FAU Finance Corporation

(A Component Unit of Florida Atlantic University)

Financial Statements

Years Ended June 30, 2026 and 2025

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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
FAU Finance Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the FAU Finance Corporation (the Corporation), a direct-support organization and component unit of Florida Atlantic University, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in fiscal year 2026 the Corporation adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, which resulted in changes to the presentation and classification of certain revenues and expenses. Certain 2025 amounts have been reclassified to conform to the presentation required by GASB Statement No. 103. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Corporation's 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 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 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 management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 October 16, 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 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 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.

Gainesville, Florida
October 16, 2026

James Moore & Co., P.L.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the FAU Finance Corporation (the "Corporation") for the fiscal years ended June 30, 2026, 2025 and 2024. The MD&A should be read in conjunction with the Corporation's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The FAU Finance Corporation (the Corporation) is a direct support organization of Florida Atlantic University (the University) that finances and owns student housing facilities and financed the University's football stadium. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to private-sector companies.

1. **Statement of Net Position**: Presents the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position.

2. **Statement of Revenues, Expenses, and Changes in Net Position**: Reflects the Corporation's operating revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses, and the resulting change in net position.

3. **Statement of Cash Flows**: Summarizes the cash inflows and outflows for the fiscal year.

Together, these statements present the Corporation's financial position at year-end, the revenues and expenses that resulted in changes in net position during the year, and the related cash receipts and payments.

Beginning in fiscal year 2026, the Corporation implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. Upon implementation of GASB Statement No. 103, certain transactions with the University and its affiliated organizations, including stadium pledged revenues transferred in, unused pledged revenues returned, and support for University programs, are presented as noncapital subsidies in their own section of the Statement of Revenues, Expenses and Changes in Net Position, under a new subtotal, operating income and noncapital subsidies.

The 2025 amounts were reclassified to conform to the GASB Statement No. 103 presentation adopted in fiscal year 2026, with no effect on total net position or the change in net position. In connection with implementing GASB Statement No. 103, bond premium amortization of $1.2 million and deferred loss on refunding amortization of $0.4 million, previously included in operating expenses, were reclassified to nonoperating interest expense. These reclassifications decreased 2025 operating income by approximately $0.9 million, with an offsetting decrease in net nonoperating expenses and no effect on the change in net position.

The 2025 net position components were also reclassified, with no effect on total net position. These changes included classifying the capitalized interest and pledged revenue funds as restricted for debt service and reserve; the Talon Hall and other construction-related payables within net investment in capital assets; the current portion of the Series 2017 stadium bonds as unrestricted, consistent with the long-term portion; and internally designated housing repair funds as unrestricted rather than restricted for repair and replacement, as these funds were not externally restricted.

The 2025 Statement of Cash Flows was also reclassified to match the current year's classification. Amounts were reclassified among the operating, noncapital financing, and capital and related financing sections, and the premium received on the Series 2024 bonds is now shown gross rather than net of amortization, with no change to the net change in cash. The 2024 Statement of Cash Flows was not reclassified, other than the presentation of athletics revenues and the related transfer described below.

FINANCIAL SUMMARY

Fiscal year 2024 amounts have been conformed to the GASB Statement No. 103 presentation adopted in fiscal year 2026, only for the presentation of athletics revenues and the related transfer on a gross basis and the classification of contributions to the University and support for University programs as noncapital subsidies provided. Fiscal year 2024 is included solely as an additional comparative year in this discussion and is not part of the comparative basic financial statements. Other fiscal year 2024 presentation amounts have not been reclassified to conform to the additional presentation changes described above. Accordingly, operating expenses, interest expense, and the components of fiscal year 2024 net position are presented as previously reported.

Condensed Statements of Net Position at June 30, 2026, 2025, and 2024

	FY26	FY25, as reclassified	FY24, as previously reported
Capital assets, net	$ 253,821,821	$ 187,584,388	$ 173,039,642
Other assets (cash, investments with fiscal agent, receivables)	123,347,497	191,948,803	62,346,271
Total assets	$ 377,169,318	$ 379,533,191	$ 235,385,913
Deferred outflows of resources	$ 4,453,437	$ 4,806,237	$ 5,159,038
Long-term liabilities (bonds payable and premiums)	$ 327,753,140	$ 337,511,502	$ 218,258,953
Other liabilities	36,559,324	36,740,628	15,568,789
Total liabilities	$ 364,312,464	$ 374,252,130	$ 233,827,742
Net investment in capital assets	$ (12,245,264)	$ (19,111,239)	$ (13,872,713)
Restricted for debt service, reserves and repair and replacement	19,086,439	23,336,819	19,502,419
Unrestricted	10,469,116	5,861,718	1,087,503
Total liabilities	$ 17,310,291	$ 10,087,298	$ 6,717,209

Condensed Statements of Revenues, Expenses and Changes in Net Position, Years Ended June 30, 2026, 2025, and 2024

	FY26	FY25, as reclassified	FY24, as previously reported*
Operating revenues - housing	$ 43,604,129	$ 41,385,450	$ 39,466,493
Housing and other operating expenses	(25,144,635)	(23,737,778)	(19,689,458)
Depreciation	(9,312,052)	(9,341,532	(9,394,755)
Operating income	9,147,442	8,306,140	10,382,280
Noncapital subsidies received	7,126,285	4,952,207	6,256,487
Noncapital subsidy provided: Athletics	(1,736,520)	(2,948,530)	(2,056,845)
Noncapital subsidy provided: Other	(350,000)	(804,400)	(603,114)
Operating income and noncapital subsidies	14,187,207	9,505,417	13,978,808
Interest income	6,239,857	4,087,968	1,751,782
Increase (decrease) in fair value of investments	(473,064)	675,720	1,267,713
Interest expense	(12,731,007)	(10,899,016)	(8,960,545
Change in net position	7,222,993	3,370,089	8,037,758
Net position, beginning of year	10,087,298	6,717,209	(1,320,549)
Net position, end of year	$ 17,310,291	$ 10,087,298	$ 6,717,209

*FY24 amounts are presented as previously reported, except that noncapital subsidy lines have been presented consistent with the FY26 classifications for comparative purposes.

