DAYTONA STATE COLLEGE
HOUSING CORPORATION

A COMPONENT UNIT OF DAYTONA STATE COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

DAYTONA STATE COLLEGE HOUSING CORPORATION
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Daytona State College Housing Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daytona State College Housing Corporation (the Corporation), a component unit of Daytona State College (the College), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Corporation'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 Corporation as of June 30, 2026 and 2025, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 Corporation's ability to continue as a going concern for one year after the date the financial statements are issued, 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 Corporation'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 Corporation'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2026, on our consideration of the Corporation'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 Corporation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
August 21, 2026

Management's Discussion and Analysis

Management of Daytona State College Housing Corporation (the Corporation) offers readers of the Corporation's financial statements this narrative overview and analysis of the Corporation's financial activities for the years ended June 30, 2026, 2025, and 2024. Management has prepared the financial statements and the discussion and analysis. Responsibility for the completeness and fairness of this information rests with management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of management's discussion and analysis, the basic financial statements, and the notes to the financial statements. The Corporation is reported as a special-purpose government engaged only in business-type activities. The basic financial statements include the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows, and the notes to the financial statements.

The statements of net position present the Corporation's assets, liabilities, and net position at year-end. The statements of revenues, expenses and changes in net position present the results of the Corporation's operations and other activities for the year. The statements of cash flows present cash receipts and payments classified as operating, noncapital financing, capital and related financing, and investing activities.

During the fiscal year ended June 30, 2026, the Corporation implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation modified the presentation of the statements of revenues, expenses, and changes in net position to distinguish operating revenues and expenses from other nonoperating revenues and expenses. The Corporation did not report any noncapital subsidies for the fiscal years ended June 30, 2026, 2025, or 2024.

FINANCIAL SUMMARY

The following condensed financial information provides a summary of the Corporation's financial position and activities for fiscal years ending June 30, 2026, 2025, and 2024.

CONDENSED STATEMENTS OF NET POSITION
For Fiscal Years Ending June 30
(In Thousands)

	2026	2025	2024
Current Assets	$ 2,253	$ 1,866	$ 1,543
Capital Assets, Net	13,509	13,835	14,049
Other Noncurrent Assets	1,086	1,030	976
Total Assets	**$ 16,848**	**$ 16,731**	**$ 16,568**
Current Liabilities	$ 686	$ 677	$ 646
Noncurrent Liabilities	10,245	10,843	11,441
Total Liabilities	**$ 10,931**	**$ 11,520**	**$ 12,087**
Net Investment in Capital Assets	$ 2,651	$ 2,394	$ 2,025
Debt Service	872	872	872
Renewal and Replacement	214	158	104
Unrestricted	2,180	1,787	1,480
Total Net Position	**$ 5,917**	**$ 5,211**	**$ 4,481**

Net position increased by $705,948 in fiscal year 2026, compared with an increase of $730,720 in fiscal year 2025. The lower increase in net position was primarily attributable to higher operating expenses, which increased by $93,520, compared with a $58,172 increase in operating revenues. The increase in operating revenues was primarily due to higher rental rates, while the increase in operating expenses was primarily due to higher repairs and maintenance costs, including elevator maintenance and HVAC repairs. As a result, operating income decreased by $35,348, from $966,962 in 2025 to $931,614 in 2026.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for Fiscal Years Ending June 30
(In Thousands)

	2026	**2025**	**2024**
Operating Revenues	$ 1,846	$ 1,787	$ 1,705
Less, Operating Expenses	914	821	751
Operating Income (Loss)	**932**	**966**	**954**
Other Nonoperating Revenues (Expenses)	(226)	(236)	(228)
Net Increase (Decrease) in Net Position	**706**	**730**	**726**
Net Position, Beginning of Fiscal Year	5,211	4,481	3,755
Net Position, End of Fiscal Year	**$ 5,917**	**$ 5,211**	**$ 4,481**

For the fiscal year ending June 30, 2026, the Corporation's net position increased by $705,948. Operating revenues were $1,845,917 and operating expenses were $914,303, resulting in an operating gain of $931,614. Other nonoperating revenues and expenses consisted of investment income of $63,784 and interest expense of $289,450, resulting in net other nonoperating expense of $225,666. Net other nonoperating expense decreased by $10,576 from the prior year primarily due to lower interest expense.

