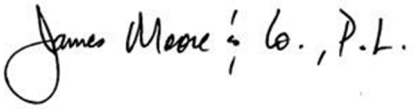
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is 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.

Report on Summarized Comparative Information

The financial statements of the Foundation for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on May 22, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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 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.



Gainesville, Florida
August 11, 2026

SF SANTA FE COLLEGE FOUNDATION

Management's Discussion and Analysis

For the Year Ended December 31, 2025

Overview of the Financial Statements

The Santa Fe College Foundation, Inc. (the Foundation) is a direct support organization and component unit of Santa Fe College (the College). The Foundation is a special-purpose government engaged only in business-type activities and prepares its financial statements using the economic resources measurement focus and accrual basis of accounting.

The financial statements include the following:

- The Statement of Net Position presents assets, liabilities, deferred inflows of resources, and net position at year-end.
- The Statement of Revenues, Expenses and Changes in Net Position presents operating revenues and expenses, noncapital subsidies, other nonoperating revenues and expenses, and the resulting change in net position.
- The Statement of Cash Flows presents cash receipts and payments classified as operating, noncapital financing, capital and related financing, and investing activities.
- The Notes to Financial Statements provide additional information essential to understanding the financial statements.

The Foundation implemented GASB Statement No. 103, Financial Reporting Model Improvements, during 2025. Accordingly, the 2025 statement of revenues, expenses and changes in net position and the summarized 2024 comparative information reflect the revised operating and nonoperating classifications. The implementation did not change total net position or cash flows.

Financial Summary

Total assets increased by $8.0 million, or 6.5%, to $130.1 million at December 31, 2025. Total liabilities increased by approximately $225,000 to $1.3 million, deferred inflows of resources remained $405,000, and net position increased by $7.7 million, or 6.4%, to $128.4 million.

Condensed Statement of Net Position ($000s)

	2025	2024	Change	% Change
Current assets	$11,095	$12,085	$(990)	(8.2%)
Investments—noncurrent	106,082	95,446	10,636	11.1%
Capital assets, net	12,937	14,618	(1,681)	(11.5%)
Total assets	**$130,114**	**$122,149**	**$7,965**	**6.5%**
Current liabilities	1,121	895	226	25.3%
Liabilities - noncurrent	$206	$206	—	—
Total liabilities	**$1,327**	**$1,101**	**$226**	**20.5%**
Deferred inflows of resources	**405**	**405**	**—**	**—**
Total net position	**$128,382**	**$120,643**	**$7,739**	**6.4%**

Net Position by Classification ($000s)

	2025	2024	Change	% Change
Net investment in capital assets	$12,937	$14,618	$(1,681)	(11.5%)
Restricted—nonexpendable	42,081	42,081	—	—
Restricted—expendable	19,001	13,869	5,132	37.0%
Unrestricted	54,363	50,075	4,287	8.6%
Total net position	**$128,382**	**$120,643**	**$7,739**	**6.4%**

The increase in net position was driven principally by investment income and fair value appreciation. Restricted net position increased by approximately $5.1 million as investment earnings and other donor-restricted resources accumulated for scholarships, program activities, and capital projects and equipment. Net investment in capital assets declined because of depreciation and the transfer of property to the College.

Detailed Analyses

Assets

Cash and cash equivalents increased by $4.1 million to $6.5 million. Total investments, including current and noncurrent portions, increased by $5.6 million from $104.5 million to $110.2 million. The increase was primarily attributable to approximately $8.8 million of net fair value appreciation and investment income, partially offset by net investment sales and the disposition of two investment real estate properties during the year. The investment portfolio included $24.4 million of investment real estate measured at fair value. Capital assets, net, decreased by about $1.7 million primarily because the Foundation transferred land and buildings with a net carrying amount of approximately $2.0 million to the College without consideration. Depreciation and amortization of approximately $153,000 also contributed to the decrease, partially offset by current-year capital additions. Accounts and lease receivable decreased by $35,000, and accrued interest receivable decreased by $42,000.

Liabilities and Deferred Inflows of Resources

Total liabilities increased by approximately $226,000 primarily because amounts due to the College increased to $995,000 at year-end, partially offset by a $775,000 decrease in accounts and contracts payable. The increase in amounts due to the College reflects the timing of year-end settlements for support provided to the College. Annuity trust obligations totaled $282,000 at year-end. Deferred inflows associated with split-interest agreements remained $405,000.

