

**University of South Carolina –
Business Partnership Foundation and Subsidiary**

Report on Consolidated Financial Statements

For the years ended June 30, 2021 and 2020

University of South Carolina – Business Partnership Foundation and Subsidiary

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Independent Auditor's Report

To the Board of Trustees
University of South Carolina – Business Partnership Foundation and Subsidiary
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the University of South Carolina – Business Partnership Foundation and Subsidiary (“the Foundation”) which comprise the consolidated statement of financial position as of June 30, 2021, the related consolidated statement of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The consolidated financial statements of the Foundation as of June 30, 2020, were audited by other auditors whose report dated September 9, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020, was derived from the audited consolidated financial statements referenced above. Accordingly, we express no opinion on the summarized comparative information.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of organizational data are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
September 13, 2021

University of South Carolina - Business Partnership Foundation and Subsidiary

Consolidated Statements of Financial Position

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
<i>Current assets</i>		
Cash and cash equivalents	\$ 7,935,098	\$ 7,114,811
Certificates of deposit	160,063	156,902
Continuing education and educational program receivables	273,872	364,478
Other miscellaneous receivables	25,505	8,769
Prepaid expenses	53,043	55,664
Pledges receivable, net	311,468	815,160
Total current assets	<u>8,759,049</u>	<u>8,515,784</u>
<i>Non-current assets</i>		
Pledges receivable, net	242,791	220,910
Cash surrender value of life insurance	78,717	73,153
Total non-current assets	<u>321,508</u>	<u>294,063</u>
Investments	<u>140,866,094</u>	<u>103,890,361</u>
Total assets	<u><u>\$ 149,946,651</u></u>	<u><u>\$ 112,700,208</u></u>
Liabilities and Net Assets		
<i>Liabilities</i>		
Accounts payable	\$ 808,850	\$ 712,593
Total liabilities	<u>808,850</u>	<u>712,593</u>
<i>Net assets</i>		
Without donor restriction	71,624,213	53,059,858
With donor restrictions	77,513,588	58,927,757
Total net assets	<u>149,137,801</u>	<u>111,987,615</u>
Total liabilities and net assets	<u><u>\$ 149,946,651</u></u>	<u><u>\$ 112,700,208</u></u>

See Notes to Consolidated Financial Statements.

University of South Carolina - Business Partnership Foundation and Subsidiary

Consolidated Statement of Activities

For the year ended June 30, 2021 (with comparative totals for 2020)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2021	2020
Revenues, Gains and Other Support				
Continuing education and educational programs	\$ 3,992,880	\$ -	\$ 3,992,880	\$ 3,858,707
Contributions and grants received	1,990,573	2,085,106	4,075,679	2,735,934
Investment return	17,948,923	19,112,108	37,061,031	2,312,650
Total	23,932,376	21,197,214	45,129,590	8,907,291
Net assets released from restrictions				
Transfers	671,515	(671,515)	-	-
Satisfaction of program restrictions	1,939,868	(1,939,868)	-	-
Total revenues, gains and other support	26,543,759	18,585,831	45,129,590	8,907,291
Expenses				
Program services				
Continuing education and educational programs	3,318,524	-	3,318,524	3,942,231
Academic support	953,169	-	953,169	1,021,442
Scholarships and student assistance	2,326,102	-	2,326,102	2,443,827
External relations, events and other	513,197	-	513,197	1,022,665
Total program services	7,110,992	-	7,110,992	8,430,165
Supporting services				
Administration	868,412	-	868,412	873,966
Total expenses	7,979,404	-	7,979,404	9,304,131
Change in net assets	18,564,355	18,585,831	37,150,186	(396,840)
Net assets, beginning of year	53,059,858	58,927,757	111,987,615	112,384,455
Net assets, end of year	\$ 71,624,213	\$ 77,513,588	\$ 149,137,801	\$ 111,987,615

See Notes to Consolidated Financial Statements.