For the fiscal year ending June 30, 2025, the Corporation's net position increased by $730,720. Operating revenues were $1,787,745 and operating expenses were $820,783, resulting in operating gain of $966,962. Other nonoperating revenues and expenses consisted of investment income of $67,188 and interest expense of $303,430, resulting in net other nonoperating expense of $236,242.

For the fiscal year ending June 30, 2024, the Corporation's net position increased by $725,248. Operating revenues were $1,704,923 and operating expenses were $751,475, resulting in operating income of $953,448. Other nonoperating revenues and expenses consisted of investment income of $88,966 and interest expense of $317,166, resulting in net other nonoperating expense of $228,200.

DETAILED ANALYSES

Financial position: The Corporation's financial position improved during fiscal year 2026. Current assets increased by approximately $388,000, primarily due to increased cash and investments, while unrestricted net position increased by approximately $393,000. Total liabilities decreased by approximately $589,000, primarily due to scheduled principal payments on the bank loan, which reduced long-term debt by approximately $570,000. The reduction in liabilities was a significant contributor to the $706,000 increase in total net position during fiscal year 2026. Capital assets, net, decreased by approximately $327,000, primarily due to depreciation and amortization expense exceeding current-year capital additions. Restricted net position for renewal and replacement increased by approximately $56,000, while restricted net position for debt service remained unchanged.

Operating revenues: Operating revenues consist primarily of student housing fees, camp fees, application fees, and other services and fees. Revenues were $1,845,917 in fiscal year 2026 and $1,787,745 in fiscal year 2025. The increase in fiscal year 2026 was primarily due to an increase in rental rates resulting in an additional $46,941 of rental revenue. The increase in fiscal year 2025 was due to an increase in rental rates resulting in an additional $63,042 of rental revenue.

Operating expenses: Operating expenses consist primarily of personnel, repairs and maintenance, utilities, general and administrative, and depreciation/amortization. Operating expenses were $914,303 in fiscal year 2026, compared with $820,783 in fiscal year 2025 and $751,475 in fiscal year 2024. The change was primarily due to an increase in repairs and maintenance of $70,770 consisting primarily of elevator maintenance and HVAC repairs. The fiscal year 2025 change was primarily due to an increase in repairs and maintenance of $40,532, and an increase in personnel expense of $24,398 primarily due to increases in insurance costs and increases in salaries.

Other nonoperating revenues and expenses: Other nonoperating revenues and expenses include investment income and interest expense. These amounts are presented outside operating income or loss under the Corporation's GASB Statement No. 103 presentation. Net other nonoperating expense was $225,666 in fiscal year 2026, $236,242 in fiscal year 2025, and $228,200 in fiscal year 2024. The decrease in net other nonoperating expense in 2026 was primarily due to lower interest expense. The increase in net other nonoperating expense in 2025 was primarily due to lower investment income, partially offset by lower interest expense.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital assets: Net capital assets decreased by approximately $327,000 during fiscal year 2026, primarily due to depreciation and amortization expense exceeding current-year additions. The Corporation recorded approximately $5,000 of additions to construction in progress during the year and had no significant disposals of capital assets.

Subscription-Based Information Technology Arrangement: The Corporation's subscription liability decreased by approximately $13,000 during fiscal year 2026 due to scheduled payments under its housing software agreement. The subscription liability was $26,472 at June 30, 2026, compared with $39,605 at June 30, 2025.

Long-term financing/debt activity: On March 12, 2021, the Corporation obtained a bank loan in the amount of $12.8 million. The proceeds of the loan were used to finance the design and construction of a 252-bed student housing facility, fund a debt service reserve fund, and fund cost of issuance. Construction of the facility was completed in June 2022. Principal payments for the loan began in fiscal year 2022-2023. The Corporation was in compliance with all applicable debt covenants as of June 30, 2026.

As of June 30, 2026, the Corporation had $10,831,387 in outstanding loans payable, representing a decrease of $570,081 or 5.00% from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the past three fiscal years ending June 30:

Long-term Debt
for Fiscal Years Ending June 30
(In Thousands)

	2026	2025	2024
Loans Payable	$ 10,831	$ 11,401	$ 11,972
Total	**$ 10,831**	**$ 11,401**	**$ 11,972**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The financial status of the Corporation relies heavily on the continued demand for on-campus housing for students, interns, and summer camps attending Daytona State College. The Corporation works closely with Daytona State College and the Daytona State College Foundation to ensure that available rentals are filled each semester.