Net Position

Net position increased by approximately $7.7 million, primarily as a result of strong investment performance. Investment income was approximately $11.5 million, including approximately $8.8 million of fair value appreciation.

Revenues, Expenses, and Change in Net Position

Condensed Changes in Net Position ($000s)

	2025	2024	Change
Operating revenues	$3,210	$1,971	$1,239
Operating expenses	(4,949)	(4,623)	(326)
Operating income (loss)	(1,739)	(2,652)	(913)
Investment income	11,458	7,695	3,763
Lease income from investment real estate	732	808	(76)
Contributions to permanent endowments	—	2,179	(2,179)
Capital asset transfers and dispositions to the College	(2,712)	—	(2,712)
Change in net position	**$7,739**	**$8,030**	**$(291)**

Operating revenues increased by approximately $1.2 million, primarily due to higher current-year operating contributions and program-related revenues. Operating expenses increased by $326,000, reflecting increases in scholarships, academic program support, and general administration. As a result, the operating loss decreased by $900,000, from approximately $2.6 million in 2024 to $1.7 million in 2025.

Lease income and investment income totaled approximately $12.2 million in 2025, compared with $8.5 million in 2024. The increase was primarily attributable to higher fair value appreciation, partially offset by lower lease income and other investment returns. These favorable investment results were partially offset by 2.7 million of nonoperating activity related to the College, consisting of $2.0 million of capital assets transferred without consideration and approximately $700,000 of losses on investment real estate dispositions.

Investing activities were the principal source of cash in both years. In 2025, investing cash flows included proceeds from sales and maturities of investments, interest and dividends, and lease income received from investment real estate, partially offset by investment purchases and investment management fees. Noncapital financing cash flows increased from approximately $1.0 million in 2024 to $2.7 million in 2025, reflecting higher cash contributions received for purposes other than capital activities. Net cash used in operating activities decreased from approximately $4.5 million in 2024 to $4.1 million in 2025, as lower payments for financial aid, academic program support, and suppliers more than offset changes in operating receipts. Other nonoperating revenues in 2024 included approximately $2.2 million of contributions to permanent endowments, which are classified as nonoperating under GASB Statement No. 103.

Significant Capital Asset and Long-Term Financing Activity

During 2025, the Foundation acquired $442,000 of capital assets with cash and received $71,000 of donated capital assets. The Foundation transferred land and buildings to the College without consideration; the assets had a net carrying amount of $2.0 million. The Foundation also sold two investment real estate properties to the College for $2.3 million. The properties had an aggregate carrying value of $3.0 million, resulting in an approximately $700,000 loss that is included in capital asset transfers to the College.

At December 31, 2025, the Foundation had no outstanding balance under its collateral-secured revolving line of credit. Available credit was $12.0 million, and approximately $43.4 million of investments were pledged as collateral. Annuity trust obligations totaled $282,000.

Currently Known Facts, Decisions, or Conditions

The College provides personnel, office space, technology, and administrative support to the Foundation without charge. The Foundation relies on this support in conducting its operations, and management expects the support arrangement to continue. The estimated value of the support is not recognized in the financial statements because the personnel remain College employees, the College controls the office space and related resources, and the Foundation has no reimbursement obligation.

The Foundation has initiated strategic planning and preliminary architectural and feasibility studies for a proposed stand-alone museum to house its art collection and is developing a multi-phase fundraising campaign. The timing, scope, and financial effect of the project will depend on the results of the planning process and the availability of funding.

Management is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the Foundation’s financial position or results of operations in the subsequent period.

SANTA FE COLLEGE FOUNDATION, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE AMOUNTS FOR DECEMBER 31, 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,523,964	$ 2,438,609
Accounts and lease receivable	34,072	68,974
Prepaid items	-	6,898
Accrued interest receivable	452,950	495,345
Investments, current portion	4,084,226	9,075,224
Total current assets	11,095,212	12,085,050
Noncurrent assets		
Investments	106,081,917	95,446,528
Capital assets, net	12,937,191	14,617,913
Total noncurrent assets	119,019,108	110,064,441
Total assets	$ 130,114,320	$ 122,149,491
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities		
Accounts and contracts payable	$ 50,833	$ 825,586
Annuity trust obligations	75,864	70,275
Due to Santa Fe College	994,595	-
Total current liabilities	1,121,292	895,861
Noncurrent liabilities		
Annuity trust obligations	206,213	206,213
Total liabilities	1,327,505	1,102,074
Deferred inflows of resources		
Split interest agreements	405,100	405,100
Net position		
Net investment in capital assets	12,937,191	14,617,913
Restricted		
Nonexpendable	42,080,959	42,080,959
Expendable	19,001,497	13,868,532
Unrestricted	54,362,068	50,074,913
Total net position	128,381,715	120,642,317
Total liabilities, deferred inflows, and net position	$ 130,114,320	$ 122,149,491

