

FLORIDA COLLEGE, INC.

Financial Statements
With Independent Auditor's Report
and
Federal and State Awards
in Accordance with the Uniform Guidance
and Florida Chapter 10.650

Year Ended May 31, 2025



FLORIDA COLLEGE, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Florida College, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2025, and the related statement of activities and cash flows for the year 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 Florida College, Inc. as of May 31, 2025, 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 audit 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Florida College, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Florida College, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Auditor's 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 auditor's 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 Florida College, 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 Florida College, 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 February 26, 2026, on our consideration of Florida College, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 the Florida College, 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 Florida College, Inc.'s internal control over financial reporting and compliance.



Lawrenceville, Georgia
February 26, 2026

FLORIDA COLLEGE, INC.

Statement of Financial Position

May 31, 2025

ASSETS:

Cash and cash equivalents	\$ 4,428,148
Student accounts receivable—net of credit allowances of \$1,111,038	507,845
Prepaid expenses and other assets	1,017,434
Investments	34,502,593
Promise to give—net	5,664,082
Finance lease right-of-use assets	528,415
Property and equipment—net	<u>33,387,196</u>

Total Assets \$ 80,035,713

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$ 1,375,428
Performance obligation liabilities	455,634
Finance lease right-of-use obligations	544,721
Note payable	<u>5,231,548</u>
Total liabilities	<u>7,607,331</u>

Net assets:

Without donor restrictions	<u>25,207,343</u>
With donor restrictions:	
Restricted by time or purpose	13,562,729
Restricted in perpetuity	<u>33,658,310</u>
	<u>47,221,039</u>

Total net assets 72,428,382

Total Liabilities and Net Assets \$ 80,035,713

See notes to financial statements

FLORIDA COLLEGE, INC.

Statement of Activities

Year Ended May 31, 2025

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted by Purpose or Time	Restricted in Perpetuity	
REVENUES, GAINS, AND OTHER SUPPORT:				
Net tuition and fees	\$ 12,425,145	\$ -	\$ -	\$ 12,425,145
Contributions	731,905	5,443,748	1,939,166	8,114,819
Auxiliary enterprises	5,894,967	-	-	5,894,967
Investment gain	84,741	-	-	84,741
Other	382,227	-	-	382,227
Net asset released from restrictions	9,654,678	(9,654,678)	-	-
Operating Revenues, Gains, and Other Support	29,173,663	(4,210,930)	1,939,166	26,901,899
OPERATING EXPENSES:				
Program services:				
Instructional services	11,524,505	-	-	11,524,505
Academic support	5,163,307	-	-	5,163,307
Student services	454,852	-	-	454,852
Auxiliary services	2,560,191	-	-	2,560,191
Institutional support:				
General and administrative	5,341,745	-	-	5,341,745
Fundraising	1,242,758	-	-	1,242,758
Total Expenses	26,287,358	-	-	26,287,358
 Change in net assets from operations	 <u>2,886,305</u>			
 Non-operating revenue:				
Investment income–non-operating portion	-	2,773,222	-	2,773,222
	2,886,305	(1,437,708)	1,939,166	3,387,763
 Net Assets, Beginning of Year	 <u>22,321,038</u>	 <u>15,000,437</u>	 <u>31,719,144</u>	 <u>69,040,619</u>
 Net Assets, End of Year	 <u>\$ 25,207,343</u>	 <u>\$ 13,562,729</u>	 <u>\$ 33,658,310</u>	 <u>\$ 72,428,382</u>

See notes to financial statements

FLORIDA COLLEGE, INC.

Statement of Cash Flows

Year Ended May 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 3,387,763
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	2,467,211
Amortization of finance lease right-of-use asset	284,482
Realized and unrealized gains on investments	(1,713,588)
Contributions restricted for long-term purposes	(4,286,248)
Change in allowance for credit losses	82,835
Change in operating assets and liabilities:	
Student accounts receivable—net	(189,854)
Promise to give—net	2,561,939
Prepaid expenses and other assets	(29,026)
Accounts payable and accrued expenses	(314,760)
Performance obligation liabilities	36,010
Net Cash Provided by Operating Activities	<u>2,286,764</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(4,824,235)
Proceeds from the sales of investments	1,118,291
Purchases of property and equipment	<u>(3,750,628)</u>
Net Cash Used by Investing Activities	<u>(7,456,572)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments on finance lease right-of-use obligation	(133,406)
Repayments on note payable	(235,947)
Contributions restricted for long-term purposes	4,286,248
Net Cash Provided by Financing Activities	<u>3,916,895</u>

Change in Cash and Cash Equivalents	(1,252,913)
Change in Cash and Cash Equivalents, Beginning of Year	<u>5,681,061</u>
Change in Cash and Cash Equivalents, End of Year	<u>\$ 4,428,148</u>

SUPPLEMENTAL DISCLOSURE:

Cash paid for interest	<u>\$ 320,527</u>
Right-of-use asset obtained in exchange for operating lease obligation	<u>\$ 374,554</u>

See notes to financial statements

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

1. NATURE OF ORGANIZATION:

Florida College, Inc. (the College), incorporated as a not-for-profit organization in 1945 under the laws of the state of Florida, is a coeducational, Christian liberal arts college. The College, as a private, independent liberal arts college, provides a comprehensive college experience designed to develop students spiritually, mentally, physically, and socially; to integrate into the students' lives the Bible as the revealed will of God; and to prepare students for lives of service to their Creator and to humanity.

