

September 15, 2025

**M E M O R A N D U M**

**TO:** Jim Murdaugh, Ph.D.  
President

**FROM:** Barbara Wills, Ph.D.  
Vice President for Administrative Services and Chief Business Officer

**SUBJECT:** Direct Support Organization Audit Reports

---

**Item Description**

This item presents the most recent financial audit reports of the direct support organizations (DSO) affiliated with the College for the Board's review.

**Overview and Background**

Per Florida Statutes 1004.70(6), the College's DSOs must be audited annually and the results be submitted to the Board for review. For the fiscal year ending March 31, 2025, audits were completed for both the Tallahassee State College Foundation, Inc. and the Public Safety Academy Housing, Inc.

**Past Actions by the Board**

The Board last reviewed the audited financial statements for these DSOs at the September 16, 2024 meeting.

**Funding/ Financial Implications**

No funding requirements.

**Recommended Action**

For information only, no Board action required.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2025 AND 2024**

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**TABLE OF CONTENTS**  
**MARCH 31, 2025 AND 2024**

	<b><u>Page(s)</u></b>
<b>Independent Auditors' Report</b>	1 – 2
<b>Basic Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – For the Year Ended March 31, 2025	5
Statement of Functional Expenses– For the Year Ended March 31, 2024	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 17
<b>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 <i>Government Auditing Standards</i></b>	18 – 19

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Tallahassee State College Foundation, Inc.:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Tallahassee State College Foundation, Inc. (the Foundation), a component unit of Tallahassee State College (the College), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2025 and 2024, and the changes in its net assets 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 Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***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 judgement made by a reasonable user based on the financial statements.

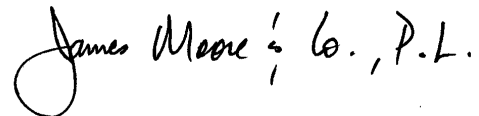
In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Tallahassee, Florida  
July 29, 2025

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 140,030	\$ 41,701
Investments	2,031,462	1,353,012
Contributions receivable, current portion (net)	321,155	268,031
Total current assets	<u>2,492,647</u>	<u>1,662,744</u>
<b>Noncurrent assets</b>		
Cash and cash equivalents for endowments	829,282	592,922
Investment endowments	23,047,846	21,035,376
Contributions receivable, noncurrent portion (net)	390,930	487,370
Land held for sale	-	410,000
Total noncurrent assets	<u>24,268,058</u>	<u>22,525,668</u>
<b>Total Assets</b>	<u><u>\$ 26,760,705</u></u>	<u><u>\$ 24,188,412</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 329,480	\$ 317,264
Total current liabilities	<u>329,480</u>	<u>317,264</u>
<b>Total liabilities</b>	<u>329,480</u>	<u>317,264</u>
<b>Net assets</b>		
Without donor restrictions	2,172,383	2,098,515
With donor restrictions	24,258,842	21,772,633
Total net assets	<u>26,431,225</u>	<u>23,871,148</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 26,760,705</u></u>	<u><u>\$ 24,188,412</u></u>

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

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Private contributions	\$ 37,945	\$ 2,242,703	\$ 2,280,648	\$ 476,750	\$ 888,468	\$ 1,365,218
In-kind contributions	885,589	-	885,589	681,017	-	681,017
Investment income, net	55,154	1,309,432	1,364,586	122,247	3,346,994	3,469,241
Special events	773,294	-	773,294	453,705	-	453,705
Miscellaneous	32,362	-	32,362	30,588	10,000	40,588
Net assets released from restrictions:						
Satisfaction of program and time restrictions	1,487,624	(1,487,624)	-	1,491,076	(1,491,076)	-
Reclassification between net asset classes	(421,698)	421,698	-	(110,391)	110,391	-
Total support and revenues	2,850,270	2,486,209	5,336,479	3,144,992	2,864,777	6,009,769
<b>Expenses</b>						
Program services - educational activities	1,395,200	-	1,395,200	1,530,652	-	1,530,652
General and administrative	491,145	-	491,145	340,315	-	340,315
Development activities	890,057	-	890,057	750,070	-	750,070
Total expenses	2,776,402	-	2,776,402	2,621,037	-	2,621,037
<b>Increase in net assets</b>	73,868	2,486,209	2,560,077	523,955	2,864,777	3,388,732
<b>Net assets, beginning of year</b>	2,098,515	21,772,633	23,871,148	1,574,560	18,907,856	20,482,416
<b>Net assets, end of year</b>	<u>\$ 2,172,383</u>	<u>\$ 24,258,842</u>	<u>\$ 26,431,225</u>	<u>\$ 2,098,515</u>	<u>\$ 21,772,633</u>	<u>\$ 23,871,148</u>