Condensed Statements of Cash Flows, Years Ended June 30, 2026, 2025, and 2024

	FY26	FY25, as reclassified	FY24, as previously reported
Net cash provided by operating activities	$ 19,590,873	$ 18,808,875	$ 20,395,326
Net cash provided by (used in) noncapital financing activities	1,320,043	1,044,562	(3,047,646)
Net cash provided by (used in) capital and related financing activities	(96,005,923)	104,638,140	(16,583,503)
Net cash provided by (used in) investing activities	75,725,446	(122,619,968)	4,629,638
Net increase in cash	630,439	1,871,609	5,393,815
Cash, beginning of year	19,188,399	17,316,790	11,922,975
Cash, end of year	$ 19,818,838	$ 19,188,399	$ 17,316,790

DETAILED ANALYSES

- **Assets:** Total assets were $377.2 million at June 30, 2026, a decrease of $2.4 million from $379.5 million in 2025. The decrease reflects the use of Series 2024 bond proceeds to build Talon Hall. Investments with fiscal agent decreased $70.0 million as proceeds were used to reimburse construction costs, while net capital assets increased $66.2 million, net of $9.3 million of depreciation and amortization, primarily reflecting additions to construction in progress. Cash increased $0.6 million and amounts due from the University and the FAU Foundation increased $0.7 million. Of total assets, $99.4 million is held by trustees under the bond indentures and is not available for operations, including construction funds of $50.8 million that are restricted for construction and reported as noncurrent. In 2025, total assets increased $144.1 million, from $235.4 million to $379.5 million, primarily because $128.4 million of Series 2024 bond proceeds, including premium, were invested with the fiscal agent until spent, increasing those investments $127.4 million. Capital assets also increased $14.5 million as Talon Hall construction began.

- **Liabilities:** The Corporation's total liabilities decreased $9.9 million, from $374.3 million to $364.3 million. Scheduled principal payments of $7.95 million reduced bonds payable to $306.0 million, and unamortized bond premiums decreased $1.8 million through amortization. Interest payable and other accrued liabilities decreased $0.4 million to $7.3 million, reflecting lower accrued interest and changes in advance ticket sales. Amounts due to the University remained relatively unchanged at $21.2 million. Talon Hall construction costs payable increased $2.5 million to $13.3 million, while other construction-related payables decreased $2.6 million to $1.2 million. Operating reimbursements payable increased approximately $1.5 million, while unused pledged stadium revenues payable decreased $1.8 million. No new debt was issued during 2026. In 2025, total liabilities increased $140.4 million, from $233.8 million to $374.3 million, primarily reflecting the December 2024 issuance of $117.75 million of Series 2024 bonds at a $10.7 million premium, a $17.9 million increase in amounts due to the University, including $10.8 million of Talon Hall construction costs not yet reimbursed, and $3.0 million of higher accrued interest on the new bonds, partly offset by $7.6 million of principal payments.

- **Net position:** Net position increased $7.2 million from $10.1 million in 2025 (as reclassified) to $17.3 million in 2026. The increase equals the change in net position for the year: operating income of $9.1 million and net noncapital subsidies of $5.0 million exceeded net nonoperating expenses of $7.0 million. Net investment in capital assets improved by $6.9 million from a deficit of $19.1 million to a deficit of $12.2 million, primarily reflecting housing bond principal payments, capital additions funded from resources other than bond proceeds, and decreases in construction-related payables, partly offset by depreciation and amortization. Restricted net position decreased $4.3 million to $19.1 million as the capitalized interest fund was used to pay interest on the Series 2024 bonds, partly offset by deposits to the repair and replacement funds required by the indentures. Unrestricted net position increased $4.6 million, from $5.9 million in 2025, as reclassified, to $10.5 million in 2026, reflecting the year's operating results, net stadium subsidies, and changes in construction-related payables. The 2026 balance includes approximately $4.5 million internally designated for housing repairs, which is reported as unrestricted because the funds are not externally restricted. In 2025, net position increased $3.4 million compared with $8.0 million in 2024, as net noncapital subsidies decreased $2.4 million, operating income decreased $2.1 million, and net nonoperating expenses increased $0.2 million.

- **Operating revenues:** Operating revenues increased $2.2 million from $41.4 million in 2025 to $43.6 million in 2026. The increase was driven by the 5% increase in housing rental rates approved by the University's Board of Trustees for fiscal year 2026, the second year of a three-year rate plan, with occupancy remaining near full capacity for the fall and spring terms. In 2025, operating revenues increased $1.9 million, from $39.5 million in 2024 to $41.4 million, reflecting the 5% rate increase in the first year of the plan. Housing revenue excludes approximately $4.3 million each year of DBF Facilities revenue that the University retains for debt service on its Series 2016A bonds.

- **Operating expenses:** Total operating expenses increased $1.4 million, from $33.1 million in 2025, as reclassified, to $34.5 million. Other operating costs increased $1.2 million, primarily from replacement of common area furniture, kitchen appliances and network equipment; utilities increased $0.7 million; and salaries and benefits increased $0.6 million. These increases were partly offset by a $0.7 million decrease in communications costs after the residence hall cable television service was discontinued and a $0.4 million decrease in repairs and maintenance following the prior year's painting and flooring projects. Depreciation and amortization was $9.3 million in 2026 and 2025 and $9.4 million in 2024 as Talon Hall was not yet in service. In 2025, operating expenses increased $4.0 million, from $29.1 million in 2024 to $33.1 million. The comparison reflects the reclassification of bond premium and deferred loss amortization from operating expenses to interest expense in 2025, while 2024 amounts remain as previously reported. Repairs and maintenance increased $1.6 million, from $4.2 million to $5.8 million, primarily due to painting and flooring projects completed in 2025. Other operating costs increased an additional $2.3 million, reflecting higher custodial, catering, and other contracted services, partly offset by a $0.7 million decrease in salaries and benefits, supplies, and utilities.

- **Noncapital subsidies:** Noncapital subsidies received increased $2.2 million from $5.0 million in 2025 to $7.1 million in 2026, reflecting higher stadium pledged revenues transferred by the University, including the first full year of the stadium naming rights agreement and higher sponsorship and premium seating revenues. Noncapital subsidies provided decreased $1.7 million from $3.8 million in 2025 to $2.1 million in 2026. Unused pledged revenues returned to the University after debt service were $1.7 million, compared with $2.9 million in 2025, and other subsidies provided decreased $454,400 to $350,000 because no funds were used for University stadium repairs in 2026. The required annual deposit to the stadium repair and replacement fund was made and is reflected in restricted net position at year-end. Net noncapital subsidies increased $3.8 million from $1.2 million to $5.0 million in 2026, the largest single contributor to the improvement in the change in net position. In 2025, subsidies received decreased $1.3 million, from $6.3 million in 2024 to $5.0 million, mainly because non-conference game guarantees decreased from $2.4 million to $1.4 million, and subsidies provided increased $1.1 million, from $2.7 million to $3.8 million, reflecting a $0.9 million larger return of unused pledged revenues and a higher stadium repair contribution ($454,400 compared with $253,114). As a result, net noncapital subsidies decreased from $3.6 million in 2024 to $1.2 million in 2025.