The College is identified as a not-for-profit corporation. In December 1945, the Internal Revenue Service issued a determination letter that recognized the College as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law. The College is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code. That determination letter remains in effect.

The College also operates a K-12 school, Florida College Academy (the Academy), which operates separately on the College campus under the incorporation and oversight of the College. The Academy is dedicated to providing its students with a competitive education in a safe, supportive, spiritual, and stimulating environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash available for the general use of the College held in checking and savings accounts. At May 31, 2025, the College's cash balances exceeded federally insured limits by approximately \$4,450,000.

STUDENT ACCOUNTS RECEIVABLE—NET

Student accounts receivable consists of amounts billed to students for tuition and auxiliary charges. Student accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Receivables are considered past due when a student's account is 90 days or more delinquent. The College assesses late fees on past due balances in accordance with its student financial policies. In compliance with ASC 326, as amended by ASU 2025-05, the College applies the *Current Expected Credit Loss* (CECL) model to estimate the allowance for credit losses. Accounts are grouped into risk pools based on student classification and historical loss rates are developed for each pool based on aging categories and collectability of the receivables after year-end. These rates are then adjusted for management's expectations regarding current economic conditions, including enrollment trends, financial aid availability, and macroeconomic indicators as of May 31, 2025.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of prepaid items and miscellaneous receivables. Management has determined the allowance for credit losses by reviewing collection history and current market performance. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to bad debt expense. For the year ended May 31, 2025, no allowance has been recorded as management believes the likelihood of loss to be remote.

PROMISE TO GIVE—NET

When a donor has unconditionally promised to contribute funds to the College in future periods, the College recognizes a promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using risk adjusted market rates. Amortization of discounts is included in contributions in the accompanying statement of activities. Promises to give are also presented net of an allowance for doubtful accounts, which is an estimate of amounts that may not be collectible. In determining the amount of the allowance as of the statement of financial position date, the College develops a loss rate based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

PROPERTY AND EQUIPMENT—NET

Property and equipment is stated at cost, or if donated, at estimated fair value on the date of receipt. Purchases of property and equipment greater than \$2,500 are capitalized and depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 60 years.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Other investments are reported at cost. Interest and dividend income and the realized and unrealized gain or loss on investments is reported in the accompanying statement of activities. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many users.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment, net of accumulated depreciation and related debt.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Net assets with donor restrictions for purpose or time are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, for the acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions in perpetuity are contributed with donor restrictions requiring that they be held in perpetuity with income used for scholarships.

REVENUES, GAINS, AND OTHER SUPPORT, RECLASSIFICATIONS, AND EXPENSES

For both the traditional and nontraditional programs, tuition revenue is recognized ratably (over time) in the reporting period in which the academic programs are delivered. Traditional programs are delivered in the Fall (mid-August to mid-December) and Spring (mid-January to mid-May) academic terms, as well as one Summer term. Nontraditional courses are delivered in six-week and twelve-week intervals, with instruction periods beginning each month. Merit and need-based institutional scholarships are awarded to students to defray the costs of the academic programs, which reduce the amount of revenue recognized. Payments for tuition are due by the start of the academic term. Payments received for future periods are reported as performance obligation liabilities in the accompanying statement of financial position. Performance obligation liabilities were \$419,624 as of May 31, 2024. Substantially all advanced tuition and fees were recognized as revenue during the following year. All other exchange revenue is recognized when earned at a point in time.

Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary enterprises are priced to offset the cost of the goods or services provided. The distinguishing characteristic of auxiliary enterprises is that they are managed as an essentially self-supporting activity. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary enterprises revenue includes activities for student housing and dining facilities, coffee shops, and the campus bookstore. A small number of institutional scholarships specifically for defraying the costs of residential services are awarded, which reduce the amount of revenue recognized. Payments for housing and dining services are due approximately by the start of the academic term. Dining plans are not offered during the summer term. Performance obligations for housing and dining services are delivered over the academic terms. Revenue for student housing and dining facilities is recognized ratably (over time). Revenue from the coffee shop and campus bookstore is recognized at a point in time.