The Corporation remains committed to supporting Daytona State College and its students by continuing to provide on-campus housing. Management is not aware of any currently known facts, decisions, or conditions that are expected to have a significant impact on the Corporation's financial position or results of operations beyond those discussed above.

REQUEST FOR INFORMATION

Questions concerning information provided in the Management's Discussion and Analysis, Financial Statements and notes, thereto, or requests for additional financial information should be addressed to Martin Cass, Vice President of Finance and Administrative Services/CFO, Daytona State College, Post Office Box 2811, Daytona Beach, Florida 32120-2811.

DAYTONA STATE COLLEGE HOUSING CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash	$ 584,771	$ 290,954
Investments	1,576,036	1,512,966
Prepaids	-	17,131
Accounts receivable, net	60,880	35,724
Interest receivable	2,029	2,059
Due from Daytona State College	29,967	6,970
Total current assets	2,253,683	1,865,804
Noncurrent assets		
Restricted cash	1,086,186	1,030,238
Capital assets not being depreciated/amortized	1,434,802	1,429,802
Capital assets being depreciated/amortized, net	12,073,962	12,405,497
Total noncurrent assets	14,594,950	14,865,537
Total assets	$ 16,848,633	$ 16,731,341
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	$ 150	$ 17,320
Due to Daytona State College	20,743	14,434
Unearned revenue	52,470	47,051
Loan payable - current portion	599,862	584,795
Subscription liability - current portion	13,202	13,134
Total current liabilities	686,427	676,734
Noncurrent liabilities		
Loan payable, less current portion	10,231,525	10,816,673
Subscription liability, less current portion	13,270	26,471
Total noncurrent liabilities	10,244,795	10,843,144
Total liabilities	10,931,222	11,519,878
Net position		
Net investment in capital assets	2,650,905	2,394,226
Restricted for:		
Renewal and replacement	213,802	157,854
Debt service	872,384	872,384
Unrestricted	2,180,320	1,786,999
Total net position	5,917,411	5,211,463
Total liabilities and net position	$ 16,848,633	$ 16,731,341

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

DAYTONA STATE COLLEGE HOUSING CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Revenues		
Operating revenues:		
Student housing fees, net	$ 1,749,886	$ 1,682,991
Camp fees	63,366	68,466
Application fees	21,975	25,050
Other services and fees	10,690	11,238
Total operating revenues	1,845,917	1,787,745
Expenses		
Operating expenses:		
Personnel	147,403	137,608
Repairs & maintenance	148,785	78,015
Utilities	122,335	111,781
General and administrative	164,245	161,844
Depreciation/amortization	331,535	331,535
Total operating expenses	914,303	820,783
Operating income (loss)	931,614	966,962
Other nonoperating revenues and expenses		
Investment income (loss)	63,784	67,188
Interest expense	(289,450)	(303,430)
Total other nonoperating revenues and expenses	(225,666)	(236,242)
Change in net position	705,948	730,720
Net position, beginning of year	5,211,463	4,480,743
Net position, end of year	$ 5,917,411	$ 5,211,463

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

DAYTONA STATE COLLEGE HOUSING CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities		
Cash received from students	$ 1,803,183	$ 1,803,359
Cash paid to the College for operating expenses	(576,498)	(490,267)
Net cash provided by (used in) operating activities	1,226,685	1,313,092
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(5,000)	(117,464)
Subscription payments	(13,133)	(13,068)
Principal paid on capital debt	(570,081)	(570,107)
Interest paid on capital debt	(289,450)	(303,430)
Net cash provided by (used in) capital related and financing activities	(877,664)	(1,004,069)
Cash flows from investing activities		
Cash received for interest and dividends	62,919	62,000
Purchases of investments	(62,175)	(60,630)
Net cash provided by (used in) investing activities	744	1,370
Net increase (decreases) in cash and cash equivalents	349,765	310,393
Cash and cash equivalents, beginning of year	1,321,192	1,010,799
Cash and cash equivalents, end of year	$ 1,670,957	$ 1,321,192
Shown on the statement of net position as:		
Cash	$ 584,771	$ 290,954
Restricted cash	1,086,186	1,030,238
Total cash and cash equivalents	$ 1,670,957	$ 1,321,192
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ 931,614	$ 966,962
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	331,535	331,535
Bad debt	3,771	29,852
Decrease (increase) in certain assets:		
Accounts receivable	(28,927)	(32,814)
Prepaids	17,131	(686)
Due from Daytona State College	(22,997)	2,877
Increase (decrease) in certain liabilities:		
Accounts payable	(17,170)	15,070
Unearned revenue	5,419	15,699
Due to Daytona State College	6,309	(15,403)
Net cash provided by (used in) operating activities	$ 1,226,685	$ 1,313,092