The accompanying notes to the financial statements
are an integral part of the 2025 statements.

SANTA FE COLLEGE FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2024

	2025	2024
Operating revenues		
Contributions	$ 2,770,123	$ 1,578,869
Program income	358,785	290,748
Special events and festivals	81,298	101,005
Total operating revenues	3,210,206	1,970,622
Operating expenses		
Program services		
Financial aid and academic program support	3,722,595	3,519,317
Special events and festivals	33,248	146,255
Total program services	3,755,843	3,665,572
Supporting services		
General administration	1,030,954	624,232
Depreciation	152,532	255,194
Fund raising expense	9,626	77,629
Total supporting services	1,193,112	957,055
Total operating expenses	4,948,955	4,622,627
Operating income (loss)	(1,738,749)	(2,652,005)
Other nonoperating revenues (expenses)		
Investment income	11,457,569	7,694,563
Lease income from investment real estate	732,090	808,461
Contributions to permanent endowments	-	2,178,694
Capital asset transfers and real estate dispositions to the College	(2,711,512)	-
Total other nonoperating revenues (expenses)	9,478,147	10,681,718
Change in net position	7,739,398	8,029,713
Net position, beginning of year	120,642,317	112,612,604
Net position, end of year	$ 128,381,715	$ 120,642,317

The accompanying notes to the financial statements
are an integral part of the 2025 statements.

SANTA FE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2024

	2025	2024
Cash flows from operating activities		
Receipts from program income and special events	$ 477,268	$ 369,207
Payments for financial aid, academic program support, and suppliers	(4,569,683)	(4,890,244)
Net cash provided by (used in) operating activities	(4,092,415)	(4,521,037)
Cash flows from noncapital financing activities		
Contributions received for other than capital purposes	2,699,273	982,839
Net cash provided by (used in) noncapital financing activities	2,699,273	982,839
Cash flows from capital and related financing activities		
Repayment of capital-related financing obligations	-	(810,048)
Acquisition of capital assets	(442,046)	-
Net cash provided by (used in) capital and related financing activities	(442,046)	(810,048)
Cash flows from investing activities		
Purchases of investment securities	(29,164,216)	(23,263,327)
Proceeds from sales and maturities of investments	31,951,002	25,245,578
Lease income received from investment real estate	729,807	829,098
Receipt of interest and dividends	2,694,630	3,732,065
Investment management and advisory fees paid	(220,405)	(211,050)
Payments on annuities and split interest agreements	(70,275)	(70,275)
Net cash provided by (used in) investing activities	5,920,543	6,262,089
Net increase (decrease) in cash and cash equivalents	4,085,355	1,913,843
Cash and cash equivalents, beginning of year	2,438,609	524,766
Cash and cash equivalents, end of year	$ 6,523,964	$ 2,438,609
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ (1,738,749)	$ (2,652,005)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	152,532	255,194
Contributions classified as noncapital financing and noncash activity	(2,770,123)	(1,578,871)
Change in certain assets		
Accounts receivable	37,185	(29,506)
Prepaid expenses	6,898	(6,898)
Change in certain liabilities		
Accounts payable	(774,753)	(508,951)
Due to the College	994,595	-
Net cash provided by (used in) operating activities	$ (4,092,415)	$ (4,521,037)
Non-cash investing, capital, and financing activitites		
Capital assets transferred to the College without consideration	$ (2,041,086)	$ -
Capital assets donated to the Foundation	70,850	596,030
Increase in fair value of investments	8,826,216	3,962,498

The accompanying notes to the financial statements
are an integral part of the 2025 statements.