- **Nonoperating revenues and expenses:** Net nonoperating expenses increased $0.8 million from $6.1 million in 2025, as reclassified, to $7.0 million in 2026. Interest income increased $2.2 million from $4.1 million to $6.2 million, primarily because the Series 2024 bond proceeds were invested with the fiscal agent for the full year before being drawn for construction. Interest expense, which includes the amortization of bond premiums and the deferred loss on refunding, was $12.7 million compared with $10.9 million in 2025, as reclassified, reflecting a full year of interest on the Series 2024 bonds. The net decrease in the value of investments of $0.5 million, compared with a net increase of $0.7 million in 2025, reflects changes in the value of SPIA holdings, which decreased from $44.4 million to $7.8 million when such holdings were sold in September 2025. In 2025, net nonoperating expenses increased $0.2 million, from $5.9 million in 2024. Interest income increased $2.3 million, primarily reflecting the investment of Series 2024 bond proceeds following their issuance in December 2024. Interest expense increased $1.9 million, reflecting interest incurred on the Series 2024 bonds from issuance through year-end. The 2025 interest expense, as reclassified, is net of approximately $0.9 million of bond premium amortization ($1.2 million) less deferred loss amortization ($0.4 million) that was previously reported in operating expenses; 2024 interest expense is presented as previously reported. The net increase in the fair value of investments decreased from $1.3 million in 2024 to $0.7 million in 2025, reflecting changes in market conditions.

- **Cash flows:** Operations generated $19.6 million of cash, $0.8 million more than in 2025, as reclassified, as higher housing collections exceeded the increase in payments to the University for facility operating costs. Noncapital financing activities provided $1.3 million: $6.96 million of stadium pledged revenues received, less $2.95 million returned to the University, $0.35 million of program support and $2.34 million of debt service on the Series 2017 stadium bonds, which is reported as noncapital because the stadium is a University asset. Capital and related financing activities used $96.0 million: $75.9 million of construction and improvement costs, $6.4 million of principal and $13.7 million of interest on the housing bonds, funded by $75.7 million provided by investing activities, principally the draw-down of the 2024 construction fund. Cash increased $0.6 million from $19.2 million to $19.8 million. In 2025, cash increased $1.9 million, from $17.3 million to $19.2 million. Capital and related financing activities provided $104.6 million of net cash, compared with using $16.6 million of net cash in 2024, because of the $128.4 million of Series 2024 bond proceeds, including premium; those proceeds were invested with the trustee, so investing activities used $122.6 million, compared with providing $4.6 million in 2024. Operating activities provided $18.8 million, compared with $20.4 million in 2024, as higher payments for repairs and other operating costs exceeded the increase in housing collections, and noncapital financing activities provided $1.0 million, compared with using $3.0 million in 2024, mainly because net amounts paid to the University for stadium activity decreased.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

- **Capital assets:** Capital asset additions totaled $75.8 million in fiscal year 2026, principally construction in progress for Talon Hall, a 670-bed residence hall for second-year students on the Boca Raton campus, together with improvements to existing facilities including the renovation of University Village Apartments. Construction in progress for Talon Hall was $91.9 million at June 30, 2026, and the remaining budget to complete the $125.6 million project was $33.7 million. Capital asset additions were $24.3 million in 2025, principally the start of Talon Hall construction, compared with $1.6 million in 2024, mainly furniture, equipment, and building improvements. Additional information is presented in Notes 3 and 5.

- **Long-term financing:** No debt was issued or refunded during the year. Scheduled principal payments of $7.95 million were made on the Series 2012B, 2017, 2019A, 2019B and 2022A bonds, reducing bonds payable to $306.0 million, of which $7.98 million is due within one year. In 2025, the Corporation issued $117.75 million of Series 2024 bonds at 5% to finance Talon Hall and made principal payments of $7.61 million, compared with $7.30 million in 2024. All of the Corporation's bonds are secured by pledged housing revenues, except the Series 2017 bonds, which are secured by stadium pledged revenues transferred by the University. Scheduled debt service is approximately $22.0 million in fiscal year 2027, and the first principal payment on the Series 2024 bonds is due July 1, 2027. The Corporation's housing bonds are rated A1 by Moody's Investors Service and A+ by Fitch Ratings, both with stable outlooks.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The following matters known at the date of this report are expected to affect the Corporation's financial position or results of operations in future years:

- Talon Hall, the residence hall financed by the Series 2024 bonds, was completed and opened in fall 2026, adding 670 beds to the Boca Raton campus. The University's Board of Trustees approved the rental rates for the facility for fall 2026. The facility will add housing revenue, operating costs, and depreciation, and after the July 1, 2026, interest payment, interest on the Series 2024 bonds is funded from housing revenues rather than from the capitalized interest fund.

- Demand for on-campus housing continues to exceed capacity; market analyses presented to the University's Board of Trustees in February 2025 indicated demand for up to approximately 1,150 additional students on campus by 2027, of which Talon Hall's 670 beds are the first phase, and housing rental rates for fiscal year 2027 reflect the third year of the three-year 5% annual rate plan approved by the Board of Trustees.

- The Series 2017 stadium bonds are subject to a mandatory purchase provision under which the bondholder may require the Corporation to purchase the bonds on October 1, 2027. Management plans to extend, convert or refinance the bonds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the FAU Finance Corporation, 777 Glades Road, Boca Raton, Florida 33431.

FINANCIAL STATEMENTS

FAU FINANCE CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash in bank	$ 19,818,838	$ 19,188,399
Investments with fiscal agent - restricted	46,264,375	67,537,631
Due from the University and Foundation	4,090,877	3,363,969
Total current assets	70,174,090	90,089,999
Noncurrent assets		
Investments with fiscal agent - restricted	53,173,407	101,858,804
Capital assets on leased land and right-to-use lease asset, net	253,821,821	187,584,388
Total noncurrent assets	306,995,228	289,443,192
Total assets	$ 377,169,318	$ 379,533,191
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources		
Deferred charge on debt refunding	$ 4,453,437	$ 4,806,237
LIABILITIES		
Current liabilities		
Accounts payable	$ 37,000	$ 31,000
Interest payable and other accrued liabilities	7,341,044	7,708,213
Due to the University	21,201,280	21,051,415
Bonds payable - due within one year	7,980,000	7,950,000
Total current liabilities	36,559,324	36,740,628
Noncurrent liabilities		
Bonds payable - due in more than one year	298,025,000	306,005,000
Unamortized premiums, net	29,728,140	31,506,502
Total noncurrent liabilities	327,753,140	337,511,502
Total liabilities	$ 364,312,464	$ 374,252,130
NET POSITION		
Net position (deficit)		
Net investment in capital assets	$ (12,245,264)	$ (19,111,239)
Restricted for debt service and reserve	10,739,562	16,424,912
Restricted for repair and replacement of capital assets	8,346,877	6,911,907
Unrestricted	10,469,116	5,861,718
Total net position (deficit)	$ 17,310,291	$ 10,087,298

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

FAU FINANCE CORPORATION
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Operating revenues		
Housing revenues	$ 43,604,129	$ 41,385,450
Total operating revenues	43,604,129	41,385,450
Operating expenses		
Housing and other operating expenses	25,144,635	23,737,778
Depreciation expense	9,312,052	9,341,532
Total operating expenses	34,456,687	33,079,310
Operating income	9,147,442	8,306,140
Noncapital subsidies		
Noncapital subsidies received	7,126,285	4,952,207
Noncapital subsidy provided: Athletics	(1,736,520)	(2,948,530)
Noncapital subsidy provided: Other	(350,000)	(804,400)
Total noncapital subsidies, net	5,039,765	1,199,277
Operating income and noncapital subsidies	14,187,207	9,505,417
Other nonoperating revenues (expenses)		
Interest income	6,239,857	4,087,968
Increase (decrease) in fair value of investments	(473,064)	675,720
Interest expense	(12,731,007)	(10,899,016)
Total other nonoperating revenues (expenses)	(6,964,214)	(6,135,328)
Change in net position	7,222,993	3,370,089
Net position, beginning of year	10,087,298	6,717,209
Net position, end of year	$ 17,310,291	$ 10,087,298