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

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

(a) **Nature of organization**—Daytona State College Housing Corporation (the Corporation) was incorporated on September 20, 2019, as a direct support organization as provided for in Section 1004.70, Florida Statutes, and is considered a discrete component unit of Daytona State College (the College). The Corporation's principal function is to organize and operate student housing for the benefit of the College. The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the IRC) and is exempt from federal and state income taxes pursuant to Section 509(a) of the IRC.

The Corporation is governed by a three-member board. The board members are appointed by the College's board of trustees.

The Corporation is a direct support organization and component unit of the College. These financial statements include all funds and departments controlled by the Corporation.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Corporation 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. As such, the Corporation presents only the statements required of enterprise funds, which include the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

For financial reporting purposes, the Corporation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation 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 the year ended June 30, 2026, the Corporation 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 no changes to the presentation of the statements of revenues, expenses and changes in net position for both years presented. 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) **Net Position**—The net position of the Corporation is reported in three categories as follows:

- *Net investment in capital assets* consist of capital assets net of accumulated depreciation reduced by outstanding balances of any debt that is attributable to those capital assets.

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

- *Restricted net position* represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. The Corporation has restricted net positions for debt service and renewal and replacement funding.

- *Unrestricted net position* represents funds that are available without restriction for carrying out the Corporation's objectives.

(e) **Cash and cash equivalents**—The Corporation considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents. Restricted cash represents amounts restricted for debt service and renewal and replacement funding.

(f) **Accounts receivable**—Accounts receivable represents amounts invoiced for housing fees that remain unpaid at year-end. The allowance for doubtful accounts is based on an evaluation of the periodic aging of outstanding account balances. Accounts receivable is reported net of an allowance for uncollectible accounts of $51,152 and $56,598, at June 30, 2026 and 2025, respectively.

(g) **Operating activities**—Revenues and expenses represent ongoing activities of the Corporation, which are in support of the Corporation's purpose, to organize and operate student housing for the benefit of the College. The Corporation distinguishes operating revenues and expenses from nonoperating revenues and expenses in accordance with GASB Statement No. 103. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses include subsidies received and provided, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Noncapital subsidies are reported separately after operating income or loss and before other nonoperating revenues and expenses.

The College collects student housing revenues and pays certain operating costs on behalf of the Corporation. Cash settlements between the College and the Corporation related to those activities represent collections and payments of the Corporation's revenues and expenses and are not subsidies as defined by GASB Statement No. 103. The College provided no direct operating subsidy to the Corporation during the years ended June 30, 2026 and 2025.

(h) **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.

(i) **Investments and investment income**—The Corporation states certain investments at their fair value if the investment has a readily determinable market value. Investments received as gifts are recorded at their fair market or appraised value as of the date of the gift.

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

(j) **Subscription-Based Information Technology Agreements (SBITAs)**—The Corporation has entered into an agreement to use a housing operations software system. The Corporation recognizes intangible right-to-use (RTU) assets (subscription assets) and corresponding liabilities for all SBITAs that are not considered short-term. RTU assets represent the Corporation's right to use an underlying intangible asset for the agreement term and liabilities represent the Corporation's obligation to make payments arising from the SBITA. RTU assets and liabilities are recognized at the agreement commencement date based on the present value of payments over the SBITA term.

Basis of classification – SBITAs where the maximum possible agreement term(s) is non-cancelable by both parties, and more than 12 months are not considered short term.

Discount Rate – Unless explicitly stated in the agreement, known by the Corporation, or the Corporation is able to determine the rate implicit within the agreement, the discount rate used to calculate SBITA right-to-use assets will be the Corporation's incremental borrowing rate (IBR) for the fiscal year in which the agreement commenced.

The Corporation's SBITA does not contain any material residual value guarantees or material restrictive covenants.

(k) **Capital assets**—Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets, which range from five years for most equipment to forty years for buildings. Subscription assets are amortized over the life of the associated contract.