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

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2025**

	<b>Educational Activities</b>	<b>General and Administrative</b>	<b>Development Activities</b>	<b>Total</b>
Scholarships	\$ 802,078	\$ 3,278	\$ -	\$ 805,356
In-kind personnel services	103,496	151,239	343,545	598,280
Contract services	14,681	133,901	212,639	361,221
Academic and athletic support	256,456	5,686	-	262,142
Provision for credit losses	-	-	37,610	37,610
Hospitality and events	36,370	62,601	66,955	165,926
Materials and supplies	46,187	11,079	42,234	99,500
Professional fees	-	21,600	-	21,600
Honoraria and awards	29,049	15,625	8,474	53,148
Travel	1,075	1,736	2,518	5,329
Advertising	556	39,616	326	40,498
Printing and postage	3,171	5,195	5,072	13,438
Bank fees	-	-	8,112	8,112
Meetings	-	5,105	1,335	6,440
Licenses	-	97	-	97
Insurance	-	5,652	403	6,055
Dues and subscriptions	199	2,898	70	3,167
Miscellaneous	1,405	-	-	1,405
In-kind office supplies	78,418	20,165	125,469	224,052
In-kind office space	22,059	5,672	35,295	63,026
<b>Total expenses</b>	<b>\$ 1,395,200</b>	<b>\$ 491,145</b>	<b>\$ 890,057</b>	<b>\$ 2,776,402</b>

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



**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<b>Educational Activities</b>	<b>General and Administrative</b>	<b>Development Activities</b>	<b>Total</b>
Scholarships	\$ 770,280	\$ -	\$ 1,275	\$ 771,555
In-kind personnel services	328,300	86,998	76,772	492,070
Contract services	18,028	79,218	237,093	334,339
Academic and athletic support	206,752	850	23,133	230,735
Provision for credit losses	-	-	225,426	225,426
Hospitality and events	13,930	43,818	68,387	126,135
Materials and supplies	37,988	4,129	35,172	77,289
Professional fees	-	18,000	-	18,000
Honoraria and awards	37,766	796	13,824	52,386
Travel	799	8,776	3,084	12,659
Advertising	5,217	11,624	6,769	23,610
Printing and postage	306	10,936	10,433	21,675
Bank fees	-	-	15,381	15,381
Meetings	4,593	7,927	1,611	14,131
Licenses	-	13,000	-	13,000
Insurance	-	10,026	-	10,026
Training	2,740	2,184	-	4,924
Dues and subscriptions	144	1,565	40	1,749
In-kind office supplies	60,920	23,749	18,586	103,255
In-kind office space	42,889	16,719	13,084	72,692
<b>Total expenses</b>	<b>\$ 1,530,652</b>	<b>\$ 340,315</b>	<b>\$ 750,070</b>	<b>\$ 2,621,037</b>

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

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Cash received from contributors and others	\$ 1,765,026	\$ 1,088,445
Cash received from interest and dividends	499,470	466,617
Cash paid for scholarships and suppliers	<u>(1,878,597)</u>	<u>(1,732,161)</u>
Net cash provided by (used in) operating activities	<u>385,899</u>	<u>(177,099)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,494,997)	(361,994)
Sales of investments	102,958	138,780
Proceeds from sale of land held for investment	400,000	-
Net cash provided by (used in) investing activities	<u>(992,039)</u>	<u>(223,214)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for endowments	940,829	374,156
<b>Increase (decrease) in cash, cash equivalents, and restricted cash</b>	<u>334,689</u>	<u>(26,157)</u>
<b>Cash, cash equivalents, and restricted cash, beginning of year</b>	634,623	660,780
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<u><u>\$ 969,312</u></u>	<u><u>\$ 634,623</u></u>
<b>Reconciliation of increase in net assets to net cash provided by (used in) operating activities</b>		
Increase in net assets	<u>\$ 2,560,077</u>	<u>\$ 3,388,732</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(1,288,881)	(3,468,561)
(Increase) decrease in:		
Contributions receivable	43,316	69,027
Increase (decrease) in:		
Accounts payable and accrued expenses	12,216	207,859
Contributions restricted for endowments	<u>(940,829)</u>	<u>(374,156)</u>
Total adjustments	<u>(2,174,178)</u>	<u>(3,565,831)</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 385,899</u></u>	<u><u>\$ (177,099)</u></u>

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

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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

(a) **Nature of organization**—Tallahassee State College Foundation, Inc. (the Foundation) was incorporated on February 23, 1981, as a Florida non-profit corporation under the provisions of 1004.70 Florida Statutes – Florida College System institution direct-support organizations. The Foundation was organized to aid the advancement of Tallahassee State College (the College) and to support attending students by means of academic scholarships and student loans. The Foundation receives revenue primarily from private contributions, donated services from the College, fund raising events, and earnings from its managed investment pools.

(b) **Basis of presentation and classification of net assets**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets and changes thereto are classified and reported as follows:

*Net assets without donor restrictions* - consists of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - consists of amounts that are available for the purposes restricted by donors and grantors, a time restriction, or to be held in perpetuity with earnings restricted for a specific purpose. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(c) **Income taxes**—The Foundation is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal and state income tax on income from unrelated business activities, if any; however, management has determined that no material unrelated-business taxable income was generated for the years presented. The Foundation's federal information returns (Forms 990) for the preceding three fiscal years remain subject to examination by the Internal Revenue Service, but not such examinations have occurred.