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

FAU FINANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities		
Housing contracts - dormitory fees	$ 43,050,311	$ 40,663,920
Cash payments to suppliers	(23,459,438)	(21,855,045)
Net cash provided by operating activities	19,590,873	18,808,875
Cash flows from noncapital financing activities		
Noncapital subsidies received	6,958,348	5,243,457
Noncapital subsidy provided: Athletics	(2,948,530)	(1,056,845)
Noncapital subsidy provided: Other	(350,000)	(804,400)
Payment of principal - stadium bonds (noncapital)	(1,555,000)	(1,510,000)
Payment of interest - stadium bonds (noncapital)	(784,775)	(827,650)
Net cash provided by noncapital financing activities	1,320,043	1,044,562
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(75,866,806)	(9,715,352)
Proceeds from bonds issued	-	117,750,000
Premiums received on bonds issued	-	10,667,884
Payment of principal	(6,395,000)	(6,100,000)
Payment of interest	(13,744,117)	(7,964,392)
Net cash provided by (used in) capital and related financing activities	(96,005,923)	104,638,140
Cash flows from investing activities		
Proceeds from sales and maturities of investments with fiscal agent - restricted	73,680,751	305,637
Purchases of investments with fiscal agent - restricted	(4,195,162)	(127,013,573)
Interest received	6,239,857	4,087,968
Net cash provided by (used in) investing activities	75,725,446	(122,619,968)
Net change in cash	630,439	1,871,609
Cash, beginning of year	19,188,399	17,316,790
Cash, end of year	$ 19,818,838	$ 19,188,399
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 9,147,442	$ 8,306,140
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	9,312,052	9,341,532
Lease expense related to right of use asset	216,559	368,679
Loss (gain) on disposal of capital assets	984	11,831
(Increase) decrease in assets:		
Due from the University/Foundation, net	(553,817)	(721,530)
Increase (decrease) in liabilities:		
Accounts payable	6,000	2,000
Due to the University, net (operating portion)	1,461,653	1,500,223
Net cash provided by operating activities	$ 19,590,873	$ 18,808,875

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

Note 1. Description and Nature of the Organization and Significant Accounting Policies

Nature of the Organization: On August 12, 2009, the FAU Finance Corporation (the "Corporation") was incorporated as a not-for-profit organization under the laws of the State of Florida. The Corporation is a direct support organization of the Florida Atlantic University (the "University"), a part of the State university system of public universities. The Corporation has been organized to assist the activities and educational purposes of the University by providing finance and investment-related assistance in connection with the acquisition or construction of capital or other University projects, including but not limited to the structuring of debt relating thereto. The Corporation is governed by a Board of Directors responsible for overseeing its business, property, affairs, and funds. The University's Board of Trustees has the authority to decertify and dissolve the Corporation, resulting in its assets reverting to the University. Consequently, the Corporation is included in the University's reporting entity as a component unit.

Basis of presentation: The Corporation is engaged in a single business-type activity whose operations are primarily supported by user fees and charges. The statements were prepared in accordance with the Governmental Accounting Standards Board ("GASB") codification section 2100, which establishes standards for defining and reporting of the financial reporting entity. The Corporation maintains a proprietary fund which reports transactions related to activities similar to those found in the private sector. As such, the Corporation presents only the statements required of enterprise funds, which include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

The Corporation previously adopted GASB Statement No. 63-*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which requires that the statement of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, and the difference between them as net position/deficit. Net position represents the residual interest in the Corporation's assets and consists of three categories: net investment in capital assets, restricted net position, and unrestricted net position/deficit. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus deferred outflows of resources related to those assets, less deferred inflows of resources related to those assets, and less the portion of outstanding capital-related debt, net of unspent proceeds, attributable to their acquisition, construction, or improvement. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation.

The accounting and financial reporting treatments applied to a fund are determined by its measurement focus. The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The Corporation's revenues are generated primarily from operations of the dormitory facilities. The Corporation's policy is to use restricted resources first, then unrestricted resources when both are available for use to fund activity.

Note 1. Description and Nature of the Organization and Significant Accounting Policies (continued)

Accounting 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, deferred inflows/outflows, 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.

Income taxes: The Corporation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Restricted assets: Assets required to be segregated by contractual obligations are identified as restricted assets. Restricted assets at June 30, 2026, represent funding required to be segregated under the contractual obligations of the Series 2017- Tax-Exempt Capital Improvement Revenue Refunding Bonds (Football Stadium Project), Series 2019A Tax-Exempt Capital Improvement Refunding Revenue Bonds (Student Housing Project), Series 2019B Tax-Exempt Capital Improvement Revenue Bonds (Student Housing Project), Series 2022A Tax-Exempt Capital Improvement Refunding Revenue Bonds (Student Housing Project), and Series 2024 Tax-Exempt Capital Improvement Revenue Bonds (Talon Hall).

Investments: Investments consist of money market funds, the State of Florida Special Purpose Investment Accounts (SPIA), and the State Board of Administration's Florida PRIME. The fair value of the Corporation's position in SPIA is determined using the fair value factor provided by the State Treasury. Florida PRIME and the money market funds are reported at amortized cost, as described in Note 2. A fair value factor for SPIA is calculated by dividing the pool's total fair value by the pool participants' total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The fair value factor was 1.0043 and 1.0030 as of June 30, 2026 and 2025, respectively. SPIA funds are combined with State funds and invested as part of the Treasury.

Right-to-use lease asset: In 2010, the Corporation prepaid to the University the sum of $12,000,000 which represents the total sum for the ground rent of a facility site located on the Boca Raton campus of the University on which student housing facilities and related surface parking were constructed. The lease also provided the Corporation with a leasehold interest in certain existing student dormitory housing facilities on the Boca Raton campus of the University. The original term of the land lease balance was amortized on a straight-line basis over 30 years. The term of the lease has been modified in conjunction with the issuance of new underlying debt for longer periods, most recently in fiscal year 2025, when the sublease was amended to include the Talon Hall site and extend the term through July 2054 in conjunction with the Series 2024 bonds. The remaining prepaid balance was reclassified as a right-to-use lease asset upon implementation of GASB Statement No. 87 and amortized on a straight-line basis over the remaining term. The right to use lease asset balance at June 30, 2026 and 2025 was $6,081,701 and $6,298,260, respectively.

