



College of Charleston Foundation and Subsidiaries

**Independent Auditor's Report and Consolidated
Financial Statement**

**June 30, 2024
with Summarized and Comparative Information
for the year ended June 30, 2023**



College of Charleston Foundation and Subsidiaries
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June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

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Independent Auditor's Report

Audit Committee of the Board of Directors
College of Charleston Foundation and Subsidiaries
Charleston, South Carolina

Opinion

We have audited the accompanying consolidated financial statements of College of Charleston Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of College of Charleston Foundation and Subsidiaries as of June 30, 2024 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of College of Charleston Foundation and Subsidiaries 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 College of Charleston Foundation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about College of Charleston Foundation and Subsidiaries' 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.

Report on Summarized Comparative Information

We have previously audited the College of Charleston Foundation and Subsidiaries' 2023 consolidated financial statements, and our report dated September 15, 2023 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material aspects, with the audited consolidated financial statements from which it has been derived.

Forvis Mazars, LLP

**Charleston, South Carolina
September 13, 2024**

College of Charleston Foundation and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2024
(with Summarized Comparative Information for the Year Ended June 30, 2023)

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 900,935	\$ 1,623,610
Unconditional promises to give, net	11,110,477	6,553,694
Other assets	3,969,020	1,728,095
Investments	169,737,589	150,332,757
Property and equipment, net	5,173,014	5,166,081
Collections	12,452,823	10,182,673
Operating lease right-of-use assets	937,921	1,057,496
Total Assets	\$ 204,281,779	\$ 176,644,406
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 541,728	\$ 438,900
Annuities payable	74,659	66,040
Line of credit	2,000,744	1,001,978
Marine genomics grant obligation	1,635,924	1,533,919
Operating lease liabilities	971,765	1,074,418
Total Liabilities	5,224,820	4,115,255
Net Assets		
Without Donor Restrictions		
Board-designated quasi-endowment	9,117,380	8,673,306
Undesignated	12,855,675	9,206,810
	21,973,055	17,880,116
With Donor Restrictions		
Purpose restrictions	86,990,017	74,262,193
Time-restricted for future periods	577,466	133,792
Perpetual in nature	89,516,421	80,253,050
	177,083,904	154,649,035
Total Net Assets	199,056,959	172,529,151
Total Liabilities and Net Assets	\$ 204,281,779	\$ 176,644,406

College of Charleston Foundation and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024
(with Summarized Comparative Information for the Year Ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains, (Losses) and Other Support				
Contributions of cash and other financial assets	\$ 1,350,720	\$ 16,495,322	\$ 17,846,042	\$ 12,204,711
Contributions of nonfinancial assets	-	2,271,650	2,271,650	396,200
Rental income	695,491	-	695,491	695,491
Interest and dividend income, net	146,444	-	146,444	87,923
Realized and unrealized gain on investments, net	3,762,207	16,682,838	20,445,045	11,300,716
Special events, net	-	-	-	9,646
Other income, net	12,451	371,036	383,487	446,443
Loss on disposal of property and equipment	(21,149)	(8,775)	(29,924)	(45,287)
Recoveries (losses) on promises to give	(105,245)	2,182	(103,063)	(1,373,828)
Changes in value of split-interest agreements	-	2,937	2,937	(1,671)
	5,840,919	35,817,190	41,658,109	23,720,344
Net Assets Released from Restrictions and Foundation Administrative Fees (See Note 1)	13,382,321	(13,382,321)	-	-
Total Revenues, Gains, (Losses) and Other Support, Net	19,223,240	22,434,869	41,658,109	23,720,344
Expenses				
Program				
Student aid and recognition	4,797,173	-	4,797,173	4,573,289
Programs of education, research, and student and faculty enrichment	7,733,793	-	7,733,793	7,412,857
Total Program Expenses	12,530,966	-	12,530,966	11,986,146
Supporting Services				
General and administrative	913,989	-	913,989	876,190
Fundraising	1,685,346	-	1,685,346	1,761,567
Total Supporting Services	2,599,335	-	2,599,335	2,637,757
Total Expenses	15,130,301	-	15,130,301	14,623,903
Change in Net Assets	4,092,939	22,434,869	26,527,808	9,096,441
Net Assets, Beginning of Year	17,880,116	154,649,035	172,529,151	163,432,710
Net Assets, End of Year	\$ 21,973,055	\$ 177,083,904	\$ 199,056,959	\$ 172,529,151