(d) **Advertising costs**—The Foundation expenses advertising costs as incurred.

(e) **Investments and fair value measurements**—The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position (see Note 7). Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(f) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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

(g) **Cash, cash equivalents, and restricted cash**—The Foundation considers cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition. Cash equivalents include investments in a government money market fund that is highly liquid and readily available for use.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 140,030	\$ 41,701
Cash restricted for endowment purposes	829,282	592,922
	<u>\$ 969,312</u>	<u>\$ 634,623</u>

(h) **Contributions receivable**—Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized until the conditions are substantially met. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Foundation considers a contribution to be past due once it exceeds 90 days past the scheduled due date. No interest is charged on past-due balances. Promises to give are written off when deemed uncollectable.

(i) **Contributed services and facilities**—The Foundation recognizes contributed services and facilities as support and corresponding expenses in the accompanying financial statements if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The College provides the Foundation with donated personnel, office space, and supplies. The value of donated personnel includes salaries and benefits for administrative staff and other services that meet the criteria for recognition under U.S. GAAP. Donated facilities represent the fair value of office space and supplies provided for Foundation operations.

The estimated value of these in-kind contributions is determined based on the College's actual cost of services and prevailing market rates for comparable space, materials, and labor, and is recorded as in-kind contribution revenue and as functional expenses in the statements of functional expenses.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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

(j) **Functional allocation of expenses**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. In-kind salaries and benefits provided by the College are allocated based on management's estimate of time and effort. All other expenses are recorded based on the nature of the expense directly related to the functional category.

(k) **Reclassifications**—Certain items on the prior year statement of activities have been reclassified to conform to the current year's presentation. There was no impact on net assets.

(2) **Related Party Transactions:**

Personnel and certain facility costs are provided to the Foundation by the College. For the years ended March 31, 2025 and 2024, the Foundation has recorded these donated services at \$598,280 and \$492,070 for personnel services, \$63,026 and \$62,142 for facility costs, and \$224,052 and \$113,805 for other office expenses, respectively. The Foundation owed \$309,034 and \$284,049 to the College for scholarships at March 31, 2025 and 2024.

In addition, during the years ending March 31, 2025 and 2024, the Foundation utilized the services of vendors owned by board members in the amount of \$13,746 and \$12,791, respectively.

(3) **Contributions Receivable:**

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows have been calculated using a discount rate of 3.96% and 4.21%, after providing for collection losses for the years ended March 31, 2025 and 2024, respectively. A summary of contributions to be collected follows:

	<u>2025</u>	<u>2024</u>
In one year or less	\$ 321,155	\$ 268,031
Between one year and five years	418,185	781,924
More than five years	<u>214,445</u>	<u>305,000</u>
	953,785	1,049,955
Less:		
Allowance for collection losses	(36,610)	(38,488)
Discounts for time-value of money	<u>(205,090)</u>	<u>(256,066)</u>
	<u>\$ 712,085</u>	<u>\$ 755,401</u>

The Foundation is the beneficiary of conditional promises to give. A conditional promise requires a future event to take place before the promise becomes binding on the donor. Typically, the Foundation has no control over the required event. As of March 31, 2025 and 2024, the Foundation was the beneficiary of various promises to give that did not meet recognition criteria of approximately \$4,135,500 and \$3,822,400, respectively. No receivable has been recorded and no contribution revenue has been recognized for these conditional pledges.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(4) Investments:**

The following are the major types of investments held by the Foundation at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Investment pool	\$ 23,047,846	\$ 21,035,376
Land held for sale	-	410,000
Bond mutual and exchange traded funds	2,031,462	1,353,012
	<u>\$ 25,079,308</u>	<u>\$ 22,798,388</u>

March 31, 2025

The investment pool consists of 92.8% in mutual funds and exchange traded funds (ETFs), 1.9% in alternative investment funds, and 5.3% in demand deposits.

March 31, 2024

The investment pool consists of 97.7% in mutual funds and ETFs, 2.3% in alternative investment funds, and less than 1% in demand deposits.

The investment return, which is included in revenue and support as a component of investment income, is composed of the following for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 537,669	\$ 514,727
Net realized gain (loss) on investments	22,721	17,240
Net unrealized gain (loss) on investments	871,590	2,984,704
Investment fees	(57,394)	(47,430)
Total investment return	<u>\$ 1,364,586</u>	<u>\$ 3,469,241</u>

**(5) Commitments:**

As of March 31, 2024, the Foundation maintained programmatic grant commitments to the College totaling \$99,500, representing a conditional promise to give contingent upon the College's fulfillment of specified donor or grantor restrictions. There were no such conditional commitments outstanding as of March 31, 2025.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(6) Fair Value Measurements:**

FASB guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The guidance describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

As of March 31, 2024, the Foundation held land for sale measured at fair value using Level 2 inputs, namely independent market appraisals. The land was sold during the year ended March 31, 2025.