University of South Carolina - Business Partnership Foundation and Subsidiary

Consolidated Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 37,150,186	\$ (396,840)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Investment return	(37,061,031)	(2,312,650)
Changes in deferred and accrued amounts:		
Decrease in pledges receivable	481,811	827,161
Decrease in continuing education programs receivable	90,606	352,130
Increase in other miscellaneous receivables	(16,736)	(8,769)
Decrease (increase) in prepaid expenses	2,621	(39,414)
Increase (decrease) in accounts payable	96,257	(724,171)
Contributions restricted for special programs, projects and endowment	(2,085,106)	(1,154,165)
Net cash used in operating activities	<u>(1,341,392)</u>	<u>(3,456,718)</u>
Cash flows used for investing activities		
Proceeds from sale of investments	11,356,687	7,028,830
Purchase of investments	(11,271,389)	(6,972,962)
(Increase) decrease in certificates of deposit	(3,161)	201,568
Increase in cash surrender value of life insurance	(5,564)	(7,401)
Net cash provided by investing activities	<u>76,573</u>	<u>250,035</u>
Cash flows from financing activities		
Contributions restricted for special programs, projects and endowments	2,085,106	1,154,165
Net increase (decrease) in cash and cash equivalents	<u>820,287</u>	<u>(2,052,518)</u>
Cash and cash equivalents, beginning of year	<u>7,114,811</u>	<u>9,167,329</u>
Cash and cash equivalents, end of year	<u>\$ 7,935,098</u>	<u>\$ 7,114,811</u>

See Notes to Consolidated Financial Statements.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies and Activities

Nature of activities:

University of South Carolina - Business Partnership Foundation (the "Foundation") is a non-profit corporation organized on September 16, 1969, under the laws of the State of South Carolina for the purpose of establishing a continuing partnership between the University of South Carolina and the business community of South Carolina for the enhancement and improvement of the Darla Moore School of Business. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Principles of consolidation:

The Foundation established Corporate Solutions, LLC (LLC), a wholly owned subsidiary, to further the exempt purposes and objectives of the Foundation by assisting in the promotion of charitable, scientific, educational, and other programs.

Financial statement presentation:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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 endowments. See Note 9.

Net Assets With Donor Restrictions - Net assets subject to donor 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Net assets, continued:

Expenditures that relate to the fulfillment of time and purpose restrictions are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law.

Operations:

Operations include the revenues and expenses associated with the ongoing programs of the Foundation. It receives income from investments, educational programs, academic center fees, gifts, and other miscellaneous income.

Cash and cash equivalents:

For purposes of reporting the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and overnight investment accounts.

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Continuing education and educational program receivables and other miscellaneous receivables:

Continuing education and educational program receivables and other miscellaneous receivables consist primarily of non-interest-bearing amounts due for miscellaneous gifts, operations of the Foundation, continuing education and educational programs. These receivables are generally collected within a year. The allowance for uncollectible receivables is recorded based on certain percentages of aged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's receivables base. If actual collections experience changes, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Management believes that all of these receivables are fully collectible at June 30, 2021 and 2020, and, therefore, there are no allowances for uncollectible amounts on continuing education and educational program receivables and miscellaneous receivables.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Pledges receivable:

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Unconditional promises to give are stated net of an allowance for doubtful accounts. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Cash surrender value of life insurance:

Cash surrender value of life insurance consists of life insurance policies purchased by the donor where the Foundation is named as owner and beneficiary of the policy. The assets contributed under these life insurance policies are carried at fair value approximated by the cash surrender value, net of any policy loans.

The life insurance policy cash surrender value is updated annually and changes in value are recorded as a change in cash surrender value of life insurance in the consolidated statements of activities.

Investments:

The Foundation's investments consist of money market funds, marketable equity and debt securities carried at fair value and alternative investments (including hedge funds and private equity partnerships), which are carried at capital account value or net asset value. Cash and money market funds held in the investment portfolio are a part of the diversification strategies established by the investment policy. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restriction unless the income or loss is restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.

The Foundation's Board of Trustees approved investment policy defines the asset allocation for the operating and endowment investment pools and also the spending allocation from the endowment investment pool. With the exception of certain contributions that are separately invested, all restricted endowment contributions are invested on a pooled accounting basis.

Based on interpretation of donor-imposed restrictions and applicable state law, the endowment investment pool total investment return including appreciation, depreciation, income, expenses and fees is allocated to the various funds on a weighted average of invested funds balances at estimated values. The approved endowment spending allocation is defined in greater detail in Note 9.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Fair value of financial instruments:

The estimated fair values of the Foundation's short-term financial instruments, including cash, cash equivalents, other accounts receivable and accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The Foundation also holds other financial instruments for which the fair values are disclosed in Note 4.