The College recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The College reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES, GAINS, AND OTHER SUPPORT, RECLASSIFICATIONS, AND EXPENSES, continued

Contributions of non-financial assets consist of property and securities recognized at fair value on the date of the gift.

The College reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Expenses, including advertising costs of \$46,784 for the year ended May 31, 2025, are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the College have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

The College participates in the delivery of student financial assistance programs under various programs administered by the Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties or the discontinuation of eligibility for participation.

RECENTLY ADOPTED ACCOUNTING GUIDANCE

Effective June 1, 2024, the College adopted Accounting Standards Update (ASU) 2025-05, which amends the guidance under *ASC 326 – Financial Instruments – Credit Losses*. This update clarifies the application of the CECL model to accounts receivable and contract assets.

As part of the implementation, the College can assume that current conditions as of the statement of financial position date do not change for the remaining life of current students accounts receivable and the College can elect to consider collection activity after the statement of financial position date when estimating expected credit losses.

The College adopted the standard effective June 1, 2024. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the College's financial assets as of May 31, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The College considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets:	
Cash and cash equivalents	\$ 4,428,148
Student accounts receivable–net	507,845
Investments	34,502,593
Promises to give	5,664,082
Financial assets, at year-end	<u>45,102,668</u>
Less those unavailable for general expenditures within one year, due to:	
Board designation	(3,975,669)
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose or time restrictions:	
Capital campaigns	(1,874,197)
Endowment funds	(40,103,219)
	<u>(45,953,085)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (850,417)</u>

As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Board designated reserves can be released upon resolution of the board and used for general expenditures.

4. STUDENT ACCOUNTS RECEIVABLE–NET:

Student accounts receivable–net consist of:

Student receivables	\$ 1,618,883
Less allowance for credit losses	<u>(1,111,038)</u>
	<u>\$ 507,845</u>

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

5. PLEDGE RECEIVABLE–NET:

Pledge receivable–net consists of:

Contributions receivable within one year	\$ 2,000,000
Contributions receivable within two to five years	4,000,000
	<hr/>
	6,000,000
Less unamortized discount	(335,918)
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	\$ 5,664,082
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A discount rate of approximately 3% was used to estimate the present value of the existing pledge receivable at May 31, 2025.

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

Land	\$ 171,696
Land improvements	4,630,950
Buildings and improvements	43,133,225
Equipment, furniture, and technology	4,003,452
Library books	1,703,055
Vehicles	294,460
	<hr/>
	53,936,838
Less accumulated depreciation	(20,549,642)
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	\$ 33,387,196
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FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

7. INVESTMENTS:

Investments consist of:

At fair value:

Money market	\$ 3,283,737
Stocks	15,758,294
Mutual funds	10,077,447
Hedge funds	4,603,285
	<u>33,722,763</u>

At cost:

Real estate at carrying value	<u>779,830</u>
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Total investments	<u>\$ 34,502,593</u>
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Investment gain consists of:

Interest and dividends	\$ 1,162,148
Realized and unrealized gains on investments	1,713,588
Investment management fees netted with investment gains	<u>(102,514)</u>
	<u>\$ 2,773,222</u>

Investment are held for the following purposes:

Investments held for operations	\$ 107,574
Investments held for endowment and scholarships	<u>34,395,019</u>
	<u>\$ 34,502,593</u>

8. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The College uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the College measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

8. FAIR VALUE MEASUREMENTS, continued:

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at May 31, 2025:

	Fair Value Measurements at May 31, 2025			Total
	Level 1	Level 2	Level 3	
Investments, at fair value:				
Money market	\$ 3,283,737	\$ -	\$ -	\$ 3,283,737
Stocks	15,758,294	-	-	15,758,294
Mutual funds	10,077,447	-	-	10,077,447
Hedge funds	4,603,285	-	-	4,603,285
Total investments, at fair value:	\$ 33,722,763	\$ -	\$ -	33,722,763
Investments, at cost:				
Real estate at carrying value				779,830
				\$ 34,502,593

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Money market, stocks, mutual funds and hedge funds—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

Changes in valuation techniques—None.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

9. FINANCE LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The College leases equipment under noncancelable finance leases expiring between 2026 and 2030. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$1,082 to \$6,615.

Finance lease right-of-use assets	<u>\$ 528,415</u>
Finance lease right-of-use obligations	<u>\$ 544,721</u>
Weighted average discount rate	3.99%
Weighted average lease term	1.55 years

Future minimum lease payments under the noncancelable finance leases (with an initial or remaining noncancelable lease term in excess of one year) as of May 31, 2025, are as follows:

<u>Years Ending May 31,</u>	<u>Amounts</u>
2026	\$ 217,690
2027	162,383
2028	109,949
2029	79,378
2030	<u>26,459</u>
	595,859
Less imputed interest	<u>(51,138)</u>
	<u>\$ 544,721</u>

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

10. ENDOWMENT FUNDS:

The College's endowment consists of approximately 150 individual funds established for a variety of purposes. Its endowment includes both donor-restricted and board-designated endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the College has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. For accounting purposes only and without any implication for the College's legal obligations for administering its endowment funds, the College has classified as net assets with donor restrictions the following: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions with purpose restriction until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by FUPMIFA.