The Foundation holds an investment in a private equity fund managed measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient. The NAV is provided by the fund manager and is based on the fair value of the underlying investments held by the fund. Because this investment is valued using NAV as a practical expedient, it is not classified within the fair value hierarchy. This private equity fund is a diversified investment vehicle that seeks to generate long-term capital appreciation by investing in a portfolio of private equity funds and co-investments. The fund targets a mix of buyout, growth equity, and opportunistic strategies across multiple sectors and geographies, with an emphasis on middle-market and lower-middle-market managers. Investments are made through a combination of primary fund commitments, secondary purchases, and direct co-investments, with a focus on generating attractive risk-adjusted returns through manager selection and portfolio construction. Redemptions are not permitted. The fund distributes proceeds upon the liquidation of underlying investments at the discretion of the general partner. As of March 31, 2025, the Foundation had immaterial unfunded commitments related to this fund. These commitments are not expected to have a significant impact on liquidity or future cash flows.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(6) Fair Value Measurements:** (Continued)

Fair Value Measurements as of March 31, 2025				
	Level 1	Level 2	Level 3	Total
<b>Investments restricted for endowment purposes</b>				
Fixed rate commercial paper	\$ 1,217,811	\$ -	\$ -	\$ 1,217,811
Domestic equity securities	12,240,611	-	-	12,240,611
International equity securities	6,930,531	-	-	6,930,531
Domestic bond mutual funds and ETFs	1,195,385	-	-	1,195,385
International bond mutual funds	1,035,510	-	-	1,035,510
Subtotal of investments within fair value hierarchy	22,619,848	-	-	22,619,848
Private equity fund (NAV practical expedient)	-	-	-	427,998
Total investments restricted for endowment purposes	22,619,848	-	-	23,047,846
<b>Non-endowed investments</b>				
Equity mutual funds	476,061	-	-	476,061
Bond mutual funds and ETFs	1,011,386	-	-	1,011,386
Commercial paper and notes	544,015	-	-	544,015
Total non-endowed investments	2,031,462	-	-	2,031,462
<b>Total assets at fair value within hierarchy</b>	24,651,310	-	-	24,651,310
Private equity fund (NAV practical expedient)	-	-	-	427,998
<b>Total assets at fair value</b>	<u>\$ 24,651,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,079,308</u>

Fair Value Measurements as of March 31, 2024				
	Level 1	Level 2	Level 3	Total
<b>Investments restricted for endowment purposes</b>				
Domestic equity securities	\$ 11,175,516	\$ -	\$ -	\$ 11,175,516
International equity securities	6,514,665	-	-	6,514,665
Domestic bond mutual funds and ETFs	1,999,353	-	-	1,999,353
International bond mutual funds	853,103	-	-	853,103
Subtotal of investments within fair value hierarchy	20,542,637	-	-	20,542,637
Private equity fund (NAV practical expedient)	-	-	-	492,740
Total investments restricted for endowment purposes	20,542,637	-	-	21,035,377
<b>Non-endowed investments</b>				
Equity mutual funds	338,585	-	-	338,585
Bond mutual funds and ETFs	1,014,426	-	-	1,014,426
Total non-endowed investments	1,353,011	-	-	1,353,011
<b>Nonfinancial assets</b>				
Land held for sale	-	410,000	-	410,000
<b>Total assets at fair value within hierarchy</b>	21,895,648	410,000	-	22,305,648
Private equity fund (NAV practical expedient)	-	-	-	492,740
<b>Total assets at fair value</b>	<u>\$ 21,895,648</u>	<u>\$ 410,000</u>	<u>\$ -</u>	<u>\$ 22,798,388</u>



**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(7) Endowments:**

The Foundation's endowments consist of one hundred seventy-six (178) donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

**Interpretation of Relevant Law**—Florida has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective on July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation's Board of Directors. Although UPMIFA does not preclude the Foundation from spending below the original gift value of donor-restricted endowments, the Foundation considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor. There were no underwater endowments at March 31, 2025 and 2024.

With regard to donor restricted endowments, the Foundation respects and enforces the donor's restriction to preserve the historic gift value of the fund.

**Endowment Spending Policy**—The maximum endowment spending is equal to 4% of a five (5) year moving average of endowment fund balances starting from the most recent calendar year end. If an endowment does not have five (5) years of historical returns, then the calendar year end balance would be averaged to the extent available. The payout is subject to the following provisions:

1. No disbursement will be made if the endowment fund balance is less than corpus, defined as donor restricted contributions to be held in perpetuity, at the time of the spending calculation.
2. The endowment spending payout is limited to the lesser of the maximum endowment spending calculated above, or the amount by which the endowment fund balance exceeds corpus.