College of Charleston Foundation and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended June 30, 2024
(with Summarized Comparative Information for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 26,527,808	\$ 9,096,441
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gain on investments	(20,445,045)	(11,300,716)
Depreciation	202,785	234,390
Contributions restricted for long-term investment	(8,903,499)	(1,646,960)
Allowance for uncollectible promises to give	103,063	1,373,828
Loss on disposition of property and equipment	29,924	45,287
Noncash contributions of securities and property and equipment	(3,801,082)	(808,296)
Non-cash lease expense	119,575	118,596
Change in operating assets and liabilities:		
Unconditional promises to give	(4,925,861)	(2,649,739)
Other assets	(2,240,925)	67,042
Accounts payable and accrued liabilities	102,828	(38,627)
Annuities payable and grant obligations	110,624	35,044
Operating lease liabilities	(102,653)	(101,674)
Net Cash used by Operating Activities	<u>(13,222,458)</u>	<u>(5,575,384)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(256,142)	(127,659)
Proceeds from sale of property and equipment	18,000	-
Purchases of investments	(21,792,040)	(7,356,668)
Proceeds from sale of investments	24,627,700	11,012,236
Net Cash Provided by Investing Activities	<u>2,597,518</u>	<u>3,527,909</u>
Cash Flows from Financing Activities		
Contributions restricted for long-term investment	8,903,499	1,646,960
Net advances on line of credit	998,766	1,001,978
Net Cash Provided by Financing Activities	<u>9,902,265</u>	<u>2,648,938</u>
Net Change in Cash	(722,675)	601,463
Cash and Cash Equivalents, Beginning of Year	<u>1,623,610</u>	<u>1,022,147</u>
Cash and Cash Equivalents, End of Year	<u>\$ 900,935</u>	<u>\$ 1,623,610</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 13,644</u>	<u>\$ 1,978</u>
Receipt of donated securities	<u>\$ 1,529,432</u>	<u>\$ 412,096</u>
Unconditional promises to give payments in securities	<u>\$ 266,015</u>	<u>\$ 376,127</u>
Receipt of donated equipment and collection items	<u>\$ 2,271,650</u>	<u>\$ 396,200</u>
Operating right-of-use asset obtained in exchange for lease liability	<u>\$ -</u>	<u>\$ 1,176,092</u>

Note 1. Description of Organization and Summary of Significant Accounting Policies

Nature of Activities

The College of Charleston Foundation is a not-for-profit organization established in 1970 to promote programs of education, research, student development, and faculty development for the exclusive benefit of the College of Charleston (the "College"). Major sources of income consist primarily of donor contributions and investment income. Gifts to the College of Charleston Foundation qualify for deductibility for income, gift, and estate tax purposes. The Foundation provides support to the College for two primary purposes:

Student aid and recognition

The College of Charleston Foundation provides student aid and recognition to students of the College primarily through scholarships, grants, and award programs.

Programs of education, research, and student and faculty enrichment

The College of Charleston Foundation provides funding to the College to promote programs of education, research, student enrichment, and faculty development.

Basis of Consolidation

The consolidated financial statements include the accounts of the College of Charleston Foundation and its wholly owned subsidiaries, Stono Preserve Educational Holdings, LLC (formed July 1, 2013); Blacklock House Educational Holdings, LLC (formed July 1, 2014); Bull Street Student Housing, LLC (formed July 1, 2014); Coming Wentworth and King Educational Holdings, LLC (formed July 1, 2014); Bull and Wentworth Student Housing, LLC (formed July 1, 2014); The College of Charleston Foundation Publishing Company, LLC (formed March 26, 2015); and 205, LLC (formed in March 2024). These entities are collectively referred to herein as the College of Charleston Foundation and Subsidiaries (the "Foundation"). All intercompany transactions and balances have been eliminated in consolidation.