FUNDS WITH DEFICIENCIES

Because FUPMIFA does not establish a fixed level below which an endowment fund is permitted to fall, there are no "deficiencies" in the endowment funds held by the College. However, the College maintains records of the sum of: (a) the original value of gifts donated to each endowment fund, (b) the original value of subsequent gifts to each endowment fund, and (c) accumulations to each such endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no endowment funds with deficiencies at May 31, 2025.

RETURN OBJECTIVES AND RISK PARAMETERS

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold indefinitely or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of selected benchmarks for each investment asset class, while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average annual rate of return greater than the corresponding benchmark index. Actual returns in any given year may vary from this amount.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

10. ENDOWMENT FUNDS, continued:

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

In developing its spending policy, the College considers certain of the following factors, which it determines relevant:

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

The College has established a guideline of appropriating for distribution each year up to 4% of its endowment fund's balance as of the December 31 market value for the next fall semester. Spending from these funds is intended to benefit the College in perpetuity; therefore, the spending policy is intended to achieve a balance between the need to preserve the purchasing power of the endowment principal at the time of the donation and the need to maximize current distribution to support the programs designated by the donors.

Changes in endowment net assets for the year ended May 31, 2025:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 33,658,310	\$ 33,658,310
Unexpended endowment earnings	-	6,444,909	-	6,444,909
Endowment net assets, May 31, 2025	<u>\$ -</u>	<u>\$ 6,444,909</u>	<u>\$ 33,658,310</u>	<u>\$ 40,103,219</u>

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

10. ENDOWMENT FUNDS, continued:

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO
SPENDING POLICY, continued

Changes in endowment net assets for the year ended May 31, 2025:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total
Endowment net assets, May 31, 2024	\$ -	\$ 6,689,776	\$ 31,719,144	\$ 38,408,920
Investment gain, net	-	2,773,222	-	2,773,222
Contributions/designations	-	-	1,939,166	1,939,166
Appropriation of endowment assets for expenditure or reclassification	-	(3,018,089)	-	(3,018,089)
Endowment net assets, May 31, 2025	\$ -	\$ 6,444,909	\$ 33,658,310	\$ 40,103,219

Assets of the endowment funds are as follows:

Cash and cash equivalents	\$ 44,118
Promises to give	5,664,082
Investments	34,395,019
	\$ 40,103,219

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

11. NOTE PAYABLE:

Note payable to a certain financial institution; bears interest at a variable rate (5.92% as of May 31, 2025); principal and interest payable in monthly installments of \$46,473 through maturity in March 2039, at which time, all unpaid principal and accrued interest is due. The note payable is secured by real property owned by the College with total net book value of \$10,088,926 as of May 31, 2025. At May 31, 2025, the outstanding borrowings on the note payable was \$5,231,548.

Maturity of the note payable is estimated as follows:

Years Ending May 31,	Amounts
2026	\$ 256,008
2027	271,582
2028	288,103
2029	305,629
2030	324,221
Thereafter	3,786,005
	\$ 5,231,548

The College is required to meet certain financial and time covenants for notes payable. As of May 31, 2025, the College was in compliance with all covenants or obtained a waiver, respectively.

12. NET TUITION AND FEES:

Net tuition and fees consist of:

Tuition and fees	\$ 17,104,447
Less tuition assistance	(4,679,302)
	\$ 12,425,145

The beginning and ending balances of the assets and liabilities related to contracts with students are as follows:

Student accounts receivable—net, beginning of year	\$ 400,826
Student accounts receivable—net, end of year	\$ 507,845
Performance obligation liabilities, beginning of year	\$ 419,624
Performance obligation liabilities, end of year	\$ 455,634

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

13. NET ASSETS:

Net assets consist of:

Without donor restrictions:

Unrestricted, undesignated	\$ (6,923,974)
Board-designated for:	
Contingency reserves	3,675,669
Deferred maintenance	300,000
Equity in property and equipment	28,155,648
	<u>25,207,343</u>

With donor restrictions:

Restricted by time or purpose:

Endowment funds—unexpended earnings	6,444,909
Earmarked projects:	
Scholarships	2,167,698
Capital campaigns	1,874,197
Other projects	1,748,053
Florida College alumni associations	1,186,985
Florida College Academy	140,887
	<u>13,562,729</u>

Restricted in perpetuity:

Endowment funds	<u>33,658,310</u>
-----------------	-------------------

Total net assets with donor restrictions

47,221,039

\$ 72,428,382

14. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, interest, maintenance and repairs, and utilities are allocated on a square-footage basis. Salaries and other employee benefits are allocated on employee time and effort.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:
 Functional expenses by natural classification as of May 31, 2025:

	Program Services				Institutional Support			Total	
	Instructional Services	Academic Support	Student Services	Auxiliary Services	Subtotal	General and Administrative	Fundraising		Subtotal
Wages, taxes, and benefits	\$ 3,590,882	\$ 4,746,427	\$ 397,834	\$ 795,933	\$ 9,531,076	\$ 3,257,114	\$ 741,504	\$ 3,998,618	\$13,529,694
Professional services	2,527,501	-	24,702	2,906	2,555,109	302,062	50,405	352,467	2,907,576
Depreciation	1,355,860	237,635	-	528,044	2,121,539	318,193	27,486	345,679	2,467,218
Maintenance and security	1,501,996	-	-	7,607	1,509,603	168,745	-	168,745	1,678,348
Public relations, travel, and meals	129,433	420	4,468	216,309	350,630	227,821	372,328	600,149	950,779
Utilities	203,146	-	-	525,028	728,174	-	-	-	728,174
Information technology	55,616	1,308	-	12,609	69,533	583,776	-	583,776	653,309
Miscellaneous	446,917	7,301	2,883	1,091	458,192	121,372	17,956	139,328	597,520
Insurance	466,724	-	-	31,655	498,379	43,158	-	43,158	541,537
Athletic supplies	67,916	-	-	386,931	454,847	-	-	-	454,847
Instructional supplies	424,355	3,342	-	-	427,697	-	-	-	427,697
Interest	320,527	-	-	-	320,527	-	-	-	320,527
Equipment rental and maintenance	120,042	-	-	46,696	166,738	150,592	-	150,592	317,330
On campus event supplies and meals	231,910	5,545	17,233	-	254,688	38,182	21,926	60,108	314,796
Conferences and professional development	65,706	152,775	4,899	625	224,005	20,480	1,669	22,149	246,154
Office supplies and printing	15,974	8,554	2,833	4,757	32,118	110,250	9,484	119,734	151,852
Total Expenses	\$ 11,524,505	\$ 5,163,307	\$ 454,852	\$ 2,560,191	\$ 19,702,855	\$ 5,341,745	\$ 1,242,758	\$ 6,584,503	\$ 26,287,358

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

15. RETIREMENT PLANS:

The College maintains a 401(k) retirement plan (the Plan) covering substantially all full-time and some part-time employees. The Plan allows for eligible participants to make elective deferrals to their accounts. The Plan provides matching of 100% of employee contributions, up to 3% of the employee's total salary, and allows for additional contributions from the College at the discretion of the board. Matching contributions are paid into employee's accounts at the time of each payroll processing. Discretionary contributions, if any, are accrued and paid into the employee's accounts within the time frame specified by IRS guidelines. Total retirement plan expense for the year ended May 31, 2025, was \$288,647.

16. COMMITMENTS AND CONTINGENCIES:

Activity related to student financial assistance programs is subject to audit both by independent certified public accountants and by representatives of the administering agencies regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties, or the discontinuation of eligibility for participation. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position or result of activities of the University.

FLORIDA COLLEGE, INC.

Notes to Financial Statements

May 31, 2025

17. RELATED PARTY TRANSACTIONS:

During the year ended May 31, 2025, the College received \$2,148,004 in contributions from board of trustee members and companies those members own.

A member of management serves on the board of a nonprofit organization that made contributions to the College. During the fiscal year ended May 31, 2025, the College received \$1,396,626 in donations from this organization.

18. SUBSEQUENT EVENTS:

Effective October 8, 2025, the College executed an agreement with an architectural design firm for the design of a construction project with a total commitment of approximately \$1,200,000.

Effective November 10, 2025, the College executed an agreement with a general contractor for the completion of a construction project with a total commitment of approximately \$16,000,000 and completion anticipated in 2027.

Subsequent events have been evaluated through February 26, 2026, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AND STATE AWARDS

**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

We have audited the financial statements of Florida College, Inc. as of and for the year ended May 31, 2025, and our report thereon dated February 26, 2026, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on page 24, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The summary of populations, samples tested, and results obtained—Florida Student Financial Assistance Program on page 31 is presented for the purposes of additional analysis as required by the state of Florida, Florida statutes, and State Board of Education Administrative Rules, and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in our audit of the financial statements and accordingly, we express no opinion on it.