**Endowment Investment Policy**—The endowment investment policy adopted by the Foundation's Board of Directors seeks long-term growth of principal to preserve and grow Foundation assets, cover expenses, and maintain the approved spending rate of the funds. The Foundation maximizes the probability that the funds will meet or exceed an annualized target rate of return, adjusted for inflation, by having a target rate of return equal to the Board-adopted spending policy's percentage amount plus inflation and expenses. The Board of Directors considers and seeks to minimize appropriate risks when overseeing the funds managed by its contracted investment advisor and selecting its investment strategies. The strategies for achieving the Foundation's investment objectives include a well-diversified portfolio, target allocations in each investment category, guidelines and restricted investments, benchmarks for performance of each asset class, low fees, performance measurement, regular monitoring, and detailed reports.

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

(7) **Endowments:** (Continued)

Endowment net assets composition by type of fund as of March 31, 2025:

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Donor-restricted endowment funds	<u>\$ 10,445,990</u>	<u>\$ 10,430,293</u>	<u>\$ 20,876,283</u>

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Endowment net assets, beginning of year	\$ 9,432,439	\$ 9,457,631	\$ 18,890,070
Investment return, net	-	1,319,432	1,319,432
Contributions	1,393,792	-	1,393,792
Transfers	(380,241)	380,241	-
Amounts appropriated for expenditure	-	(727,011)	(727,011)
	<u>\$ 10,445,990</u>	<u>\$ 10,430,293</u>	<u>\$ 20,876,283</u>

Endowment net assets composition by type of fund as of March 31, 2024:

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Donor-restricted endowment funds	<u>\$ 9,432,439</u>	<u>\$ 9,457,633</u>	<u>\$ 18,890,072</u>

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Endowment net assets, beginning of year	\$ 9,064,702	\$ 6,735,091	\$ 15,799,793
Investment return, net	-	3,327,731	3,327,731
Contributions	367,737	-	367,737
Transfers	-	56,486	56,486
Amounts appropriated for expenditure	-	(661,675)	(661,675)
	<u>\$ 9,432,439</u>	<u>\$ 9,457,633</u>	<u>\$ 18,890,072</u>

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(8) Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

- (a) **Demand and time deposits**—The Foundation maintains cash and time deposits with several financial institutions and brokerage houses. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with the financial institutions are federally insured up to FDIC limits. At brokerage houses, amounts are insured by the Securities Investor Protection Corporation (SIPC) up to the SIPC limits.
- (b) **Financial instruments**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.
- (c) **Contributions receivable**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include contributions receivable. The contributions receivable is made up of pledge receivables from donors.

**(9) Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of March 31, 2025 and 2024, are restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Scholarships and grants	\$ 1,219,605	\$ 872,199
Academic, student programs, and support	1,439,303	790,724
Facility support	410,318	427,761
Pledges receivable with purpose restrictions, net	314,330	381,927
	<u>3,383,556</u>	<u>2,472,611</u>
Subject to the passage of time:		
Land	-	410,000
	<u>-</u>	<u>410,000</u>
Subject to spending policy and appropriation:		
Accumulated gains and term endowments	10,430,296	9,462,679
Pledges receivable to be held in perpetuity, net	57,658	52,446
Endowment funds restricted in perpetuity	10,388,332	9,374,897
	<u>20,876,286</u>	<u>18,890,022</u>
Total net assets with donor restrictions	<u>\$ 24,259,842</u>	<u>\$ 21,772,633</u>

**TALLAHASSEE STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**(9) Net Assets with Donor Restrictions:** (Continued)

Net assets with donor restrictions were released from restriction during the years ended March 31, 2025 and 2024, by incurring expenses satisfying restricted purposes, transfers, or by the occurrence of other events specified by donors as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of restrictions - scholarships	\$ (805,356)	\$ (771,555)
Time restrictions expired	<u>(681,595)</u>	<u>(719,521)</u>
Total net assets released from restrictions	(1,486,951)	(1,491,076)
Reclass from without donor restriction	421,698	110,391
Net change in net assets with donor restrictions	<u>\$ (1,065,253)</u>	<u>\$ (1,380,685)</u>

**(10) Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Non-endowed cash and cash equivalents	\$ 140,030	\$ 41,701
Non-endowed investments	2,031,462	1,353,012
Current portion of contributions receivable	<u>97,708</u>	<u>82,222</u>
	<u>\$ 2,269,200</u>	<u>\$ 1,476,935</u>

It is the Foundation's policy to employ cash at all times in short term cash equivalents to provide safety, liquidity and return. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment return of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, bond mutual funds and exchange traded funds.

For the purposes of analyzing resources available to meet general expenditures over a twelve (12) month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Endowment spending and endowed assets are not included in this calculation, refer to Note 8 for information on the Endowment spending policy of the Foundation.

**(11) Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 29, 2025, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**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,  
Tallahassee State College Foundation, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee State College Foundation, Inc. (the Foundation), a component unit of Tallahassee State College, which comprise the statements of financial position as of March 31, 2025, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated July 29, 2025.