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

(a) **Nature of organization**—The Santa Fe College Foundation, Inc. (the "Foundation") is a direct support organization of Santa Fe College (the "College") as provided for in Section 1004.70, Florida Statutes, and is considered a component unit of the College. The Foundation was formed in 1969 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their chosen field of study and to provide the College with funds and facilities to enhance the educational experience of students at the College.

In 2008, following a directive from the Florida Legislature, Santa Fe Community College became Santa Fe College to reflect its new authority to offer select four-year degrees. As a result, the Endowment Corporation updated its name to align with the College and adopted the title "Santa Fe College Foundation, Inc.".

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred

(c) **Implementation of GASB Statement No. 103**—During 2025, the Foundation implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement improves key components of the financial reporting model, including the classification and presentation of operating and nonoperating revenues and expenses for proprietary activities. The implementation of Statement No. 103 resulted in changes to the presentation of the statement of revenues, expenses and changes in net position for 2025 and the summarized comparative information presented for 2024. The implementation did not affect total assets, liabilities, deferred inflows or outflows of resources, beginning net position, ending net position, or cash flows. No adjustment to beginning net position was required as a result of implementation.

(d) **Prior-year summarized information**—The financial statements include certain prior-year summarized comparative information but do not include all of the information and disclosures required for a complete presentation of the prior year in conformity with accounting principles generally accepted in the United States of America. Accordingly, the 2024 information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

(e) **Fund accounting and net position**—To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes according to their nature and purpose.

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

The Foundation reports net position in the following categories:

Net investment in capital assets—This category represents capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to those assets.

Restricted expendable—These funds are subject to donor, grantor, or other external restrictions on use for the benefit of students or for funding various programs at the College. Restricted expendable net position also includes investment earnings and realized and unrealized gains and losses on donor-restricted endowment funds, unless otherwise restricted by the donor.

Restricted nonexpendable—These funds represent the original donor-restricted corpus of endowment gifts that must be maintained in perpetuity or for a specified term. For net position classification purposes, such amounts are reported as restricted nonexpendable net position based on the historical gift value. The related investment assets are reported in accordance with the Foundation's investment accounting policy.

Unrestricted—These funds are available without restriction for the purpose of carrying out Foundation objectives.

(f) **Operating and nonoperating revenues and expenses**—The Foundation distinguishes operating revenues and expenses from noncapital subsidies and other nonoperating revenues and expenses in accordance with GASB Statement No. 103.

Nonoperating revenues and expenses include contributions to permanent and term endowments; financing-related revenues and expenses; gains and losses from the disposal of capital assets and inventory; investment income and expenses; and subsidies received and provided. Noncapital subsidies are presented separately following operating income or loss.

All revenues and expenses that do not meet the definition of nonoperating revenues and expenses are reported as operating revenues and expenses. Accordingly, contributions other than contributions to permanent or term endowments are reported as operating revenues unless they otherwise meet the definition of nonoperating revenue.

(g) **Revenue recognition**—Contributions are recognized as increases in net position when received or when pledged unconditionally, except for pledged endowments, which are recognized when received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions received with donor-imposed purpose or time restrictions are reported in accordance with the applicable restriction.

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

(h) **Pledges receivable**—Unconditional pledges that are verifiable, probable, and measurable are recorded at estimated realizable value. Pledges expected to be collected in future years are recorded at the present value of estimated future cash flows. The Foundation evaluates collectability based on specific identification and records an allowance when amounts are considered uncollectible. There were no pledges receivable at December 31, 2025.

(i) **Donor restricted endowments**—Donor-restricted endowments consist of gifts for which the donor has stipulated that the principal be maintained in perpetuity or for a specified term. Investment earnings and realized and unrealized gains and losses on donor-restricted endowments are reported as restricted expendable net position unless otherwise restricted by the donor. Earnings are available for expenditure when appropriated in accordance with donor restrictions, the Foundation's spending policy, and applicable law.

Endowment appropriations are made in accordance with donor restrictions, the Foundation's spending policy, and the prudent appropriation provisions of the Florida Uniform Prudent Management of Institutional Funds Act, section 617.2104, Florida Statutes.

(j) **Cash and cash equivalents**—The Foundation considers cash on hand, demand deposits, money market accounts, and other highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

(k) **Investments**—Investments are reported at fair value when fair value is readily determinable or can be reasonably estimated. Investments received as gifts are recorded at fair value or appraised value as of the date of the gift. Interest, dividends, realized gains and losses, changes in fair value, lease income from investment real estate, and investment management expenses are classified as nonoperating investment-related revenues and expenses and are presented in the statement of revenues, expenses and changes in net position in accordance with their nature.