Summarized Comparative Information

The consolidated statement of activities and changes in net assets for the year ended June 30, 2023 includes prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates. It is at least reasonably possible that the significant estimates used will change within the next year.

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents, except cash held in its long-term investment portfolio. For purposes of the consolidated statement of cash flows, cash and cash equivalents included in investments functioning as endowment investments are not considered cash and cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenue when the donor commits the gift. Conditional promises to give are recognized as revenue when the specified conditions are substantially met, and the promises become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a discount rate of return appropriate for the expected term of the promise to give. The discount rate utilized for promises to give expected to be collected over multiple years was approximately 5% and 8% at June 30, 2024 and 2023, respectively. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions.

The Foundation reports promises to give net of an allowance for uncollectible accounts. The allowance is based on historical collection experience and management's assessment of individual donor circumstances.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments in limited partnerships are stated at fair values based upon financial information provided by external investment managers. Because limited partnership interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investments existed. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest, and dividends) is included on the consolidated statement of activities and changes in net assets.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the consolidated statement of financial position date.

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated quasi-endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the fair value of the master investment accounts, adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at its fair value on the date donated. Depreciable assets are depreciated by the straight-line method over the assets' estimated useful lives. The Foundation generally capitalizes expenditures for property and equipment in excess of \$5,000.

Donations of property and equipment that are not restricted as to their use by the donor are recorded as increases in net assets without donor restrictions. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. The Foundation reclassifies net assets with donor restrictions for the acquisition of property and equipment to net assets without donor restrictions when the asset is acquired.

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Collections

Collection items include cultural and historical treasures. Such items are carried at cost, if purchased or at fair value at the date of the contribution, if donated. Depreciation is not recorded for collection items.

Other Assets

Other Assets is primarily comprised of an escrow deposit of \$2,000,000, for the Foundation to have the option to purchase property for the College valued at \$75,000,000. The option term was extended through an additional \$1,000,000 payment to expire on October 22, 2024. The Foundation is able to extend the option term to December 17, 2024, by making an additional \$1,000,000 payment on or before the expiration of the option term.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment to be used for strategic purposes as determined by the board.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities and changes in net assets as net assets released from restrictions and foundation administrative fees.

Foundation Administrative Fees

For the year ended June 30, 2024, the Foundation charged a financial management assessment fee of \$1,730,695 and a gift reinvestment fee of \$548,758. The Foundation applies a 1.25% financial management assessment to endowed managed funds, as well as a 5% gift reinvestment on all new gifts received. The financial management assessment fee is calculated using the weighted average balance of the fund on a quarterly basis. For the year ended June 30, 2023, the Foundation charged financial management fees totaling \$1,597,776 and gift reinvestment fees totaling \$383,192.

Contributions

Contributions are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of nonfinancial assets include property and equipment, collections, artifacts, instruments, and various other goods. Contributed nonfinancial assets are valued and recorded as revenue at their estimated fair value based upon the Foundation's estimate of the resale values that would be received for selling identical or similar assets in their principal markets. The Foundation utilizes the nonfinancial assets for program use and does not monetize or have plans to sell these contributed nonfinancial assets.

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Donated Services

The Foundation does not generally record revenue for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with various committee assignments and institutional advancement.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying consolidated statement of activities and changes in net assets. Note 15 presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2024.

Contributions made to the Foundation qualify for the charitable contribution deduction under Section 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

Leases

At lease inception, the Foundation determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated statement of financial position. ROU assets represent the Foundation's right to use leased assets over the term of the lease. Operating lease liabilities represent the Foundation's contractual obligation to make lease payments over the lease term. The Foundation does not have any leasing arrangements classified as finance leases.

For operating leases, ROU assets and operating lease liabilities are recognized at the commencement date. The operating lease liability is measured as the present value of the lease payments over the lease term. The Foundation uses the rate implicit in the lease if it is readily determinable. When the rate implicit in the lease is not determinable, the Foundation uses the risk-free rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the lease payments plus initial direct costs, plus any prepayments less any lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence factors that would cause a significant economic penalty to the Foundation if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Foundation has elected not to recognize an ROU asset and obligation for leases with an initial term of twelve months or less. The Foundation has lease agreements with nonlease components that relate to the lease components. The Foundation elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all.