***Report on Internal Control over Financial Reporting***

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

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

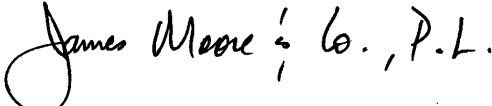
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, stylized initial "J" and "M".

Tallahassee, Florida  
July 29, 2025

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**Havana, Florida**

**FINANCIAL STATEMENTS**

**March 31, 2025 and 2024**

## CONTENTS

INDEPENDENT AUDITORS' REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4
FINANCIAL STATEMENTS	
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets .....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 11
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	12 - 13



**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS



*Certified Public Accountants and Business Advisors*

FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.  
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.  
SAWYER SCHMOOKLER, C.P.A.  
REBEKAH E.A. GRIFFIN, C.P.A.  
BRETT GILMAN, C.P.A.

HAROLD A. BROCK, JR. (Retired)  
W. FREDERICK THOMSON (1943-2024)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Public Safety Academy Housing, Inc.  
Havana, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Public Safety Academy Housing, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024 and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Safety Academy Housing, Inc. as of March 31, 2025 and 2024, and the changes in its net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Safety Academy Housing, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Safety Academy Housing, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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 Public Safety Academy Housing, Inc.'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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2025 on our consideration of Public Safety Academy Housing, Inc.'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 Public Safety Academy Housing, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Safety Housing, Inc.'s internal control over financial reporting and compliance.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 be presented to supplement the basic financial statements. Such information, although not a part of 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 inquiring with 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.

*Thomson Black Lupert Company*

Tallahassee, Florida  
August 21, 2025

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**Management's Discussion and Analysis**

The discussion and analysis of Public Safety Academy Housing, Inc.'s financial statements provides an overview of the financial activities for the year ended March 31, 2025. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains activities of the Public Safety Academy Housing, Inc. for fiscal years 2025 and 2024.

Public Safety Academy Housing, Inc. was incorporated on February 26, 2003, as a direct support organization of Tallahassee State College for the purpose of financing and constructing a housing facility at the College's Florida Public Safety Institute. The housing facility was financed by a \$9 million mortgage note and was completed on January 4, 2006. Upon completion, Public Safety Academy Housing, Inc. executed an agreement with the College whereby the College leases the housing facility from Public Safety Academy Housing, Inc. and is responsible for operating and maintaining the facility. During the fiscal year ended March 31, 2015, the Organization refinanced its original mortgage rate and borrowed an additional \$575,000 in a separate mortgage note payable to renovate and refurbish the dormitory. As of June 2, 2025, both of these mortgage notes payable have been fully paid off.

All revenues generated by the facility are retained by the College. In exchange, Public Safety Academy Housing, Inc. receives monthly lease payments totaling \$764,500 for the fiscal year ending March 31, 2025, for its mortgage payments and operating expenses.

By design, Public Safety Academy Housing, Inc. was limited in its establishment to obtaining the financing and constructing the housing facility, with all post completion activities to be the responsibility of the College. Accordingly, 2025 financial activities consist of monthly lease receipts, mortgage payments, and the recognition of certain costs (depreciation) incurred during prior years but recognized as current year expenses. The nature of Public Safety Academy Housing, Inc.'s future activities can be expected to remain consistent with those of the 2025 fiscal year.

See independent auditors' report.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ <u>103,835</u>	\$ <u>90,998</u>
TOTAL CURRENT ASSETS	103,835	90,998
PROPERTY AND EQUIPMENT, Net	<u>4,235,467</u>	<u>4,473,047</u>
	\$ <u><u>4,339,302</u></u>	\$ <u><u>4,564,045</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Current portion of mortgage notes payable	\$ <u>193,415</u>	\$ <u>705,211</u>
Interest payable	<u>1,038</u>	<u>4,617</u>
TOTAL CURRENT LIABILITIES	194,453	709,828
LONG-TERM LIABILITIES		
Mortgage notes payable	<u>-</u>	<u>193,415</u>
TOTAL LIABILITIES	194,453	903,243
NET ASSETS		
Invested in capital assets, net of related debt	4,041,014	3,569,804
Unrestricted	<u>103,835</u>	<u>90,998</u>
	<u>4,144,849</u>	<u>3,660,802</u>
	\$ <u><u>4,339,302</u></u>	\$ <u><u>4,564,045</u></u>

See accompanying notes.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Years Ended March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
OPERATING REVENUE		
Lease income	\$ 764,500	\$ 807,000
OPERATING EXPENSES		
Depreciation	237,580	237,582
Contractual services	7,271	7,276
Bank service fees	15	66
Licenses	<u>61</u>	<u>61</u>
	<u>244,927</u>	<u>244,985</u>
OPERATING INCOME	519,573	562,015
NONOPERATING EXPENSE		
Interest expense	<u>35,526</u>	<u>75,903</u>
CHANGE IN NET ASSETS	484,047	486,112
BEGINNING NET ASSETS	<u>3,660,802</u>	<u>3,174,690</u>
ENDING NET ASSETS	\$ <u><u>4,144,849</u></u>	\$ <u><u>3,660,802</u></u>