Revenue and revenue recognition:

Revenue is recognized when earned. Continuing education and educational program fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Three contributors accounted for 47 percent and four contributors accounted for 28 percent of total contributions revenue for the years ended June 30, 2021 and 2020, respectively.

Donated services and in-kind contributions:

A number of volunteers have donated an undetermined number of hours to the Foundation's program services during the year; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2021 and 2020, respectively.

Concentrations of credit and market risk:

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution when bank deposits exceed federally insured limits. The Foundation has not experienced any losses on its cash equivalents.

The Foundation invests in professionally managed portfolios that contain equities, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Income taxes:

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Income taxes, continued:

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Use of estimates:

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of net assets:

At times, the Foundation receives requests from donors to change the use for which the donor's original gift was intended. These donor requests are reviewed by the Foundation for approval, and if approved, may result in the reclassification of net assets between net assets without donor restrictions and net assets with donor restrictions.

Reclassifications:

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on the functional basis in the consolidated statements of activities. Note 10 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Adoption of a new accounting standard:

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the guidance in former *Topic 605, Revenue Recognition*, and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. The Foundation adopted this new accounting standard and all the related amendments as of June 30, 2021, using the modified retrospective method. The new standard did not impact the Foundation's recognition of revenue from any material revenue streams. Thus, the comparative period information has not been restated and continues to be reported under the accounting standard in effect for those periods. The adoption of the new standard had no impact on the Foundation's consolidated financial statements.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Recent accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 was effective for financial statements issued for fiscal years beginning after December 15, 2019.

In June 2020, the FASB issued ASU 2020-05 to allow for the deferral of the implementation date of ASU 2016-02 for one year for entities that have not yet issued their financial statements. ASU 2016-02 is now effective for fiscal years beginning after December 31, 2021. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Foundation's net assets or changes in net assets.

Note 2. Related Party Transactions

The Foundation makes payments to the University of South Carolina (USC) for payroll and fringe benefits, scholarships, fellowships, supplies, printing, postage, and other expenses incurred by the Foundation and the LLC. These payments are \$5,151,296 and \$5,445,588 for the years ended June 30, 2021 and 2020, respectively. Amounts owed to USC that were included in accounts payable were \$345,325 and \$512,794 for the years ended June 30, 2021 and 2020, respectively.

The Foundation makes payments to the University of South Carolina Educational Foundation (USCEF) for investment fees, Blackbaud maintenance, server costs and other expenses. These payments are \$104,276 and \$82,464 for the years ended June 30, 2021 and 2020, respectively. Amounts owed to USCEF that were included in accounts payable were \$72,375 and \$800 for the years ended June 30, 2021 and 2020, respectively.

Note 3. Investments

The Foundation participates in a pooling of investments with other foundations of the University of South Carolina, collectively known as the University Foundations. The Foundation also has non-pooled investments, which are held directly at the Foundation.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 3. Investments, Continued

Investment income is comprised of the following for the years ending June 30, 2021 and 2020:

	June 30, 2021			
	<u>Operations</u>	<u>LT Investments</u>	<u>Restrictions</u>	<u>Total</u>
Dividends and interest, net	\$ 9,779	\$ 869,089	\$ 918,009	\$ 1,796,877
Realized gains	1,267	1,972,713	1,956,775	3,930,755
Unrealized gains	-	<u>15,096,075</u>	<u>16,237,324</u>	<u>31,333,399</u>
Total investment return	11,046	17,937,877	19,112,108	37,061,031
Investment return designated for current operations	<u>(11,046)</u>	-	-	<u>(11,046)</u>
Investment income reduced by amounts designated for current operations	<u>\$ -</u>	<u>\$ 17,937,877</u>	<u>\$ 19,112,108</u>	<u>\$ 37,049,985</u>
	June 30, 2020			
	<u>Operations</u>	<u>LT Investments</u>	<u>Restrictions</u>	<u>Total</u>
Dividends and interest, net	\$ 46,419	\$ 940,406	\$ 1,054,284	\$ 2,041,109
Realized gains (losses)	(110)	4,350,959	4,900,977	9,251,826
Unrealized losses	-	<u>(4,202,857)</u>	<u>(4,777,428)</u>	<u>(8,980,285)</u>
Total investment return	46,309	1,088,508	1,177,833	2,312,650
Investment return designated for current operations	<u>(46,309)</u>	-	-	<u>(46,309)</u>
Investment income reduced by amounts designated for current operations	<u>\$ -</u>	<u>\$ 1,088,508</u>	<u>\$ 1,177,833</u>	<u>\$ 2,266,341</u>