Investment income and gains restricted by donors are reported in accordance with the applicable donor restrictions and the Foundation's net position classifications. Investment earnings and realized and unrealized gains and losses on donor-restricted endowment funds are reported as restricted expendable net position unless otherwise restricted by the donor.

Short-term investments consist of investments with original maturities greater than three months but twelve months or less. Long-term investments consist of investments with original maturities greater than twelve months, equity securities, fixed-income securities, and real estate investments.

(l) **Capital assets**—Capital assets purchased or acquired with an original cost of $500 or more and an estimated useful life greater than one year are reported at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated acquisition value at the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred. Depreciation of buildings and equipment not held for investment is provided using the straight-line method over the estimated useful lives of the respective assets, generally 40 years for buildings and 5 to 7 years for equipment.

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

Capital asset acquisitions intended for direct contribution to the College are recorded as expenditures in the Foundation's accounting records.

Art collection—Art acquisitions are recorded at cost if purchased or at estimated acquisition value at the date received if donated. The art collection is capitalized as part of capital assets; however, it is considered inexhaustible and is not depreciated.

Unamortized film costs—Costs associated with the production of video documentaries are capitalized when the costs provide future educational, programmatic, or mission-related benefit to the Foundation or the College. Capitalized film costs are amortized over ten years using the straight-line method. Film costs include direct production and postproduction costs.

(m) **Deferred inflows of resources**—In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Foundation reports deferred inflows of resources related to its beneficial remainder interests in irrevocable split-interest agreements.

(n) **Donated property, materials, and services**—Donated property and materials controlled by the Foundation are recorded at estimated acquisition value at the date received. The College provides certain personnel, office space, and administrative support to the Foundation without charge. Because the personnel remain employees of the College, the College retains control of the office space, and the Foundation has no obligation to reimburse the College, the estimated value of this support is not recognized in the Foundation's financial statements.

(o) **Income taxes**—The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Foundation is subject to federal and state income taxes on income from activities unrelated to its exempt purpose and files the applicable federal and state tax returns.

(p) **Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) **Deposits and Investments:**

Deposits and custodial credit risk

At December 31, 2025, the carrying amount of all cash deposits was $6,523,964, and the related bank balance was $6,619,560. Deposits are insured by the Federal Deposit Insurance Corporation up to applicable limits. At December 31, 2025, $6,119,560 of the Foundation's bank deposits was uninsured and uncollateralized.

Certain balances held through brokerage accounts may represent money market mutual funds, bank deposit sweep accounts, or other investments rather than deposits. Such balances are included in the applicable investment category based on the nature of the underlying instrument.

(2) **Deposits and Investments:** (Continued)

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Foundation would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation does not have custodial credit risk exposure with respect to its marketable securities, which are held by custodians in the Foundation's name. Investment real estate is not subject to custodial credit risk. The Foundation does not have a formal policy addressing custodial credit risk for investments.

Authorized investments and investment policy

The Board of Directors is responsible for oversight of the Foundation's investments and establishes investment policy through its Finance Committee. Investments authorized by the Board include equity securities, fixed-income securities, mutual funds, and real estate. The investment policy establishes asset-allocation, diversification, credit-quality, and maturity guidelines. Investments subject to donor-imposed limitations are invested in accordance with the applicable donor agreements.

The Foundation contracts with an investment manager to invest and reinvest marketable securities in accordance with the Board-approved investment policy.

Certain unrestricted investments associated with the MacKenzie Scott gift are maintained in separately identified investment accounts but are managed as part of the Foundation's overall investment portfolio.

Fair value measurements

The Foundation categorizes investments measured at fair value within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value:

Level 1—Quoted prices in active markets for identical assets.

Level 2—Significant observable inputs other than Level 1 quoted prices, including quoted prices for similar assets in active markets.

Level 3—Significant unobservable inputs.