See accompanying notes.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Rents and fees collected	\$ 764,500	\$ 807,000
Payments to vendors	(7,347)	(7,403)
Payments for interest expense	<u>(39,105)</u>	<u>(71,286)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	718,048	728,311
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(705,211)</u>	<u>(638,955)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(705,211)</u>	<u>(638,955)</u>
NET INCREASE IN CASH	12,837	89,356
CASH AT BEGINNING OF YEAR	<u>90,998</u>	<u>1,642</u>
CASH AT END OF YEAR	\$ <u><u>103,835</u></u>	\$ <u><u>90,998</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	\$ 484,047	\$ 486,112
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	237,580	237,582
(Decrease) increase in liabilities:		
Interest payable	<u>(3,579)</u>	<u>4,617</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>718,048</u></u>	\$ <u><u>728,311</u></u>

See accompanying notes.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025 and 2024**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Formation and Nature of Business** - Public Safety Academy Housing, Inc. (the "Organization") was incorporated on February 26, 2003 as a direct support organization of Tallahassee State College (the "College"), within the meaning of Section 240.331, Florida Statutes, or any successor provision. The Organization was formed, among other purposes, to make available housing to participants in programs affiliated with the Florida Public Safety Institute. At the direction of the Board of Trustees of Tallahassee State College, income derived by the Organization, subject to the assignment of revenue and other amounts derived from the operation of the facility, may be transferred to the Tallahassee State College. The Organization is a component unit of Tallahassee State College and is included in the College's annual report.

A summary of significant accounting policies follows:

**Basis of Accounting** - The Organization follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recognized when incurred.

**Property and Equipment** - Cost directly associated with the construction of the housing complex, including interest incurred from financing during the construction period is capitalized to the cost of the building, and depreciation is provided over the building's estimated life of thirty-nine (39) years on a straight line basis.

Furniture and equipment with a value of or costing over \$500 is recorded at cost and depreciated over its estimated useful life of five (5) to seven (7) years on a straight line basis.

**Income Taxes** - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Organization has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

**Cash Equivalents** - For purposes of the statement of cash flows, all highly liquid instruments with a maturity of three (3) months or less are considered to be cash equivalents.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025 and 2024**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Election to Apply FASB Accounting Standards Codification** - The Organization has elected to apply all FASB Accounting Standards Codification, except for those that conflict with GASB pronouncements, as permitted by GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements."

**Subsequent Events** - Management has performed an analysis of the activities and transactions subsequent to March 31, 2025, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2025. Management has performed their analysis through August 21, 2025, the date of this report.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

On May 21, 2004, the College entered into a long-term lease to rent ten (10) acres of land to the Organization in order to build the housing complex. Terms of the lease grants the Organization the use of the land for a ninety-nine (99) year term at less than fair market value rates of \$1 each year, paid in advance.

In November 2005, the Organization executed an agreement with the College to operate the housing complex. Terms of the agreement include monthly lease revenue that varied between \$63,250 and \$67,000 for the fiscal year, with automatic annual lease renewals unless thirty (30) day prior notice of cancellation is given by either party. Total lease income earned amounted to \$764,500 and \$807,000 for the years ended March 31, 2025 and 2024, respectively.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment as of March 31, 2025 and 2024, is summarized as follows:

Depreciation expense for the years ended March 31, 2025 and 2024 amounted to \$237,580 and \$237,582, respectively.

	<u>2025</u>	<u>2024</u>
Building	\$ 8,491,790	\$ 8,491,790
Furniture and equipment	<u>535,069</u>	<u>592,650</u>
	9,026,859	9,084,440
Accumulated depreciation	<u>(4,791,392)</u>	<u>(4,611,393)</u>
	\$ <u><u>4,235,467</u></u>	\$ <u><u>4,473,047</u></u>

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025 and 2024**

**NOTE 4 - MORTGAGE NOTES PAYABLE**

Mortgage notes payable as of March 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
<p>\$6,017,876 refinanced mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender; bearing interest at 2.75% through December 31, 2017, then at 3.34% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45%; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	\$ 171,773	\$ 805,811
<p>\$575,000 mortgage note payable executed November 10, 2014, with Gadsden County, Florida and assigned to a commercial lender. The note bears interest at 3.99% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25%; payable in monthly installments of principal and interest; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	<u>21,642</u> 193,415 <u>(193,415)</u>	<u>92,815</u> 898,626 <u>(705,211)</u>
Less: current portion	\$ <u><u>-</u></u>	\$ <u><u>193,415</u></u>

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025 and 2024**

**NOTE 4 - MORTGAGE NOTES PAYABLE (Continued)**

As of March 31, 2025, the scheduled maturities of the mortgage notes payable were as follows:

	<u>Principal</u>	<u>Interest</u>
March 31, 2026	\$ <u>193,415</u>	\$ <u>2,234</u>
	\$ <u><u>193,415</u></u>	\$ <u><u>2,234</u></u>

**NOTE 5 – RECLASSIFICATIONS**

Certain reclassifications have been made to the 2024 current portion of mortgage notes payable and long term mortgage notes payable to conform with 2025 presentation.