(l) **Revenue**—Revenue is recognized on the accrual basis when earned. Operating revenues primarily consist of student housing fees, camp fees, application fees, and other services and fees; amounts collected in advance for housing services not yet provided are recorded as unearned revenue.

(m) **Long-term obligations**—Long-term debt obligations are reported as liabilities, net of any outstanding premiums and discounts. Debt issuance costs are expensed when paid.

(n) **Net position flow assumption**—Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Corporation's policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Deposits and Investments:**

(a) **Custodial credit risk - deposits**—Deposits include cash on hand and amounts held in the Corporation's demand accounts. At June 30, 2026 and 2025, the carrying amount of the Corporation's deposits were $1,670,957 and $1,321,192, respectively, of which $1,420,957 and $1,071,192 were above Federal Deposit Insurance Corporation (FDIC) limits.

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

Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the Corporation's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

(b) **Interest rate risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Corporation's policy for managing its exposure for changes in interest rate is through maintaining diversification of its investments and investment maturity dates to minimize the impact of downturns in the market.

(c) **Credit risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

(d) **Concentration risk**—The Corporation's investment policy discourages more than five percent of the portfolio's total assets taken at current value be invested in the securities of one issuer, other than the United States of America, its agencies or instrumentalities. The policy further discourages more than forty percent of the portfolio's assets to be invested in the securities of the companies in any one industry.

(e) **Fair value measurements**—The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Corporation's significant market assumptions. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable.

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

Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternative investments that do not have a liquid market at the balance sheet date. Inputs used for Level 3 may include the original transaction price, recent transactions in the same or similar market, completed or pending third party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:

Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income Approach: This approach determines a valuation by discounting cash flows.

Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value (NAV).

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity but is based on the observability of the valuation inputs.

The Corporation has the following recurring fair value measurements as of June 30, 2026 and 2025:

(a) *Special Purpose Investment Account (SPIA)* – State of Florida Special Purpose Investment Account ("SPIA") investment pool, which is part of the Florida Treasury Investment Pool. Participants own a share of the pool and not the underlying securities. SPIA pooled investments are not registered with the Securities and Exchange Commission. Oversight of the Treasury Investment Pool is provided by the Treasury Investment Council in accordance with Section 17.575, Florida Statutes, and authorized investments are set forth in Section 17.57, Florida Statutes. Participants contribute to the Treasury Investment Pool on a dollar basis. Funds are commingled, and a fair value factor is calculated by dividing the pool's total fair value by total participant cash balances. The fair value factor is used to determine each participant's pool balance. The fair value factor was 1.0043 and 1.0030 as of June 30, 2026 and 2025, respectively. The Corporation's SPIA investment represents a position in an external investment pool measured using a fair value factor equivalent to net asset value per share; therefore, the investment is not categorized within the fair value hierarchy. The Florida Treasury Investment Pool was rated AA-f by Standard & Poor's and had an effective duration of 3.43 and 3.33 years at June 30, 2026 and 2025, respectively. The pool is not exposed to foreign currency risk, and securities lending disclosures are not applicable because participants own a share of the pool rather than the underlying securities.

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

(b) *The Florida Public Assets for Liquidity Management (Florida PALM)* – An external investment pool that meets all of the necessary criteria to elect to measure its investments at amortized cost. Therefore, the investment in Florida PALM is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. As of June 30, 2026, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. The weighted average maturity of the fund was 51 days and the rating by S&P Global Ratings was AAA.

Description	Average Maturities	Fair Value Level	Average Credit Rating (S&P)	2026	2025
SPIA	N/A	N/A	AA-f	$ 632,929	$ 606,656
FL Palm	51 days	N/A	AAA	943,107	906,310
Total				$ 1,576,036	$ 1,512,966

(3) **Capital Assets:**

Capital asset activity for the fiscal year ended June 30, 2026, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 1,429,802	$ 5,000	$ -	$ 1,434,802
Total assets not being depreciated	1,429,802	5,000	-	1,434,802
Capital assets being depreciated:				
Building and improvements	13,299,402	-	-	13,299,402
Subscription assets	78,373	-	-	78,373
Total assets being depreciated	13,377,775	-	-	13,377,775
Less accumulated depreciation for:				
Building and improvements	(944,848)	(315,860)	-	(1,260,708)
Subscription assets	(27,430)	(15,675)	-	(43,105)
Total accumulated depreciation	(972,278)	(331,535)	-	(1,303,813)
Total capital assets being depreciated, net	12,405,497	(331,535)	-	12,073,962
Business-type activities capital assets, net	$ 13,835,299	$ (326,535)	$ -	$ 13,508,764