The Foundation's investments at December 31, 2025, are reported as follows:

	Assets at Fair Values as of December 31, 2025			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 43,680,918	$ -	$ -	$ 43,680,918
Fixed income	-	40,619,962	-	40,619,962
Mutual funds	1,420,672	-	-	1,420,672
Real estate	-	-	24,444,591	24,444,591
Total	$ 45,101,590	$ 40,619,962	$ 24,444,591	$ 110,166,143

(2) **Deposits and Investments:** (Continued)

Mutual funds and corporate common stocks are valued using quoted market prices in active markets and are categorized as Level 1. Corporate preferred stocks, corporate bonds, U.S. federal agency bonds, and municipal bonds are valued using quoted prices for similar securities, matrix pricing, or other observable market inputs and are categorized as Level 2.

Real estate investments are categorized as Level 3 because significant valuation inputs are not directly observable. Fair value is estimated using third-party appraisals, comparative market analyses, or other market-based valuation information, as applicable. The market approach is generally used and considers recent sales of comparable properties, location, size, zoning, property condition, occupancy or lease status, demolition or redevelopment costs, and current real estate market conditions. Management reviews the valuation information and considers whether property-specific or market changes occurring between the valuation date and the financial statement date require adjustment.

Investment real estate is generally valued annually as of the financial statement date. When a valuation is performed other than at year-end, management considers whether intervening property-specific or market developments require an adjustment.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy generally limits fixed-income investments to securities rated investment grade or higher at the time of purchase. Securities subsequently downgraded below investment grade may be retained when the investment manager and Finance Committee determine that retention is prudent.

At December 31, 2025, the credit-quality ratings of the Foundation's fixed-income investments were as follows:

Credit Risk Rating	Fair Value
AAA/Aaa	$ 1,392,882
AA/Aa	6,532,265
A	16,590,398
BBB/Baa	13,093,693
Below investment grade	779,014
Unrated fixed-income securities	1,382,034
Total fixed-income investments subject to credit risk	39,770,286
U.S. government securities not subject to credit risk	849,676
Total fixed-income investments	$ 40,619,962

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation's investment policy limits investment in any one issuer to no more than 5% of the total investment portfolio, excluding obligations of the United States government and its agencies or instrumentalities. At December 31, 2025, no investment in any single issuer exceeded 5% of total investments.

(2) **Deposits and Investments:** (Continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates could reduce an investment's fair value. The Foundation manages this risk by maintaining a diversified fixed-income portfolio with varying maturities and by monitoring portfolio duration and expected liquidity needs.

At December 31, 2025, the maturities of fixed-income investments were as follows:

Fixed Income Maturities	Fair Value
Less than one year	$ 4,084,226
1–5 years	19,263,582
6–10 years	13,928,220
More than 10 years	3,343,934
Total	$ 40,619,962

The Foundation manages its exposure to interest rate risk by purchasing a mix of shorter-term and longer-term fixed-income investments and by considering anticipated cash flow and liquidity needs for scholarships and program support when establishing portfolio maturities. The Foundation generally intends to hold fixed-income securities to maturity, subject to liquidity needs, credit considerations, and investment manager recommendations.

Foreign currency risk

The Foundation had no investments denominated in foreign currencies at December 31, 2025.

(3) **Charitable Gift Annuities and Split-Interest Agreements:**

The Foundation is the beneficiary of irrevocable split-interest agreements, including charitable trusts and gift annuities. Under the agreements, other beneficiaries generally receive annual distributions ranging from 5% to 8% of the original principal for life or for a specified term.

The Foundation recognizes the assets received under the agreements, a liability for the present value of payments expected to be made to the other beneficiaries, and a deferred inflow of resources for the Foundation's unconditional remainder interest. Changes in the related assets, including interest, dividends, and changes in fair value, are reflected in the deferred inflow of resources. The remainder interest is recognized as contribution revenue upon termination of the applicable agreement.

At December 31, 2025, annuity trust obligations totaled $282,077**,** of which $75,864 was due within one year and the related deferred inflow of resources totaled $405,100.

The annuity obligations are measured using the payment provisions of the agreements and applicable assumptions regarding expected investment return, beneficiary mortality, and discount rates.