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS



*Certified Public Accountants and Business Advisors*

FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.  
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.  
SAWYER SCHMOOKLER, C.P.A.  
REBEKAH E.A. GRIFFIN, C.P.A.  
BRETT GILMAN, C.P.A.

HAROLD A. BROCK, JR. (Retired)  
W. FREDERICK THOMSON (1943-2024)

**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***

Board of Directors  
Public Safety Academy Housing, Inc.  
Havana, Florida

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 Public Safety Academy Housing, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated August 21, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Public Safety Academy Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control.

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



Our consideration of the internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Public Safety Academy Housing, Inc. are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Thomson Black Impact Company*

Tallahassee, Florida  
August 21, 2025

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**  
THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.  
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.  
SAWYER SCHMOOKLER, C.P.A.  
REBEKAH E.A. GRIFFIN, C.P.A.  
BRETT GILMAN, C.P.A.

HAROLD A. BROCK, JR. (Retired)  
W. FREDERICK THOMSON (1943-2024)

**MANAGEMENT LETTER**

Board of Directors  
Public Safety Academy Housing, Inc.  
Tallahassee, Florida

In planning and performing our audit of the financial statements of Public Safety Academy Housing, Inc. (the "Organization") as of and for the years ended March 31, 2025 and 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audits, we have become aware of matters that are an opportunity for strengthening internal control and operating efficiency. This letter does not affect our report dated August 21, 2025, on the financial statements of the Organization.

We will review the status of these comments during our next audit engagement. We have already discussed these matters previously with management and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing any recommendations. Our comments are summarized as follows:

**Prior Year's Recommendations**

**Reconciliation of Loan Principal Payments with Bond Document (No longer applicable):**

In a prior year, a discrepancy was noted between the principal payment amounts listed in the bond document and those invoiced by the bank for the \$575,000 note payable. This issue continued into the current year for the smaller loan and also began for the larger loan after the March 2024 payment. Despite these discrepancies, there was no misstatement identified in the financial statements, and the bank subsequently adjusted the loan payment schedule to reflect the changes. As the loan was fully paid off in June 2025, no further action or recommendation is necessary at this time.

**Insufficient Bank Funds (RESOLVED)**

In the prior year, the Organization initiated loan payments before verifying that sufficient funds were available in the bank account, resulting in an overdraft fee. During the current year, we did not observe any instances of overdrafted balances. Accordingly, this issue is considered resolved.

**Current Year's Recommendations**

**None.**

We wish to thank the Executive Director and her staff for their support and timely assistance during our audit.

The report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*Thomson Blackhurst Company*

August 21, 2025

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**  
THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.  
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.  
SAWYER SCHMOOKLER, C.P.A.  
REBEKAH E.A. GRIFFIN, C.P.A.  
BRETT GILMAN, C.P.A.

HAROLD A. BROCK, JR. (Retired)  
W. FREDERICK THOMSON (1943-2024)

August 21, 2025

To the Board of Directors  
Public Safety Academy Housing, Inc.  
Havana, Florida

We have audited the financial statements of Public Safety Academy Housing, Inc. for the years ended March 31, 2025 and 2024, and have issued our report thereon dated August 21, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 6, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Public Safety Academy Housing, Inc. are described in Note 1 to the financial statements. No changes were made to the significant accounting policies for the fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements; a listing of the adjustments is attached to this letter. Additionally, any misstatements that were considered to be immaterial and were not proposed as adjustments are summarized in a schedule, Audit Difference Evaluation Form, which is attached to this letter.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 21, 2025.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We have communicated recommendations in a separate letter titled Management Letter for the fiscal year ended March 31, 2025.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Public Safety Academy Housing, Inc.

August 21, 2025

Page 3

This information is intended solely for the use of the board and management of Public Safety Academy Housing, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

*Thomson Block Impact Company*

August 21, 2025

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**SUMMARY OF AUDIT DIFFERENCES**  
**March 31, 2025**

**Current Year**

	<b><u>Over (Under)</u></b> <b><u>Changes in Net Assets</u></b>
<b>Statement of activities misstatements:</b>	
None	\$ _____ -
<b>Cumulative effect (before effect of prior year differences)</b>	-
<b>Effect of unadjusted audit differences – prior year:</b>	_____ -
<b>Cumulative effect (after effect of prior year differences)</b>	\$ _____ -

	Statement of Net Assets	Statement of Changes in Net Assets
Reclassification adjustments:		
	\$ _____ 0	\$ _____ 0
	_____	_____
	_____	_____

	<b><u>Over (Under)</u></b> <b><u>Changes in Net Assets</u></b>
<b>Statement of financial position misstatements:</b>	
Current assets	\$ -
Total assets	-
Current liabilities	-
Total liabilities	-
Net Assets:	
Beginning	-
Ending	\$ -