Subsequent Events

The Foundation has evaluated subsequent events through September 13, 2024, the date the consolidated financial statements were available to be issued.

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Note 2. Credit Risk

The Foundation places its cash and cash equivalents on deposit with commercial banks. The Federal Deposit Insurance Corporation (“FDIC”) covers \$250,000 for each interest-bearing account. At times, the Foundation may maintain bank account balances in excess of the FDIC insured limit. The Foundation has not experienced losses in such deposit accounts and believes it is not exposed to any significant credit risk in this regard.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses, many of which are in the State of South Carolina. At June 30, 2024, promises to give from two donors accounted for approximately 32% of the total unconditional promises to give balance. At June 30, 2023, promises to give from four donors accounted for approximately 71% of the total unconditional promises to give balance.

Note 3. Liquidity and Availability of Resources

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 900,935	\$ 1,623,610
Unrestricted promises to give	181,283	43,047
Estimated endowment spending-rate distributions and appropriations	<u>5,340,000</u>	<u>4,955,206</u>
Total available for general expenditure within one year	<u>\$ 6,422,218</u>	<u>\$ 6,621,863</u>

The Foundation funds its operations primarily through financial management fees charged to endowed and non-endowed restricted funds and rental income from properties leased to the College, see Note 13.

Endowment funds consist of endowments with donor restrictions and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Endowment funds with donor restrictions are not available for general expenditures.

The Foundation’s board-designated quasi-endowment of \$9,117,380 at June 30, 2024, is subject to an annual spending rate of 4.5 percent as described in Note 11. Although the Foundation does not intend to spend from this board-designated quasi-endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriations), these amounts could be made available if necessary.

Additionally, the Foundation maintains a \$5,000,000 line of credit, see Note 8.

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Note 4. Promises to Give

Unconditional promises to give at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 4,201,089	\$ 3,420,576
Receivable in one to five years	7,329,595	4,833,359
Receivable in more than five years	<u>2,222,250</u>	<u>1,798,850</u>
	13,752,934	10,052,785
Allowance for uncollectible promises receivable	(1,307,949)	(1,302,721)
Discount to present value	<u>(1,334,508)</u>	<u>(2,196,370)</u>
Unconditional promises to give, net	<u>\$ 11,110,477</u>	<u>\$ 6,553,694</u>

Note 5. Investments

A summary of investments held by the Foundation as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 3,552,148	\$ 3,552,148	\$ 125,287	\$ 125,287
Debt and equity securities	397,107	528,839	344,058	418,770
Multi-strategy limited partnerships	<u>115,681,091</u>	<u>165,656,602</u>	<u>113,131,091</u>	<u>149,788,700</u>
Total	<u>\$119,630,346</u>	<u>\$169,737,589</u>	<u>\$113,600,436</u>	<u>\$150,332,757</u>

Cash and cash equivalents represent funds temporarily held in short term deposit accounts held by the custodian that are intended to be invested in the investment portfolio.

See Note 6 for disclosure of investment strategies and composition of investment funds.

Investment return is summarized as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 146,444	\$ 87,923
Realized and unrealized gains, net	<u>20,445,045</u>	<u>11,300,716</u>
Total	<u>\$ 20,591,489</u>	<u>\$ 11,388,639</u>

College of Charleston Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 with Summarized Comparative Information for the Year Ended June 30, 2023

Note 6. Fair Value Measurements of Assets and Liabilities

Fair value as defined under accounting principles generally accepted in the United States of America (“GAAP”) is an exit price, representing 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. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Foundation’s policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between fair value levels for the years ended June 30, 2024 and 2023.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include cash and cash equivalents, which are held in the Foundation’s long-term investment portfolio and debt and equity securities, which were valued at \$528,839 and \$418,770 for the years ended June 30, 2024 and 2023, respectively, (see Note 5).

Certain investments that are valued at the net asset value per share provided by the investment manager as a practical expedient are no longer categorized within the fair value hierarchy. As a result, the Foundation’s investments held in the short-term fixed income and the limited partnership funds managed by The Investment Fund for Foundations (“TIFF”) are not categorized within the fair value hierarchy.