Note 1. Description and Nature of the Organization and Significant Accounting Policies (continued)

Capital assets, on leased land: Capital assets, which include property, plant, and equipment assets, are reported in the statement of net position. The Corporation capitalizes all capital assets with a cost in excess of a $10,000 threshold and an estimated life greater than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation on buildings and improvements, furniture, fixtures, and equipment is computed on a straight-line basis over the lesser of the useful life of the asset or the land lease term. Depreciation of buildings and improvements, furniture, fixtures, and equipment is being computed over useful lives ranging from 7 to 30 years.

Construction in progress: Construction in progress is stated at cost and includes costs related to construction and capital projects on the University dormitories.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has one item that qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized as a component of interest expense over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Corporation does not have any items that qualify for reporting in this category.

Bond premium: Bond premiums are amortized as a component of interest expense using the effective interest method over the life of the related bond.

Expenses: Operating expenses are those costs incurred for the day-to-day operation of the Corporation's housing facilities. Interest expense and other financing-related items are reported as nonoperating expenses.

Operating expenses as reported on the statement of revenues, expenses and changes in net position are comprised of the following categories of expenses:

Note 1. Description and Nature of the Organization and Significant Accounting Policies (continued)

Category	2026	2025
Salaries and Benefits	$ 8,509,696	$ 7,881,290
Utilities	3,489,216	2,754,919
Repairs and maintenance	5,418,330	5,837,482
Communications	95,119	790,075
Supplies	120,990	113,248
Other Operating Costs	7,511,284	6,360,764
Total	$ 25,144,635	$ 23,737,778

Operating Revenues: Housing contract dormitory revenues are recognized in the period in which housing is provided to students. Under the Management Agreement, the University administers the housing contracts and collects housing charges as the Corporation's agent. Amounts earned but not yet remitted at year end are reported as due from University.

For the DBF Facilities, the University retains the amount required for debt service on its Series 2016A bonds before remitting the remainder to the Corporation. The amounts retained, approximately $4,318,000 and $4,321,000 for the years ended June 30, 2026 and 2025, are not revenues of the Corporation and are excluded from housing revenue.

Subsidies: The Corporation evaluates resources received from or provided to the University, the University's affiliated organizations, and other parties to determine whether the transaction is an exchange transaction, a subsidy, a reimbursement, or another inter-entity transaction, in accordance with GASB Statement No. 103.

Subsidies received: A subsidy received represents resources provided to the Corporation by another party or fund for which the Corporation does not provide goods or services in exchange and that directly or indirectly keep the Corporation's current or future fees and charges lower than they otherwise would be. Subsidies also include applicable transfers. The Corporation's subsidies received consist of stadium pledged revenues transferred by the University, including premium seating revenues collected by the FAU Foundation on behalf of the University, which support debt service on the Series 2017 stadium bonds and the related requirements of the bond trust indenture.

Subsidies received are recognized when the Corporation has an enforceable right to the resources and applicable recognition requirements have been met. Amounts received before those requirements are met are reported as a liability until they are recognized. A deposit of funds with the bond trustee does not by itself result in recognition.

Note 1. Description and Nature of the Organization and Significant Accounting Policies (continued)

Subsidies provided: A subsidy provided represents a transfer of resources to another party or fund for which the Corporation does not receive goods or services in exchange and that is recoverable through its current or future pricing policies. Subsidies provided also include other transfers. The Corporation's subsidies provided consist of stadium pledged revenues not needed for debt service and the other requirements of the bond trust indenture that are returned to the University, and support provided for University programs. Payments for services, repairs, maintenance, or other costs incurred for the Corporation's own operations are reported as expenses rather than subsidies. Financial contributions to the University for its programs or facilities are evaluated separately to determine whether they qualify as subsidies provided.

Noncapital subsidies received and provided are presented separately from operating and other nonoperating revenues and expenses in accordance with GASB Statement No. 103.

Nonoperating revenues and expenses: In accordance with GASB Statement No. 103, nonoperating revenues and expenses consist of investment income and expenses and revenues and expenses related to financing. Interest income is recognized in the period earned. Unrealized gains and losses represent the change in the fair value of investments held by the fiscal agent during the year. Interest expense includes interest on bonds payable, net of the amortization of bond premiums, and the amortization of the deferred charge on refunding.

Adoption of new accounting pronouncements: Effective July 1, 2025, the Corporation adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets.* GASB No. 103 revises the classification of operating and nonoperating revenues and expenses and requires noncapital subsidies to be presented in a separate section, followed by a subtotal of operating income and noncapital subsidies, before other nonoperating revenues and expenses. Statement No. 104 adds disclosures for the Corporation's right to use lease asset, which are presented in Note 3. Neither statement affected total net position or the change in net position for either year.

Reclassifications: Certain 2025 amounts have been reclassified to conform to the 2026 presentation. In connection with implementing GASB Statement No. 103, stadium pledged revenues transferred to the Corporation and amounts returned or otherwise provided to the University are presented as noncapital subsidies. In addition, bond premium amortization of $1,215,335 and amortization of the deferred loss on refunding of $352,801, previously included in operating expenses, have been reclassified as components of nonoperating interest expense.

Note 1. Description and Nature of the Organization and Significant Accounting Policies (continued)

Certain other 2025 amounts were reclassified for presentation purposes and were not related to the implementation of GASB Statement No. 103. Components of net position were reclassified to present the capitalized interest and pledged revenue funds as restricted for debt service and reserve, the Talon Hall and other construction-related payables within net investment in capital assets, the current portion of the Series 2017 stadium bonds within unrestricted net position, consistent with the existing classification of the long-term portion, and certain housing repair funds within unrestricted net position because those funds were internally designated by the Corporation and were not externally restricted. These reclassifications had no effect on total net position or the change in net position.

The 2025 statement of cash flows was also reclassified to conform to the current-year presentation, including changes to the classification of certain cash flows and the presentation of bond proceeds and related premiums. These changes had no effect on the net change in cash.

The effect on the 2025 components of net position was as follows:

	As previously reported	As reclassified
Net investment in capital assets	$ (6,098,906)	$ (19,111,239)
Restricted	21,416,194	23,336,819
Unrestricted	(5,229,990)	5,861,718
Total net position	$ 10,087,298	$ 10,087,298

Note 2. Cash and Investments

Investments: The Corporation is authorized to invest in State of Florida Special Purpose Investment Accounts (SPIA), the State Board of Administration's Florida PRIME, U.S. Treasury bills, notes, bonds and STRIPS, and other obligations whose principal and interest are fully guaranteed by the United States of America or any of its agencies or instrumentalities; Government-Sponsored Enterprises; asset-backed securities rated "AAA" by either S&P or Moody's; money market instruments rated A-1/P-1; corporate notes rated single-A or higher; money market funds registered with the Securities and Exchange Commission (SEC); or other investments authorized by the Corporation's Board of Directors.

SPIA: Pooled investments with the State Treasury are not registered with the SEC. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.575, Florida Statutes. SPIA balances are measured at fair value using net asset value (NAV) and are excluded from the fair value hierarchy.