Investment and advisory fees are netted against dividends and interest.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 3. Investments, Continued

Investments are comprised of the following for the years ending June 30, 2021 and 2020:

	Market Value	
	2021	2020
Pooled investments		
Money market funds	\$ 257,070	\$ 356,642
Equity and stock mutual funds	105,997,006	78,516,095
Fixed income mutual funds	19,628,692	15,248,599
Alternative investments	<u>13,501,199</u>	<u>8,573,681</u>
Total pooled investments	<u>139,383,967</u>	<u>102,695,017</u>
Non-pooled investments		
Money market funds	36,381	151,160
Stocks (student investment fund)	<u>1,445,746</u>	<u>1,044,184</u>
Total non-pooled investments	<u>1,482,127</u>	<u>1,195,344</u>
Total investments	<u>\$ 140,866,094</u>	<u>\$ 103,890,361</u>

Note 4. Fair Value Measurements

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches.

Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements, Continued

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. For the years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of June 30:

	2021				
	Level 1	Level 2	Level 3	NAV Practical Expedient ^(a)	Total
Pooled investments					
Money funds, mutual funds, and available-for-sale securities	\$ 125,882,769	\$ -	\$ -	\$ -	\$ 125,882,769
Alternative investments private investment funds	-	-	1,310,552	12,190,646	13,501,198
Non-pooled investments					
Money funds and common stocks	1,482,127	-	-	-	1,482,127
Total investments	<u>\$ 127,364,896</u>	<u>\$ -</u>	<u>\$ 1,310,552</u>	<u>\$ 12,190,646</u>	<u>\$ 140,866,094</u>

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements, Continued

	2020				Total
	Level 1	Level 2	Level 3	NAV Practical Expedient ^(a)	
Pooled investments					
Money funds, mutual funds, and available-for-sale securities	\$ 94,121,336	\$ -	\$ -	\$ -	\$ 94,121,336
Alternative investments private investment funds	-	-	784,253	7,789,428	8,573,681
Non-pooled investments					
Money funds and common stocks	<u>1,195,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,344</u>
Total investments	<u>\$ 95,316,680</u>	<u>\$ -</u>	<u>\$ 784,253</u>	<u>\$ 7,789,428</u>	<u>\$ 103,890,361</u>

^(a) In accordance with Topic 820, certain investments that were measured at net asset value (“NAV”) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value to the line items presented in the consolidated statement of financial position.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements, Continued

Changes in Level 3 fair value measurement using significant unobservable inputs as of June 30 were as follows:

	Private Equity	
	2021	2020
Beginning balance	\$ 784,253	\$ 1,000,166
Total realized/unrealized gains or (losses) included in changes in net assets	210,778	(188,003)
Purchases, issuances, and settlements	419,978	75,545
Management fee (Investment advisory fee)	(6,879)	(2,662)
Cash out of dividends/realized gains	(97,578)	(100,793)
Ending balance	<u>\$ 1,310,552</u>	<u>\$ 784,253</u>

The investments reported as Level 3 methods and measured at NAV for determining fair value consist of partnerships for which the ownership terms and conditions restrict the marketability of the investments resulting in the valuation method previously described. The following describes the restrictions to assist in the assessment of the investment holdings:

Hedge Funds - The Foundation holds ownership shares in several hedge funds with investment strategies including fund to fund long/short equity managers. Management believes that the investment strategies employed and availability of other Foundation resources allow the Foundation to be unaffected by the liquidity restrictions.

Private Equity Partnerships - The Foundation holds ownership positions in four partnerships with investment strategies of investing in private equity (distressed companies) and private energy funds. The Foundation cannot redeem its investment in these funds until the final liquidation of the partnerships.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements, Continued

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient or Level 3 methods for partnerships and hedge funds as of June 30:

	2021			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds at NAV				
Och-Ziff Overseas Fund II, Ltd.	\$ 102,523	N/A	(a)	(a)
HBK Offshore Fund Ltd.	4,346,123	N/A	(b)	(b)
Fir Tree International Value Fund	8,324	N/A	(c)	(c)
Graham Capital Management, L.P.	2,115,668	N/A	(d)	(d)
Taconic Opportunity Fund, Ltd.	3,008,729	N/A	(e)	(e)
Pointer Offshore, Ltd.	2,609,279	N/A	(f)	(f)
	<u>\$ 12,190,646</u>	<u>\$ -</u>		
Partnerships at Level 3				
Sigular Guff Opportunity Fund	\$ 286,932	\$ 47,979	(g)	(g)
Kayne Anderson Energy Fund	63,689	10,400	(g)	(g)
Venture Investment Association	420,178	139,580	(g)	(g)
NGP Natural Resources XI	539,753	20,951	(g)	(g)
	<u>\$ 1,310,552</u>	<u>\$ 218,910</u>		
2020				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds at NAV				
Och-Ziff Overseas Fund II, Ltd.	\$ 80,125	N/A	(a)	(a)
HBK Offshore Fund Ltd.	3,592,513	N/A	(b)	(b)
Fir Tree International Value Fund	212,934	N/A	(c)	(c)
Graham Capital Management, L.P.	1,562,726	N/A	(d)	(d)
Taconic Opportunity Fund, Ltd.	2,341,130	N/A	(e)	(e)
	<u>\$ 7,789,428</u>	<u>\$ -</u>		
Partnerships at Level 3				
Sigular Guff Opportunity Fund	\$ 150,119	\$ 30,972	(g)	(g)
Kayne Anderson Energy Fund	71,113	131,495	(g)	(g)
Venture Investment Association	236,530	127,653	(g)	(g)
NGP Natural Resources XI	326,491	47,301	(g)	(g)
	<u>\$ 784,253</u>	<u>\$ 337,421</u>		

Note 4. Fair Value Measurements, Continued

- a) Minimum redemption is \$50,000, and must be received by Goldman Sachs by trade date. Withdrawal only on last day of any fiscal quarter upon at least 30 days' prior written notice.
- b) Minimum redemption is \$250,000. Request for redemption must be received at least 90 days and no more than 120 days prior to a redemption date, unless the Fund agrees otherwise. An investor may redeem up to 25% of its interests (measured by net asset value) on any redemption date. If an investor requests the maximum permissible redemption on multiple redemption dates, then such investor will be permitted to redeem one-third of its remaining interests on the second such redemption date; one-half of its remaining interests on the third such redemption date; and all of its remaining Interests on the fourth such redemption date. An investor may skip up to two redemption dates without resetting these percentages, but if an investor chooses not to request the maximum permissible redemption for more than two redemption dates, then the maximum redemption percentage for the next redemption date will reset to 25%.
- c) Requires 90 days prior written notice; must be after the end of the day on the last day of the calendar month that immediately precedes the two-year anniversary of the contribution of the capital to be withdrawn, and thereafter the end of the day on each two-year anniversary of the preceding withdrawal date (i.e., if capital was contributed to the fund on April 1, 2011, capital would be eligible for withdrawal on March 31, 2013, and every two years thereafter on March 31st).
- d) No minimum holding period for an investment of shares. Funds generally redeemable as of the last business day of each month, upon three business days' prior written notice to the Administrator. Proceeds will be remitted within 15 business days after the valuation day, without interest for the period from the valuation day to the payment date.
- e) Redemption has a two-year restriction from the date of subscription and during this time, the Foundation cannot redeem more than 25% of the shares. After two-year restriction, the fund requires 60 days' notice of redemption.
- f) Minimum holding period of 24 months. Funds redeemable on June 30th or December 31st upon at least 105 days' prior written notice and is limited to 50%.
- g) The fund managers determine the amount, timing and form of all distributions made by these funds.

Transfers between Levels – The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting periods. Management evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to the net assets available for benefits.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 5. Pledges Receivable

The Foundation has recognized unconditional promises to give as pledges receivable, which are due to be collected as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 311,468	\$ 815,160
Between one and five years	318,529	474,576
Between six and ten years	<u>15,000</u>	<u>19,000</u>
	644,997	1,308,736
Less:		
Discount to net present value	(49,744)	(80,633)
Allowance	<u>(40,994)</u>	<u>(192,033)</u>
Pledges receivable, net	<u>\$ 554,259</u>	<u>\$ 1,036,070</u>

At June 30, 2021 and 2020, five donors accounted for 42 percent and five donors accounted for 54 percent of total gross pledges receivable, respectively.

Note 6. Lease Commitments

The Foundation is obligated under two lease agreements for Charleston and Greenville office space that require minimum annual rentals with varying expiration dates.