The following table sets forth a summary of the Foundation’s investments with a reported estimated fair value using net asset value per share at June 30, 2024:

	2024			
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Redemption Terms and Restrictions</u>
TIFF Keystone fund – limited partnership ^(a)	\$ 117,510,791	quarterly	180 days	12 month notice
TIFF Centerstone fund – limited partnership ^(b)	<u>48,145,811</u>	quarterly	75 days	none
Total assets at fair value	<u>\$ 165,656,602</u>			

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The following table sets forth a summary of the Foundation's investments with a reported estimated fair value using net asset value per share at June 30, 2023:

	2023			
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Redemption Terms and Restrictions</u>
TIFF Keystone fund – limited partnership ^(a)	\$ 107,551,790	quarterly	180 days	12 month notice
TIFF Centerstone fund – limited partnership ^(b)	<u>42,236,910</u>	quarterly	75 days	none
Total assets at fair value	<u>\$ 149,788,700</u>			

There were no unfunded commitments outstanding as of years ended June 30, 2024 and 2023.

- (a) The TIFF Keystone fund's investment objective is to maximize annualized returns net of all costs over rolling 10 year periods while adhering to the fund's risk parameters which seek to limit to not greater than 10% the probability of a 25% or greater decline in the fund's inflation-adjusted value measured over any rolling three year period. The fund invests globally in multiple asset classes and in both publicly traded and privately placed securities, properties, and other assets, either directly or through commingled investment vehicles, including private equity funds, private realty funds, natural resources funds, and hedge funds.
- (b) The TIFF Centerstone fund's investment objective is to achieve a total return (price appreciation plus dividends and interest income) net of expenses that, over a majority of market cycles, exceeds inflation as measured by the Consumer Price Index, plus 5% per annum. The fund invests in equity oriented assets and diversifying strategies that are intended to generate returns while reducing equity market sensitivity. These strategies may include: public and private equities, hedge funds, asset-backed securities, commodities, and opportunistic credit.

Note 7. Property and Equipment

Major classifications of property and equipment consist of the following as of June 30, 2024 and 2023:

	<u>Estimated Useful Life In Years</u>	<u>2024</u>	<u>2023</u>
Land		\$ 3,793,588	\$ 3,793,588
Land improvements	15 – 20	1,059,015	1,059,015
Building and building improvements	10 – 27	2,302,768	2,302,768
Equipment and furnishings	3 – 20	1,159,977	1,159,977
Boats	10	542,549	820,195
Horses	10	<u>139,000</u>	<u>143,999</u>
		8,996,897	9,279,542
Less: accumulated depreciation		<u>(3,823,883)</u>	<u>(4,113,461)</u>
Property and equipment, net		<u>\$ 5,173,014</u>	<u>\$ 5,166,081</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$202,785 and \$234,390, respectively.

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Note 8. Line of Credit

The Foundation maintains an unsecured revolving line of credit with a financial institution that provides availability of credit of \$5,000,000. The line of credit matures on November 30, 2024 and interest is payable monthly based on the average SOFR rate plus 1.35% (6.68% at June 30, 2024). At June 30, 2024 and 2023, there was an outstanding balance of \$2,000,744 and \$1,001,978, respectively. The agreement contains certain affirmative covenants and requires the maintenance of a depository account with the financial institution with specified balances to be maintained based on the type of account held.

Note 9. Marine Genomics Grant

The College and the Medical University of South Carolina ("MUSC") have joined together to raise non-state matching funds for collaborative research in Applied Marine Genomics. The South Carolina General Assembly passed the South Carolina Research Centers of Excellence Act in 2002, to provide a competitive grants program to the State's research universities. The grants program provides funding to endow professorships and requires a dollar-for-dollar match. The College requested assistance from the Foundation to secure \$1,000,000 in funds to use as a match in its collaboration with MUSC. The College and MUSC entered into an agreement to have the College accept \$1,000,000 to be held and invested by the Foundation, along with the \$1,000,000 match to endow the Research Center Professorship in Applied Marine Genomics. The Foundation and College entered into an agreement under South Carolina Code of Laws Section 59-101-410, whereby the College desired to lend endowment funds to the Foundation to maximize the College's investment yield. The collaborative research project is intended to be a long-term program; however, in the event the program is discontinued, the Foundation would be required to return the grant funds plus any earnings less any authorized program spending and customary administrative fees. Changes in the endowment value are recorded as a faculty enrichment expense on the consolidated statement of activities and changes in net assets. During the years ended June 30, 2024 and 2023, \$67,200 and \$63,300 funds were disbursed to support the professorship, respectively. The marine genomics grant obligation was \$1,635,924 and \$1,533,919 at June 30, 2024 and 2023, respectively.