Florida PRIME: Florida PRIME is administered by the State Board of Administration (SBA) and operates as a 2a-7-like external investment pool. It is reported at amortized cost and is excluded from the fair value hierarchy. The pool is rated AAAm by Standard & Poor's. As of June 30, 2026, there were no redemption fees, maximum transaction amounts, or other requirements limiting the Corporation's daily access to its Florida PRIME account; however, Florida Statutes permit the SBA's executive director to limit contributions to or withdrawals from Florida PRIME for up to 48 hours (extendable by the trustees for up to 15 days) upon an event that has a material impact on liquidity or operations.

Fair value hierarchy: The Corporation categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments measured at NAV (SPIA) and at amortized cost (Florida PRIME and money market funds) are excluded from the hierarchy. As of June 30, 2026, the Corporation's investments consisted primarily of these balances.

Investments with fiscal agent are restricted by the bond trust indentures and are held in the following accounts at June 30, 2026 and 2025:

Note 2. Cash and Investments (continued)

Account	Current	Noncurrent	06/30/2026 Total
Construction Fund	$ —	$ 50,795,175	$ 50,795,175
Revenue Fund	157,964	—	157,964
Debt Service Fund	15,278,510	—	15,278,510
Reserve Fund	—	2,378,232	2,378,232
Repair and Replacement Fund	8,346,877	—	8,346,877
Surplus Fund*	22,481,024	—	22,481,024
Total	$ 46,264,375	$ 53,173,407	$ 99,437,782

Account	Current	Noncurrent	06/30/2025 Total
Construction Fund	$ 18,603,506	$ 99,483,465	$ 118,086,971
Revenue Fund	120,586	—	120,586
Debt Service Fund	21,376,452	—	21,376,452
Reserve Fund	—	2,375,339	2,375,339
Repair and Replacement Fund	6,911,907	—	6,911,907
Surplus Fund*	20,525,180	—	20,525,180
Total	$ 67,537,631	$ 101,858,804	$ 169,396,435

The 2025 amounts have been reclassified to present the capitalized interest fund of $5,720,017 in the Debt Service Fund rather than the Construction Fund, consistent with its presentation as restricted for debt service in net position.

* The Corporation segregates funds from the surplus fund for housing repair purposes, in addition to the repair and replacement funds restricted under the debt agreements. These funds are held in a separate bank account included in cash. The balance allocated for housing repair purposes was $4,498,198 and $3,919,978 at June 30, 2026 and 2025, respectively.

Interest rate risk: Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Corporation's investment policy does have a provision which limits investment maturity as means of managing exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair value of the Corporation's investments and market interest rate fluctuations is provided by the following table that shows the distribution of the Corporation's investments by effective duration at June 30, 2026 and 2025:

Note 2. Cash and Investments (continued)

Investment Type	2026 Carrying Value	2026 Effective Duration (In Years)	2025 Carrying Value	2025 Effective Duration (In Years)
State of Florida Special Purpose Investment Account (SPIA)	$ 7,848,787	3.43	$ 44,364,159	3.33
Total investments measured at fair value (NAV)	7,848,787		44,364,159	
State Board of Administration (SBA) - Florida PRIME	85,151,419	N/A	119,956,853	N/A
Money market funds	6,437,576	N/A	5,075,423	N/A
Total investments measured at amortized cost	91,588,995		125,032,276	
Total Investments	$ 99,437,782		$ 169,396,435	

Credit risk: The Corporation invests pursuant to its Investment Policy Statement, including participation in the State of Florida Special Purpose Investment Account (SPIA) and Florida PRIME. SPIA is managed by the Florida Treasury and, at June 30, 2026, and 2025, held an S&P fund rating of AAf/S1. Florida PRIME (administered by the SBA and managed by Federated Hermes) is rated AAAm by S&P Global Ratings. As of June 30, 2026, Florida PRIME's weighted-average maturity was approximately 53 days, emphasizing liquidity and principal stability. Florida PRIME operates as a 2a-7-like pool investing in high-quality, short-term money market instruments. The Corporation's government money market funds are unrated.

Foreign currency risk: The Corporation's investments are not exposed to foreign currency risk because neither SPIA nor Florida PRIME is authorized to hold instruments denominated in foreign currencies under applicable statutes and pool policies.

Custodial credit risk - deposits: Custodial credit risk for deposits is the risk that, in the event of a depository institution's failure, the Corporation will not be able to recover its deposits or related collateral. It is the Corporation's policy that deposits in excess of FDIC limits be secured by collateral or private insurance. Under Chapter 280, Florida Statutes (Florida Security for Public Deposits Act), qualified public depositories must pledge eligible collateral; in the event of a failure, remaining public depositories share responsibility for any losses.

Custodial credit risk - investments: Custodial credit risk for investments is the risk that, if a counterparty fails, the Corporation cannot recover the value of its investments or collateral held by another party. Consistent with policy, the Corporation's securities (if any) are held by its custodian in the Corporation's name. Investments in SPIA and Florida PRIME are not subject to custodial credit risk because they are interests in external investment pools rather than securities held by a counterparty.

Note 3. Capital Assets on Leased Land and Right-to-use Lease Asset

The following is a summary of changes in capital asset balances for the years ended June 30, 2026 and 2025:

Description of Asset	2025 Beginning Balance	Additions	Deletions/ Transfers	2026 Ending Balance
Construction in progress (not being depreciated)	$ 24,332,630	$ 74,760,079	$ (5,647,467)	$ 93,445,242
Buildings and improvements	242,372,450	880,796	5,580,881	248,834,127
Furniture, fixtures, and equipment	3,015,092	192,736	(52,751)	3,155,077
Right-to-use lease asset-land	7,677,685	—	—	7,677,685
Total capital assets	$ 277,397,857	$ 75,833,611	$ (119,337)	$ 353,112,131
Less accumulated depreciation	(88,434,044)	(9,312,052)	51,770	(97,694,326)
Less accumulated amortization – right-to-use lease asset	(1,379,425)	(216,559)	—	(1,595,984)
Capital assets, on leased land, net	$ 187,584,388	$ 66,305,000	$ (67,567)	$ 253,821,821

Description of Asset	2024 Beginning Balance	Additions	Deletions/ Transfers	2025 Ending Balance
Construction in progress (not being depreciated)	$ 122,837	$ 24,266,573	$ (56,780)	$ 24,332,630
Buildings and improvements	242,372,450	—	—	242,372,450
Furniture, fixtures, and equipment	3,037,832	56,994	(79,734)	3,015,092
Right-to-use lease asset-land	7,677,685	—	—	7,677,685
Total capital assets	$ 253,210,804	$ 24,323,567	$ (136,514)	$ 277,397,857
Less accumulated depreciation	(79,160,416)	(9,341,532)	67,904	(88,434,044)
Less accumulated amortization – right-to-use lease asset	(1,010,746)	(368,679)	—	(1,379,425)
Capital assets, on leased land, net	$ 173,039,642	$ 14,613,356	$ (68,610)	$ 187,584,388

Construction of Talon Hall continued during 2026, and the facility opened in fall 2026. Construction in progress at June 30, 2026, includes $91,896,477 for Talon Hall.