Capin Crouse LLC

Lawrenceville, Georgia
February 26, 2026

FLORIDA COLLEGE, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended May 31, 2025

Federal or State Grantor/Pass Through Grantor/Program or Cluster Title	ALN/CSFA Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS:					
U.S. DEPARTMENT OF EDUCATION:					
Student Financial Assistance Cluster:					
Federal Direct Student Loan Program	84.268			\$ -	\$ 3,044,125
Federal Pell Grants	84.063			-	1,138,705
Federal Supplemental Educational Opportunity Grant Program	84.007			-	15,286
Federal Work-Study Program	84.033			-	17,459
Federal Perkins Loan Program (Note 5)	84.038			-	60,036
Total Student Financial Assistance Cluster				-	4,275,611
Total U.S. Department of Education				-	4,275,611
Total Expenditures of Federal Awards				\$ -	\$ 4,275,611
STATE AWARDS:					
Florida Department of Education:					
Florida Bright Futures Academic Scholars	48.059			\$ -	\$ 106,424
Florida Bright Futures Medallion Scholars	48.059			-	108,279
Effective Access to Student Education	48.064			-	490,725
Florida Student Assistance Grant	48.054			-	97,827
Dual Enrollment Scholarship Program	48.212			-	59,205
Total Florida Department of Education				-	862,460
Total Expenditures of State Awards				\$ -	\$ 862,460
Total Expenditures of Federal Awards and State Financial Assistance				\$ -	\$ 5,138,071

See notes to schedule of expenditures of federal awards and state financial assistance

FLORIDA COLLEGE, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

May 31, 2025

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal and state grant activity of Florida College, Inc. (College) under programs of the federal government and the State of Florida for the year ended May 31, 2025. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of Auditor General*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the College is required to match certain federal or state assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The College has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards and state financial assistance reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards and state financial assistance	\$ 5,138,071
Less:	
Federal Direct Student Loan Program	(3,044,125)
Federal Pell and TEACH Grants	(1,138,705)
Federal Perkins Loan Program	(60,036)
State student financial assistance programs	(862,460)
Government grants included in contributions per statement of activities	\$ 32,745

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The College did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

5. FEDERAL PERKINS LOAN PROGRAM:

The College administers the Perkins Loan Program. For purposes of the schedule, the amount reported includes the outstanding loan balance at the beginning of the fiscal year. Due to regulation changes, no further loans can be made from the program and no administrative cost allowance can be taken from the loan fund.

Outstanding loan balance at May 31, 2024	\$ 60,036
Outstanding loan balance at May 31, 2025	\$ 47,870

Schools have the option of continuing to collect on outstanding loan balances or can voluntarily liquidate the program. The College has no current plans to begin the Perkins liquidation process, however, is required to periodically return excess cash on hand from the program to the Department of Education.

**INDEPENDENT AUDITOR'S 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 Trustees
Florida College, Inc.
Temple Terrace, 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 Florida College, Inc. (College) (a nonprofit organization), which comprise the statement of financial position as of May 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Report on Internal Control Over Financial Reporting, continued

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements 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 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*.

College's Response to Findings

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

Purpose of 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lawrenceville, Georgia
February 26, 2026

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE
FINANCIAL ASSISTANCE PROJECT AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project
Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Florida College, Inc.'s (College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida *State Projects Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs and state financial assistance projects for the year ended May 31, 2025. The College's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florida College, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended May 31, 2025.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs and state financial assistance projects.

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Board of Trustees
Florida College, Inc.
Temple Terrace, Florida

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-004 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



Lawrenceville, Georgia
February 26, 2026

FLORIDA COLLEGE, INC.

Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

May 31, 2025

	<u>Number of Students</u>	<u>Percentage of Population</u>	<u>Amount of Awards</u>	<u>Percentage of Population</u>
Florida Effective Access to Student Education				
Population **	154	100%	\$ 490,725	100%
Tested	39	25%	\$ 125,275	26%
Findings	0	0%	\$ -	0%
Florida Student Assistance Grant				
Population **	60	100%	\$ 97,827	100%
Tested	15	25%	\$ 27,160	28%
Findings	0	0%	\$ -	0%
Florida Academic Scholars Award				
Population **	18	100%	\$ 106,424	100%
Tested	10	56%	\$ 56,816	53%
Findings	0	0%	\$ -	0%
Florida Medallion Scholars Award				
Population **	23	100%	\$ 108,279	100%
Tested	10	43%	\$ 47,541	44%
Findings	0	0%	\$ -	0%
Florida Dual Enrollment Scholarship Program				
Population **	84	100%	\$ 59,205	100%
Tested	21	25%	\$ 15,560	26%
Findings	0	0%	\$ -	0%

** See Note B

See notes to summary of populations, samples tested, and test results obtained

FLORIDA COLLEGE, INC.

Notes to Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

May 31, 2025

A. SUMMARY OF FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS:

Below is a summary of significant features and applicable statutes and rules of importance to the administration of the Florida Student Financial Assistance Programs at Florida College.