(4) Capital Assets:

Property, equipment, art collections, and film costs consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 2,569,160	$ 150,000	$ (1,067,844)	$ 1,651,316
Art collection	7,601,030	71,446	-	7,672,476
Total capital assets not being depreciated	10,170,190	221,446	(1,067,844)	9,323,792
Capital assets, being depreciated/amortized				
Buildings and improvements	10,914,419	291,450	(2,681,468)	8,524,401
Capitalized film costs	1,004,645	-	-	1,004,645
Total capital assets being depreciated/amortized	11,919,064	291,450	(2,681,468)	9,529,046
Less accumulated depreciation and amortization				
Buildings and improvements	(6,488,023)	(148,267)	1,708,226	(4,928,064)
Capitalized film costs	(983,318)	(4,265)	-	(987,583)
Total accumulated depreciation and amortization	(7,471,341)	(152,532)	1,708,226	(5,915,647)
Total capital assets being depreciated/amortized, net	4,447,723	138,918	(973,242)	3,613,399
Total capital assets, net	$ 14,617,913	$ 360,364	$ (2,041,086)	$ 12,937,191

During 2025, the Foundation transferred land and buildings and improvements to the College without consideration. The assets had a net carrying amount of $2,041,086 at the date of transfer, and were reported as capital assets transferred to the College within nonoperating expenses.

(5) Restricted Net Position:

Restricted net position represents resources subject to externally imposed restrictions established by donors, grantors, or other outside parties. Restricted expendable resources may be used when the applicable purpose or time restrictions are satisfied.

The Foundation determines annual endowment spending using a moving average of investment values. This approach is intended to provide more consistent and predictable support for scholarships and programs while preserving the long-term purchasing power of endowment assets.

Restricted expendable net position at December 31, 2025 consisted of the following:

Scholarships	$ 9,650,741
Program enhancement and other restricted purposes	5,306,684
Capital projects and equipment	4,044,072
Total	$ 19,001,497

(6) Related Party Transactions and Investment Real Estate:

The Foundation is a direct support organization and component unit of the College and is organized to receive, hold, invest, and administer resources for the benefit of the College and its students.

During 2025, the Foundation provided direct support to the College and its students totaling $3,037,915. Direct support consists primarily of scholarships, program support, and other expenditures made for the benefit of the College and its students.

At December 31, 2025, the Foundation had amounts due to the College totaling $994,595. The balance primarily represents amounts payable for direct support and other College-related activity incurred through year-end.

The College also provides personnel, office space, technology, and certain administrative support to the Foundation without charge. The Foundation relies on this support in conducting its operations. The personnel remain employees of the College, the College retains control of the office space and related resources, and the Foundation has no obligation to reimburse the College. Accordingly, the estimated value of this support has not been recognized in the Foundation's financial statements. Management expects this support arrangement to continue.

The Foundation holds real property for investment purposes, including properties operated to generate lease income and properties held for appreciation or future strategic disposition. Investment real estate totaled $24,444,591 at December 31, 2025, and is measured at fair value as described in Note 2.

The Foundation leases certain investment real estate to the College and other tenants. Lease income from investment real estate totaled $732,090, net of commissions, for the year ended December 31, 2025. Because the underlying properties are reported as investments measured at fair value, the related lessor arrangements are excluded from the recognition and measurement provisions applicable to lessor leases under GASB Statement No. 87, *Leases*.

During 2025, the Foundation sold two investment real estate properties to the College for aggregate proceeds of $2,303,568. The properties had an aggregate carrying value of $2,973,994, resulting in a loss of $670,426. Because the properties were sold to the College for amounts below their carrying values, the loss is reported within nonoperating expenses in the statement of revenues, expenses and changes in net position.

During 2025, the Foundation also transferred certain capital assets to the College without consideration. The transferred capital assets had a net carrying amount of $2,041,086 at the date of transfer and are reported within nonoperating expenses as capital assets transferred to the College.

Total capital subsidies provided to the College related to the investment real estate sales and capital asset transfers were $2,711,512 for the year ended December 31, 2025.

(7) 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, and natural disasters. The Foundation maintains commercial insurance coverage for these risks. Settled claims have not exceeded insurance coverage during the past three years.

(8) Commitments and Contingencies:

The Foundation is subject to claims and legal proceedings arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of any such matters is not expected to have a material effect on the Foundation's financial statements.

The Foundation maintains a collateral-secured Loan Management Account with a bank. The facility is a non-purpose, variable-rate revolving line of credit secured by certain investment accounts of the Foundation. Available credit is determined by the lending value of the pledged collateral and other limits established by the lender and may be modified by the lender from time to time.