Lease: The Corporation leases land from Florida Atlantic University under a non-cancelable ground lease dated March 4, 2010, as amended in conjunction with the Series 2024 bonds, extending through July 2054. The $12,000,000 prepaid ground rent relates to the Boca Raton campus housing site and was reclassified as a right-to-use lease asset upon implementation of GASB Statement No. 87. The asset had a gross carrying amount of $7,677,685 and accumulated amortization of $1,595,984 and $1,379,425 at June 30, 2026 and 2025, respectively. Lease amortization expense was $216,559 and $368,679 for 2026 and 2025, respectively.

Note 4. Bonds Payable

Series 2012B – Tax-Exempt Capital Improvement Revenue Bonds (Innovation Village)

The Series 2012B – Capital Improvement Revenue Bonds (Student Housing Project) in the amount of $3,440,000 were issued in November 2012. The bonds matured beginning in July 2013 through 2025, with an interest rate of 2.17% to 2.64%. Interest was paid semiannually on each January 1 and July 1, and principal was paid annually from July 2013 through July 2025. The bonds were fully repaid on July 1, 2025.

Series 2017 – Tax-Exempt Capital Improvement Revenue Refunding Bonds (Football Stadium)

Previously, the Corporation issued $44,500,000 of Taxable Capital Improvement Revenue Bonds (BAB Bonds), Series 2010, maturing in 2040, with an interest rate of 5.78%. The bonds were issued in connection with construction of a 30,000 seat stadium facility, parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects. On August 30, 2017, the Corporation issued Capital Improvement Refunding Revenue Bonds (Football Stadium Project), Series 2017, amounting to $40,035,000, to refund the then outstanding Series 2010 Bonds. At August 30, 2017, the Series 2010 Bonds were considered retired. The Series 2017 Bonds bear interest at a 10-year fixed rate of 2.61% through October 1, 2027, the initial purchase date, on which the bondholder may require the Corporation to purchase the bonds. Future interest payments on the Series 2017 bonds are calculated using the current interest rate of 2.61%, although the rate is subject to adjustment after October 1, 2027.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2018 through July 2040.

The Corporation is required to adopt an operating budget for each fiscal year covering all operations and operating expenses of the project, which shall ensure that pledged revenues will exceed all contemplated expenses by at least 25%. In addition, the Corporation is required to certify on a semiannual basis that the operating and nonoperating revenues from the previous twelve month period are sufficient to cover at least 125% of an amount equal to the annual bond service requirements.

Series 2019A – Tax-Exempt Capital Improvement Refunding Revenue Bonds (Innovation Village)

Previously, the Corporation issued $112,455,000 of Taxable Capital Improvement Revenue Bonds, Series 2010A maturing in 2040, with an interest rate of 5.48% to 7.64%. The bonds were issued in connection with the construction of the Innovation Village Dormitory facility. On January 19, 2019, the Corporation issued Tax-Exempt Capital Improvement Refunding Revenue Bonds (Innovation Village), Series 2019A, for $90,600,000, to advance refund the outstanding 2010A Series Bonds. The Series 2010A Bonds were considered legally defeased in substance at that date and were fully retired by July 2020.

Note 4. Bonds Payable (continued)

The Series 2019A Bonds mature beginning July 2019 through 2039, with interest rates ranging from 4% to 5%.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing on July 2019 through July 2039.

Series 2019B – Tax-exempt Capital Improvement Revenue Bonds (Boca & Jupiter)

The Series 2019B – Capital Improvement Revenue Bonds in the amount of $68,190,000 were issued in November 2019 for construction of the Student Housing Project. The bonds mature, beginning in July 2022 through 2049, with interest rates ranging from 4% to 5%.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2022 through July 2049.

Series 2022A – Tax-Exempt Capital Refunding Improvement Revenue Bonds (Parliament Hall)

Previously, the Corporation issued $46,205,000 of Capital Improvement Revenue Bonds, Series 2012A maturing in 2042, with interest rates ranging from 3% to 5%. On April 05, 2022, the Corporation issued Tax-Exempt Capital Refunding Improvement Revenue Bonds (Parliament Hall), Series 2022A for $29,670,000. The bonds mature beginning July 2023 through July 2041, with interest rates ranging from 4% to 5%.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2023 through July 2041.

The Corporation is required to establish and collect fees, rentals and other charges from students, faculty members, and others, in order for the net revenues available for debt service to be sufficient to cover at least 125% of the amount equal to the annual bond service requirement for the Series 2019A, 2019B, 2022A and 2024 student housing bonds.

Series 2024 – Tax-Exempt Capital Improvement Revenue Bonds (Talon Hall)

In December 2024, the Corporation issued Capital Improvement Revenue Bonds, Series 2024 (Talon Hall), in the original principal amount of $117,750,000, bearing interest at 5% and maturing in 2054. The proceeds financed the construction of Talon Hall and related capital improvements.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2027 through July 2054.

The following is a summary of changes in long-term obligations for the years ended in June 30, 2026 and 2025:

Note 4. Bonds Payable (continued)

Debt	06/30/2025 Beginning Balance	Additions	Repayments	06/30/2026 Ending Balance	Due Within One Year
Bonds, Series 2012B Innovation Village	$ 305,000	$ —	$ (305,000)	$ —	$ —
Bonds, Series 2017 Stadium	30,440,000	—	(1,555,000)	28,885,000	1,595,000
Bonds, Series 2019A Innovation Village	73,450,000	—	(3,605,000)	69,845,000	3,775,000
Bonds, Series 2019B Boca & Jupiter	64,330,000	—	(1,415,000)	62,915,000	1,485,000
Bonds, Series 2022A Parliament Hall	27,680,000	—	(1,070,000)	26,610,000	1,125,000
Bonds, Series 2024 Talon Hall	117,750,000	—	—	117,750,000	—
Total Debt	$ 313,955,000	$ —	$ (7,950,000)	$ 306,005,000	$ 7,980,000

Debt	06/30/2024 Beginning Balance	Additions	Repayments	06/30/2025 Ending Balance	Due Within One Year
Bonds, Series 2012B Innovation Village	$ 605,000	$ —	$ (300,000)	$ 305,000	$ 305,000
Bonds, Series 2017 Stadium	31,950,000	—	(1,510,000)	30,440,000	1,555,000
Bonds, Series 2019A Innovation Village	76,885,000	—	(3,435,000)	73,450,000	3,605,000
Bonds, Series 2019B Boca & Jupiter	65,680,000	—	(1,350,000)	64,330,000	1,415,000
Bonds, Series 2022A Parliament Hall	28,695,000	—	(1,015,000)	27,680,000	1,070,000
Bonds, Series 2024 Talon Hall	—	117,750,000	—	117,750,000	—
Total Debt	$ 203,815,000	$117,750,000	$ (7,610,000)	$ 313,955,000	$ 7,950,000

Note 4. Bonds Payable (continued)

The Corporation's expected debt service requirements to maturity are as follows:

June 30,	Principal	Interest	Total
2027	$ 7,980,000	$ 13,975,667	$ 21,955,667
2028	10,350,000	13,555,426	23,905,426
2029	10,825,000	13,066,861	23,891,861
2030	11,330,000	12,551,134	23,881,134
2031	11,845,000	12,012,886	23,857,886
2032-2036	67,925,000	51,068,544	118,993,544
2037-2041	74,005,000	34,577,662	108,582,662
2042-2046	40,115,000	22,599,000	62,714,000
2047-2051	43,600,000	12,256,000	55,856,000
2052-2056	28,030,000	2,888,750	30,918,750
Total	$ 306,005,000	$ 188,551,930	$ 494,556,930

The previous table does not include unamortized bond premiums of $29,728,140 at June 30, 2026.