Note 10. Split-Interest Agreements

The Foundation holds assets related to charitable gift annuities. Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designated beneficiary. Assets held for the charitable gift annuities totaled \$149,571 and \$126,635 at June 30, 2024 and 2023, respectively, and are reported as investments on the accompanying consolidated statement of financial position.

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using various credit risk adjusted discount rates and applicable mortality tables. The annuities payable balance for the unitrusts and charitable gift annuities totaled \$74,659 and \$66,040 at June 30, 2024 and 2023, respectively.

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Note 11. Endowment Funds

The Foundation's endowment consists of approximately 700 individual funds established for a variety of purposes including funds established by donors to provide annual funding for specific activities and general operations, and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and the Foundation's interpretation of relevant law.

Interpretation of Relevant Law

The Foundation has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and, (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by management in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation 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 Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund consists of the following as of June 30, 2024:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated quasi-endowment funds	\$ 9,117,380	\$ -	\$ 9,117,380
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	89,516,421	89,516,421
Accumulated investment gains	-	48,769,491	48,769,491
Total endowment funds	<u>\$ 9,117,380</u>	<u>\$138,285,912</u>	<u>\$147,403,292</u>

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Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2023	\$ 8,673,306	\$119,818,762	\$128,492,068
Investment income	1,099,500	15,322,068	16,421,568
Contributions	4,950	5,919,146	5,924,096
Appropriation of endowment assets pursuant to spending-rate policy	(121,971)	(2,786,532)	(2,908,503)
Changes in donor designations and transfers from the endowment pool	(538,405)	(23,469)	(561,874)
Restoration of underwater endowments	<u>-</u>	<u>35,937</u>	<u>35,937</u>
Endowment net assets, June 30, 2024	<u>\$ 9,117,380</u>	<u>\$138,285,912</u>	<u>\$147,403,292</u>

Endowment net asset composition by type of fund consists of the following as of June 30, 2023:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated quasi-endowment funds	\$ 8,673,306	\$ -	\$ 8,673,306
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	80,253,050	80,253,050
Accumulated investment gains	<u>-</u>	<u>39,565,712</u>	<u>39,565,712</u>
Total endowment funds	<u>\$ 8,673,306</u>	<u>\$119,818,762</u>	<u>\$128,492,068</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ 8,587,131	\$115,445,167	\$124,032,298
Investment income	616,219	8,366,970	8,983,189
Contributions	17,473	2,499,554	2,517,027
Appropriation of endowment assets pursuant to spending-rate policy	(107,324)	(6,690,833)	(6,798,157)
Changes in donor designations and transfers from the endowment pool	(440,193)	119,381	(320,812)
Restoration of underwater endowments	<u>-</u>	<u>78,523</u>	<u>78,523</u>
Endowment net assets, June 30, 2023	<u>\$ 8,673,306</u>	<u>\$119,818,762</u>	<u>\$128,492,068</u>

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Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration.

In accordance with GAAP, deficiencies of this nature exist in 15 donor-restricted endowment funds, which together have an original gift value of \$1,037,022, a current fair value of \$1,001,085, and a deficiency of \$35,937 as of June 30, 2024. At June 30, 2023, deficiencies of this nature exist in 42 donor-restricted endowment funds, which together have an original gift value of \$4,186,021, a current fair value of \$4,107,498, and a deficiency of \$78,523 as of June 30, 2023. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Foundation 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 Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Investment Policy benchmark index, over short and long term periods, while assuming a moderate level of investment risk.