(3) **Capital Assets:** (Continued)

Capital asset activity for the fiscal year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 1,312,338	$ 117,464	$ -	$ 1,429,802
Total assets not being depreciated	1,312,338	117,464	-	1,429,802
Capital assets being depreciated:				
Building and improvements	13,299,402	-	-	13,299,402
Subscription assets	78,373	-	-	78,373
Total assets being depreciated	13,377,775	-	-	13,377,775
Less accumulated depreciation for:				
Building and improvements	(628,987)	(315,861)	-	(944,848)
Subscription assets	(11,756)	(15,674)	-	(27,430)
Total accumulated depreciation	(640,743)	(331,535)	-	(972,278)
Total capital assets being depreciated, net	12,737,032	(331,535)	-	12,405,497
Business-type activities capital assets, net	$ 14,049,370	$ (214,071)	$ -	$ 13,835,299

Depreciation/amortization expense for the years ended June 30, 2026 and 2025, was $331,535 and $331,535, respectively.

(4) **Long-term Liabilities:**

Long-term liabilities for the fiscal year ended June 30, 2026, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Loan payable	$ 11,401,468	$ -	$ (570,081)	$ 10,831,387	$ 599,862
Subscription liability	39,605	-	(13,133)	26,472	13,202
Total long-term liabilities	$ 11,441,073	$ -	$ (583,214)	$ 10,857,859	$ 613,064

Long-term liabilities for the fiscal year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Loan payable	$ 11,971,575	$ -	$ (570,107)	$ 11,401,468	$ 584,795
Subscription liability	52,673	-	(13,068)	39,605	13,134
Total long-term liabilities	$ 12,024,248	$ -	$ (583,175)	$ 11,441,073	$ 597,929

(4) **Long-term Liabilities:** (Continued)

In March 2021, the Corporation entered into an agreement with JP Morgan Chase for a $12,800,000 loan for the construction of a student housing building. The semi-annual payments are due June 30 and December 31, with interest payments commencing June 30, 2021, and principal payments commencing June 30, 2023. The loan is collateralized by net revenues. The interest rate on the loan is 2.56% and the loan matures in June 2041. The outstanding balance at June 30, 2026 and 2025, was $10,831,387 and $11,401,468, respectively.

Annual debt service requirements to maturity for the loan payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 599,862	$ 273,092	$ 872,954
2028	615,316	257,637	872,953
2029	631,169	241,784	872,953
2030	647,431	225,523	872,954
2031	664,111	208,843	872,954
2032-2036	3,586,194	778,575	4,364,769
2037-2041	4,087,304	292,179	4,379,483
Total	$ 10,831,387	$ 2,277,633	$ 13,109,020

On September 18, 2023, the Corporation entered into a SBITA for housing software. The Corporation is required to make annual payments. The discount rate applied to the SBITA was 4.46%. The system is amortized over the estimated life of the associated contract. The following is a schedule of future minimum payments for the subscription liability for each of the next four years and in the aggregate:

	Business-type Activities		
Year Ending June 30,	Principal	Interest	Total
2027	$ 13,202	$ 1,846	$ 15,048
2028	13,270	2,530	15,800
Total	$ 26,472	$ 4,376	$ 30,848

(5) **Related Party Transactions:**

The Corporation is defined as a direct support organization by Florida Statute 1004.70, and as such, the Corporation is organized and operating exclusively to provide residential housing for the College. At June 30, 2026 and 2025, the Corporation had payables to the College of $20,743 and $14,434, respectively. At June 30, 2026 and 2025, the Corporation had receivables from the college of $29,967 and $6,970, respectively.

On March 31, 2021, the Corporation signed a ground lease agreement with the College for the use of land on which the student housing is to be constructed. The term of the lease is $1 per annum not to exceed 50 years. Upon termination, all improvements and ownership of all personal property shall be transferred to the College.

(6) Risk Management:

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. The Corporation is insured through the College, which provides coverage for these risks primarily through the Florida Community College Risk Management Consortium.

(7) 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 Corporation's financial statements:

(a) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events. The effective date for implementation is 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,
Daytona State College Housing Corporation:

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 Daytona State College Housing Corporation (the Corporation), a component unit of Daytona State College (the College), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated August 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
August 21, 2026