Florida Effective Access to Student Education (EASE): EASE provides financial assistance to Florida undergraduate students attending independent nonprofit Florida colleges or universities. It is a nonrepayable grant available to one-year residents of Florida. EASE is not based on need. A student may receive EASE for a maximum of nine undergraduate semesters. The amount to be awarded to each applicant will be determined by the State of Florida. EASE is a tuition and fee grant; therefore, the amount of EASE plus all other scholarships and grants specifically designated for payment of tuition and fees cannot exceed the total amount of tuition and fees charged by the institution. EASE is authorized by Section 1009.89, Florida Statutes.

Florida Student Assistance Grant Fund (FSAG): The FSAG is a nonrepayable grant awarded only on a need basis to one-year residents of Florida. A student may receive the FSAG for a maximum of nine undergraduate semesters. The amount to be awarded to each applicant will be determined by the State of Florida. FSAG is authorized by Section 1009.50-1009.52, Florida Statutes.

Florida Bright Futures Scholarship Programs (FBFSP): The Florida Bright Futures Scholarship Program provides certain qualified, full-time, first-time-in-college, undergraduate students with assistance in paying for the costs of education. FBFSP is available only to Florida residents attending eligible colleges and universities located in the State of Florida. Students apply directly to the Florida Department of Education Office of Student Financial Assistance who determines initial and continued eligibility of the student. The amount awarded to each applicant is based on the credit hours attempted by the applicant per term at a rate per credit hour set by the Florida legislator. FBFSP is authorized by Section 1009.53, Florida Statutes. There are three award programs under FBFSP, Florida Academic Scholars Award (FAS), Florida Medallion Scholars Award (FMS), and Florida Gold Seal Vocational Scholarship (GSV). The difference between FAS and FMS is minimum GPA requirements. GSV is a program for students enrolled in a career education or certificate program.

Florida Dual Enrollment Scholarship Program (DES): DES is a program that reimburses eligible postsecondary institutions for tuition and related instructional material costs for dual enrollment courses taken by private school, home education program, or personalized education program secondary students during the fall or spring. The program shall reimburse eligible postsecondary institutions for tuition and related instructional materials costs for dual enrollment courses taken by public school, private school, home education program, or personalized education program secondary students during the summer term by eligible students.

FLORIDA COLLEGE, INC.

Notes to Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

May 31, 2025

B. POPULATION AND SAMPLE SELECTIONS:

The populations were provided by the Bureau of Auditing Services, Florida Department of Education.

Samples were determined using State of Florida Administrative Code guidelines provided in Rule 6A-20.0021. A random sample of 50 award recipients or 25%, whichever is less, but no less than 10 award recipients or 100% of the recipients if less than 10, were chosen for each program.

Students were classified as ineligible if our examination of supporting documentation disclosed instances of noncompliance with eligibility criteria. Awards were classified as questioned costs if our examination disclosed one or more of the following conditions: awards made to ineligible students, awards for which supporting documentation was missing, and awards or the portions not properly credited to students' accounts.

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes no

Identification of major program(s):

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063, 84.007, 84.033, and 84.038	Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section I – Summary of Auditor’s Results, continued

Florida State Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with Chapter 10.650? yes no

Identification of major program(s):

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
48.059, 48.064, 48.054, and 48.212	Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section II – Financial Statement Findings

2025-001 Material Audit Adjustments

Material Weakness

Condition: During our audit, we identified and posted 21 adjusting journal entries to the trial balance totaling approximately \$49,500,000. These entries related to assets, liabilities, net assets, revenues, and expenses, and were required to bring Florida College's records into compliance with accounting principles generally accepted in the United States of America (GAAP) and was identified through our audit testing and discussions with management. Professional standards require that we report to you the existence of a material weakness when even one adjusting entry that exceeds tolerable misstatement is recorded, and, in our opinion, the existence of these adjustments indicate there is a reasonable possibility that such misstatement would not be prevented or detected and corrected on a timely basis. We believe that it is reasonably possible that there would be material misstatements in the financial statements, specifically in the recording of student account receivables.

Criteria: Generally accepted accounting principles

Cause: Oversight by management.

Effect: The audit adjustments were required for the financial statements to be materially correct.

Recommendation: We recommended that management review all transactions to ensure that they have been properly reported in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section II – Financial Statement Findings, continued

2025-002 Reliance on External Audit

Material Weakness

Condition: During our audit, we noted that the College demonstrated an overreliance on the external audit function to identify accounting errors, validate financial reporting conclusions, and support the preparation of financial statements. Under U.S. GAAP and the COSO Internal Control-Integrated Framework, the responsibility for establishing and maintaining effective internal controls over financial reporting resides with the College, and reliance on external auditors does not constitute an internal control activity. Instances were noted where key analyses, reconciliations, and technical accounting assessments were deferred until audit procedures commenced, indicating insufficient internal review and monitoring controls within the financial reporting process.