At December 31, 2025, the Foundation had available credit of $12,000,000, an outstanding balance of $0, and approximately $43,413,000 of investments pledged as collateral. The variable interest rate applicable to borrowings was 4.72% at December 31, 2025. No interest expense was incurred during 2025. Because the facility is uncommitted, the lender is not obligated to advance the full amount of available credit.

(9) Art Collection:

The Foundation holds an art collection that is capitalized as part of capital assets and is considered inexhaustible and therefore is not depreciated. In 2022, the Foundation acquired a collection appraised at $5,453,800 for a purchase price of $1,000,000. The final installment of the purchase obligation was paid during 2024.

At December 31, 2025, the carrying amount of the Foundation's art collection was $7,672,476.

The Foundation is currently exploring the development of a stand-alone museum on property it owns in downtown Gainesville, adjacent to the College's Blount Center. The proposed museum would serve as a permanent home for the acquired collection and function as a dynamic cultural and educational hub. Its mission would be to expand access to the visual arts, support multidisciplinary learning, and foster deeper engagement between the College and the surrounding community.

Designed to complement and enhance the College's academic programs, the museum would offer students experiential learning opportunities in curation, arts administration, museum studies, and cultural programming. It would also serve as a venue for rotating exhibitions, artist residencies, lectures, and collaborative events that bring together local, national, and international voices.

To support this vision, the Foundation has initiated a comprehensive strategic planning process, including preliminary architectural and feasibility studies for the site. Concurrently, a multi-phase fundraising campaign is being developed to secure the resources necessary for the museum's design, construction, and long-term sustainability. These efforts reflect the Foundation's commitment to preserving and sharing the collection while investing in a vibrant, accessible cultural future for the College and the greater Gainesville community.

(10) Subsequent Events:

Subsequent to December 31, 2025, the Foundation completed sales of certain investment real estate for aggregate sales proceeds of approximately $4.9 million. In August 2026, the Foundation also entered into a contract to sell another investment real estate property for $645,000, however that sale had not closed as of the date the financial statements were available to be issued. These subsequent transactions have not been recognized in the Foundation's December 31, 2025 financial statements.

(11) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Foundation's financial statements:

a. GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

b. GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

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,
Santa Fe College Foundation, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Santa Fe College Foundation, Inc. (the Foundation), a component unit of Santa Fe College, 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 August 11, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as item 2025-001 that we consider to be a material weakness.

2025-001 Investment Accounting and Valuation Controls

We identified a deficiency in internal control over financial reporting related to the Foundation's year-end investment accounting and valuation processes that we consider to be a material weakness. Specifically, certain differences between the general ledger and supporting investment records remained unresolved as part of the year-end reconciliation process, and updated valuation information for one investment real estate property was not available as of year-end. As a result of audit procedures, adjustments were recorded to certain investment accounts and related fair value measurements.

We recommend that the Foundation enhance and formalize its year-end investment accounting and valuation procedures. Investment accounts should be reconciled to custodian statements and supporting schedules, including cash, securities, accrued interest, investment income, purchases, sales, and realized and unrealized gains and losses. The reconciliation process should include documented review and approval by an individual independent of its preparation.

We also recommend that the Foundation formalize its procedures for the periodic valuation of investment real estate. Such procedures should address the frequency of valuations, management's consideration of relevant property-specific and market developments through the financial statement date, and documentation supporting any year-end fair value adjustments.

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.*

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the finding identified in our audit and described previously. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

James Moore & Co., P.L.

Gainesville, Florida
August 11, 2026

SANTA FE COLLEGE FOUNDATION

AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
August 11, 2026

2025-001 Investment Accounting and Valuation Controls

The auditor identified a deficiency in internal control over financial reporting related to the Foundation's year-end investment accounting and valuation processes that we consider to be a material weakness. Specifically, certain differences between the general ledger and supporting investment records remained unresolved as part of the year-end reconciliation process, and updated valuation information for one investment real estate property was not available as of year-end. As a result of the audit procedures, adjustments were recorded to certain investment accounts and related fair value measurements.

The Foundation acknowledges the deficiency identified during the audit. Management has evaluated the matter and plans to enhance its procedures for reconciling investment accounts and reviewing investment real estate valuations. Management's planned corrective actions include formalizing reconciliation procedures, documenting review and approval, and establishing a process for obtaining and evaluating current valuation information for investment real estate.

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