Pledged Revenue

The Corporation has pledged revenues to repay bonds outstanding as of June 30, 2026. The following table reports the revenues pledged for each debt issue, the amounts of such revenue received in the current year (net of operating expenses), the current year principal and interest recorded on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds at June 30, 2026:

Debt Issued	Pledged Revenue	Net Available Revenue[a]	Principal and Interest Recorded	Outstanding Principal and Interest[d]	Pledged Through
Bonds, Series 2022A Parliament Hall	Housing Revenues	$ 2,776,722	$ 2,331,950	$ 36,950,225	2041
Bonds, Series 2017 Stadium	Athletics Revenues	6,476,285 [b]	2,359,369	34,990,730	2040
Bonds, Series 2019A Innovation Village	Housing Revenues	11,411,692	7,203,800	95,281,450	2039
Bonds, Series 2019B Student Housing	Housing Revenues	4,882,952	4,353,950	103,084,525	2049
Bonds, Series 2024 Talon Hall[c]	Housing Revenues	—	5,887,500	224,250,000	2054
Total		$ 25,547,651	$ 22,136,569	$ 494,556,930	

[a] Net available revenue is recognized revenue less applicable operating expenses, including reserve fund interest and repair and replacement expense under the bond trust indentures.
[b] Excludes $650,000 of game guarantee revenues in excess of the $1,000,000 pledged under the Series 2017 trust indenture.
[c] Talon Hall was under construction in fiscal year 2026 and did not generate pledged revenues.
[d] Principal and interest outstanding from July 1, 2026.

The Series 2012B bonds were retired on July 1, 2025, with principal and interest payments totaling $309,026 funded from pledged housing revenues during fiscal year 2026.

Note 4. Bonds Payable (continued)

The Corporation's bonds are secured by pledged revenues as defined in the applicable bond trust indentures. The Corporation's applicable debt service coverage requirements were met for the year ended June 30, 2026. The debt arrangements also provide for certain remedies upon an event of default, including acceleration of maturity or other remedies available to bondholders, as provided in the respective trust indentures.

Debt arrangements include other financial provisions for events of default such as debt service payment defaults and violation of covenants, agreements, or other conditions. Events of default may increase the current interest rates, accelerate maturity, or initiate other remedies available to the bondholders, as described in each debt indenture.

Note 5. Commitments

Construction: As of June 30, 2026, the Corporation had incurred $91,896,477 of construction costs for Talon Hall, a student housing facility with approximately 670 beds and 204,000 square feet located on the Boca Raton campus of the University, against a total approved project budget of $125,633,372. The remaining budget of $33,736,895 is funded by the Capital Improvement Revenue Bonds, Series 2024. Talon Hall opened in fall 2026.

In addition, as of June 30, 2026, the Corporation had approved $1,564,443 of remaining renovation work on existing student housing facilities, funded from student housing dormitory revenue.

Capital asset additions included approximately $14.5 million and $14.6 million of construction costs incurred but not paid at June 30, 2026 and 2025, respectively. These noncash capital activities are excluded from the statement of cash flows.

Note 6. Stadium Operating Agreement

Previously, the University and the Corporation entered into an operating agreement whereby the Corporation issued Series 2010 – Taxable Capital Improvement Revenue Bonds to finance the acquisition, installation and construction of a 30,000 seat stadium facility (parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects) (thereafter "facility") and the University agreed to operate and manage the facility for use as an athletic stadium to generate revenue to service the related debt. The Series 2010 Bonds were subsequently refinanced by the Series 2017 Tax-Exempt Capital Improvement Revenue Refunding Bonds, in August 2017. The University and the Corporation entered into a new operating agreement in August 2017, whereby, the University continues to operate and manage the facility for use as an athletic stadium to generate revenue to service the related debt. Under the terms of the operating agreement, the University will collect and deposit all pledged revenues from operations of the facility in specified accounts as defined in the bond trust indenture agreement. The operating agreement will terminate on the date all obligations of the Corporation and University under the bond trust indenture agreement have been fulfilled, which is expected to be July 2040 (maturity date of the bonds).

Note 6. Stadium Operating Agreement (continued)

Pledged revenues not required for debt service and the other requirements of the bond trust indenture are returned to the University. The pledged revenues received and returned are reported as noncapital subsidies (Note 1), and the amounts are presented in Note 7. The Series 2017 bonds are subject to purchase at the option of the bondholder on October 1, 2027, as described in Note 4.

Note 7. Related Party Transactions

Due to the University

At June 30, 2026 and 2025, amounts owed by the Corporation consisted of the following:

Description	2026	2025
Talon Hall construction costs paid by the University	$ 13,295,695	$ 10,828,478
Other construction costs payable to the University	1,171,862	3,738,856
Housing operating costs reimbursable to the University	4,997,203	3,535,551
Unused pledged stadium revenues payable to the University	1,182,382	2,948,530
Premium seating contributions payable to the University	554,138	—
Total Due to the University	$ 21,201,280	$ 21,051,415

Due from the University

At June 30, 2026 and 2025, the University owed the Corporation $4,016,933 and $3,363,969 respectively, for amounts collected on behalf of the Corporation.

Due from the FAU Foundation

At June 30, 2026 and 2025, the FAU Foundation owed the Corporation $73,944 and $0 respectively, for amounts collected on the Corporation's behalf, including premium seating revenues.

Noncapital Subsidies

Noncapital subsidies received from the University and the FAU Foundation totaled $7,126,285 and $4,952,207 for the years ended June 30, 2026 and 2025, respectively. The 2026 amount includes $554,138 in premium seating contributions associated with the FAU Foundation. Noncapital subsidies provided to the University totaled $2,086,520 and $3,752,930, respectively, consisting of unused pledged stadium revenues of $1,736,520 and $2,948,530, contributions of $350,000 in each year for the Urban Male Initiative, and a $454,400 stadium repair contribution in 2025.

JAMESMOORE

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,
FAU Finance Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FAU Finance Corporation (the Corporation), a direct support organization and component unit of Florida Atlantic University, 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 October 16, 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.

Gainesville, Florida
October 16, 2026