Criteria: Generally accepted accounting principles, COSO Internal Control-Integrated Framework

Cause: Insufficient internal review and monitoring controls within the financial reporting process.

Effect: Overreliance on auditors to perform key analyses, reconciliations, and technical accounting assessments.

Recommendation: We recommend that the College strengthen its internal financial reporting controls to ensure that key analyses, reconciliations, and technical accounting conclusions are prepared and reviewed before the external audit begins.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section II – Financial Statement Findings, continued

2025-003 Segregation of Duties

Significant Deficiency

Condition: During our audit, we noted a lack of review of journal entries, a single employee can initiate and disburse funds via ACH without review or approval from another employee, a single employee was responsible for the processing of payroll without review or approval from another employee, and improper coding of expenses on one of our expense selections.

Criteria: Adequate internal control functions over the financial reporting process.

Cause: Lack of implementation of segregation of duties.

Effect: Exposure to unintended risk and delays in the financial close process.

Recommendation: We recommend that the College perform a risk assessment of its internal controls to ensure that both preventative and detective controls are present for each significant process.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FLORIDA COLLEGE, INC.

Schedule of Findings and Questioned Costs

May 31, 2025

Section III – Federal Award Findings and Questioned Costs

2025-004 Incorrect Pell Calculations

Significant Deficiency

DEPARTMENT OF EDUCATION

ALN #: Federal Pell Grants 84.063

Federal Award Identification #: 2024-2025 Financial Aid Year

Condition: The College did not properly award Pell for the summer term under the new enrollment intensity calculation requirements.

Criteria: 34 CFR 690.63(b)

Questioned Costs: \$0

Context: For 7 students out of 36 tested, the College did not award summer Pell to students enrolled less than half time as they were following the old Pell summer enrollment rules, resulting in the under-award of \$4,902 in Pell grants for the summer 2025 term.

Cause: Due to a change in Pell grant calculations for award year 2024-2025, the College misinterpreted Summer Pell regulations.

Effect: Students were under-awarded Pell grant for their enrollment level.

Identification as repeat finding, if applicable: Not applicable.

Recommendation: We recommend the College review policies for summer term enrollment to ensure they align with Department of Education enrollment intensity guidance and apply the new enrollment intensity regulations accordingly.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FLORIDA COLLEGE, INC.

Auditee Summary Schedule of Prior Audit Findings

May 31, 2025

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

There were no prior audit findings or questioned costs.

State Award Findings

There were no prior audit findings or questioned costs for the Florida state financial assistance projects.



FLORIDA COLLEGE

FLORIDA COLLEGE, INC.
Auditee Corrective Action Plan
May 31, 2025

Finding Number: 2025-001 Material Audit Adjustments

Planned Corrective Action: Management affirms that, being the first year-end close with the newly implemented SIS – Jenzabar /J1, there are transactional nuances that exist and added to the ambiguity of presentation. Management receives this as opportunity to improve upon processes and heightened focus on regulatory updates.

Person Responsible for Corrective Action Plan: Dorsity M. Cole, Controller

Anticipated Date of Completion: February 2026

Finding Number: 2025-002 Reliance on External Audit

Planned Corrective Action: Management agrees that the overreliance as work began with the new processes and approach working with CapinCrouse, was increasingly evident. While efforts were being made towards improvements along the way, transitioning to a new audit team with experienced insight allowed for exposure to just how much was lacking - policy, procedures & internal reviews that were not properly implemented or adhered to. Additional staffing / resources are already in place and proving to be as beneficial as anticipated. Plans to continue improvements can progress, increasing self-sufficiency.

Person Responsible for Corrective Action Plan: Dorsity M. Cole, Controller

Anticipated Date of Completion: February 2026

Finding Number: 2025-003 Segregation of Duties

Planned Corrective Action: Management notes reviews and reconciliations have been established and are in place with updates on-going. Once additional staff were on board, monthly reviews were completed / are being completed. This increased frequency of review ensures higher visibility & oversight and reduces risk.

Person Responsible for Corrective Action Plan: Dorsity M. Cole, Controller

Anticipated Date of Completion: February 2026



FLORIDA COLLEGE

Finding Number: 2025-004 Incorrect Pell Calculations

Planned Corrective Action: Management acknowledges the error in calculation. As a result of change in student information software and financial aid software in conjunction with manual processes employed during transition of academic years, timing of review and misinterpretation of Summer Pell regulations, this error was not identified timely. This may have carried over to the subsequent term. Management receives this as opportunity to improve upon processes to ensure higher visibility and oversight to reduce any further risk making certain to align policies with DOE.

Person Responsible for Corrective Action Plan: Kristina Elmore, Director of Financial Aid

Anticipated Date of Completion: February 2026