The investment objective for the total portfolio return is the consumer price index plus the actual amount appropriated for expenditure, including the actual financial management assessment fee, based on an average determined on a trailing seven-year basis.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation targets a diversified asset allocation that places 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

The Foundation has a policy of appropriating for expenditure each year up to 4.5% of its endowment funds' average fair value using the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing these policies, the Foundation considered the expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to achieve the return objectives as disclosed above. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return.

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Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes.

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Capital projects	\$ 2,140,984	\$ 4,012,541
Programs	26,033,956	21,800,323
Awards and scholarships	3,785,272	3,392,942
Professorships and chairs	152,159	185,975
Special events	48,739	59,287
Other	55,978	-
Promises to give, the proceeds from which have been restricted by donors	<u>6,003,438</u>	<u>5,245,413</u>
	<u>38,220,526</u>	<u>34,696,481</u>
Subject to the passage of time:		
Net assets held under split interest agreements	74,912	60,595
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>502,554</u>	<u>73,197</u>
	<u>577,466</u>	<u>133,792</u>
Endowments:		
Subject to appropriation and expenditure when specified event occurs:		
General use	617,241	393,843
Programs	13,111,373	10,415,102
Professorships and chairs	5,305,113	4,582,187
Library	706,353	618,280
Awards and scholarships	<u>29,029,411</u>	<u>23,556,300</u>
	<u>48,769,491</u>	<u>39,565,712</u>
Subject to endowment spending policy and appropriation:		
General use	340,286	248,580
Programs	24,139,914	23,373,221
Professorships and chairs	6,523,261	6,404,817
Library	704,966	704,966
Awards and scholarships	53,203,560	48,286,382
Unconditional promises to give, net – permanently restricted to endowment	<u>4,604,434</u>	<u>1,235,084</u>
	<u>89,516,421</u>	<u>80,253,050</u>
Total endowments	<u>138,285,912</u>	<u>119,818,762</u>
Total net assets with donor restrictions	<u>\$177,083,904</u>	<u>\$154,649,035</u>

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 204,461	\$ 62,336
Satisfaction of purpose restrictions:		
Programs	5,323,750	5,810,991
Capital projects	980,580	177,059
Awards and scholarships	2,083,981	1,904,459
Other	<u>52,719</u>	<u>126,876</u>
	<u>8,441,030</u>	<u>8,019,385</u>

Restricted-purpose spending-rate distributions and appropriations:

General use	11,739	102,821
Programs	943,384	948,794
Professorships and chairs	588,789	515,084
Library	45,588	19,569
Awards and scholarships	<u>3,147,330</u>	<u>2,781,020</u>
	<u>4,736,830</u>	<u>4,367,288</u>
	<u>\$ 13,382,321</u>	<u>\$ 12,449,009</u>

Note 13. Rental Income

Rental income for the years ended June 30, 2024 and 2023 was \$695,491. Property is leased to the College for parking, student housing, office space, and use of the Blacklock House. The Foundation and College executed amendments to the lease agreements that extended term dates between one and five years beginning in fiscal year 2023. The carrying value of the property leased to the College was \$792,616 and \$839,998 for the years ended June 30, 2024 and 2023, respectively. Renewal options are not included in the future minimum lease payments in the table below.

Future minimum lease payments to be received at June 30, 2024 are as follows:

Year Ending	
<u>June 30,</u>	
2025	\$ 695,000
2026	598,000
2027	598,000
2028	100,000
2029	100,000
Thereafter	<u>900,000</u>
	<u>\$ 2,991,000</u>

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Note 14. Operating Leases

The Foundation leases certain property and equipment under non-cancelable operating leases with terms that extend through 2031. The property lease contains a renewal option to extend the term.

The lease cost and other required information for the year ended June 30, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Lease cost:		
Operating lease cost	\$ 148,744	\$ 159,732
Other information		
Cash paid for amounts included in the measurement of lease liabilities	\$ 102,653	\$ 101,674
Weighted-average remaining lease term		
Finance leases	7.33 years	9.30 years
Weighted-average discount rate		
Finance leases	2.88%	2.88%

The following table summarizes the Foundation's future minimum payments under contractual obligations for operating lease liabilities as of June 30, 2024:

2025	\$ 126,352
2026	126,352
2027	147,410
2028	157,940
2029	157,940
Thereafter	<u>368,524</u>
Total minimum future rental payments	1,084,518
Imputed interest	<u>(112,753)</u>
Operating lease liabilities	<u>\$ 971,765</u>

Note 15. Functional Expenses

The consolidated statement of activities and changes in net assets report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which are allocated on a square footage basis, as well as support on behalf of the College, personnel, administration and professional development, which are allocated on the basis of estimates of time and effort.

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Expense allocation for the year ended June 30, 2024 is as follows:

	2024			
<u>Program</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
Support on behalf of the College	\$ 7,538,678	\$ 44,461	\$ -	\$ 7,583,139
Scholarships and awards for the College	4,797,173	-	-	4,797,173
Personnel	-	236,340	772,698	1,009,038
Occupancy	-	164,249	-	164,249
Administration	12,072	414,287	617,016	1,043,375
Professional development	-	34,910	24,675	59,585
Depreciation	183,043	19,742	-	202,785
Donor cultivation/stewardship	-	-	270,957	270,957
Total	<u>\$ 12,530,966</u>	<u>\$ 913,989</u>	<u>\$ 1,685,346</u>	<u>\$ 15,130,301</u>

Expense allocation for the year ended June 30, 2023 is as follows:

	2023			
<u>Program</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
Support on behalf of the College	\$ 7,166,324	\$ 66,037	\$ -	\$ 7,232,361
Scholarships and awards for the College	4,573,289	-	-	4,573,289
Personnel	-	260,748	880,561	1,141,309
Occupancy	-	196,727	-	196,727
Administration	40,070	308,977	603,614	952,661
Professional development	-	15,774	48,859	64,633
Depreciation	206,463	27,927	-	234,390
Donor cultivation/stewardship	-	-	228,533	228,533
Total	<u>\$ 11,986,146</u>	<u>\$ 876,190</u>	<u>\$ 1,761,567</u>	<u>\$ 14,623,903</u>

Note 16. Related Party Transactions

The Foundation is discretely presented as a component unit of the College's financial statements in accordance with standards established by the Governmental Accounting Standards Board.

The Foundation exists solely to provide financial assistance and other support to the College. The College operates on a fiscal year ended June 30. The Foundation reimbursed the College for program expenditures totaling \$8,889,099 and \$8,862,007 for the years ended June 30, 2024 and 2023, respectively. The Foundation has accrued expenses of \$408,438 and \$405,647 due to the College as of June 30, 2024 and 2023, respectively. The Foundation also leases certain properties to the College, see Note 13. The Foundation also owes the College \$338,616 for expense reimbursements as of June 30, 2024.

The Foundation received contributions from its Board of Directors, faculty and staff totaling \$2,539,476 and \$609,353 for the years ended June 30, 2024 and 2023, respectively.

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Note 17. Commitments

The Foundation renewed the memorandum of understanding (“MOU”) with the Alumni Association in June 2024, for a term through June 30, 2029. Under the terms of the MOU, the Foundation has agreed to pay the Alumni Association \$150,000 annually through in fiscal year 2029. This agreement can be cancelled with a 60 days’ notice by either party, therefore this commitment is not recorded as a liability on the consolidated statement of financial position at June 30, 2024.

The Foundation has committed to provide funding to certain programs and projects for the College of Charleston. As of June 30, 2024, the Foundation has committed to provide funding for the following: \$627,095 for the 58 George Street Career Center Renovation, \$100,000 for Addlestone Library Conversions, \$315,193 for 18 Bull Street Blacklock House Renovations, and \$1,067,000 for a Baseball project.

In May 2023, the Foundation entered into a noncancelable software contract for a five-year term requiring future annual payments of approximately \$132,000 per year.

In April 2023, the Foundation entered into a noncancelable software contract for a three-year term requiring future annual payments of approximately \$10,000 per year.

In May 2023, the Foundation entered into a noncancelable software contract for a three-year term requiring future annual payments of approximately \$14,000 per year.

In June 2023, the Foundation entered into a noncancelable software contract for a three-year term requiring future annual payments of approximately \$15,000 per year.

Note 18. Contingencies

From time to time, the Foundation may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Foundation’s consolidated financial position or results of operations.