Approximate minimum future rental payments are as follows:

2022	<u>\$ 41,935</u>
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The Charleston lease expires December 2021 and requires minimum monthly payments of \$3,425. The Greenville lease expires March 2022 and requires minimum monthly payments of \$2,376. For the years ended June 30, 2021 and 2020, total lease expense for space was \$88,506 and \$85,099, respectively, which also includes Common Area Maintenance expenses in addition to the required minimum monthly payment.

Note 7. Line-of-Credit

The Foundation has a line-of-credit of \$300,000 with Branch Banking and Trust Co. of South Carolina. The purpose of the line-of-credit is for use of procurement credit cards issued to authorized individuals. These procurement credit cards are issued for ease of use in purchasing items on behalf of the Foundation (e.g. travel and supply reimbursements, etc.). The Foundation pays any balance due on a monthly basis.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 8. Pension Plan

In June 2021, the Foundation formally adopted the USC-Business Partnership Foundation 401(k) and PS Plan (the “Plan”) for all full-time Foundation employees. The Plan is a tax-qualified defined contribution retirement plan commencing with the plan year ending 12/31/2021. As a participant under the Plan, employees may elect to contribute a portion of their compensation to the plan. The Plan is also referred to as a “safe harbor 401(k) plan”. A safe harbor 401(k) plan is a plan design where the Employer commits to making certain contributions. In order to maintain “safe harbor” status, the Foundation will make a contribution equal to 3% of the employee’s compensation, regardless of whether the employee contributes or not. The Foundation also matches 100% of employee contributions up to 3% of the employee’s compensation. These contributions are 100% vested. For the year ended June 30, 2021, the Foundation made employer contributions totaling \$3,220 to the Plan.

Note 9. Endowments

The Foundation’s endowment consists of approximately 170 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, 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.

Interpretation of relevant law:

The Board of Trustees of the Foundation has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) 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. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SCUPMIFA. In accordance with SCUPMIFA, the Foundation considers 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

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 9. Endowments, Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Subject to appropriate for specified purpose	\$ -	\$ 37,729,268	\$ 37,729,268
Restricted to investment in perpetuity	-	35,619,773	35,619,773
Board-designated endowment funds	<u>60,678,805</u>	-	<u>60,678,805</u>
Total funds	<u>\$ 60,678,805</u>	<u>\$ 73,349,041</u>	<u>\$ 134,027,846</u>
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021			
Endowment net assets, beginning of year	\$ 43,920,147	\$ 55,083,074	\$ 99,003,221
Investment return:			
Investment income	869,089	914,848	1,783,937
Net appreciation (realized and unrealized gains)	<u>17,068,788</u>	<u>18,193,723</u>	<u>35,262,511</u>
Total investment return	<u>17,937,877</u>	<u>19,108,571</u>	<u>37,046,448</u>
Contributions	-	<u>1,111,898</u>	<u>1,111,898</u>
Appropriation of endowment assets for expenditures	-	<u>(1,276,399)</u>	<u>(1,276,399)</u>
Other changes (transfers)	<u>(1,179,219)</u>	<u>(678,103)</u>	<u>(1,857,322)</u>
Endowment net assets, end of year	<u>\$ 60,678,805</u>	<u>\$ 73,349,041</u>	<u>\$ 134,027,846</u>

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 9. Endowments, Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Subject to appropriate for specified purpose	\$ -	\$ 20,694,772	\$ 20,694,772
Restricted to investment in perpetuity	-	34,388,302	34,388,302
Board-designated endowment funds	<u>43,920,147</u>	-	<u>43,920,147</u>
Total funds	<u>\$ 43,920,147</u>	<u>\$ 55,083,074</u>	<u>\$ 99,003,221</u>
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020			
Endowment net assets, beginning of year	\$ 43,839,674	\$ 55,567,909	\$ 99,407,583
Investment return:			
Investment income	940,406	1,047,987	1,988,393
Net appreciation (realized and unrealized gains)	<u>148,104</u>	<u>124,401</u>	<u>272,505</u>
Total investment return	<u>1,088,510</u>	<u>1,172,388</u>	<u>2,260,898</u>
Contributions	-	<u>472,747</u>	<u>472,747</u>
Appropriation of endowment assets for expenditures	-	<u>(1,349,021)</u>	<u>(1,349,021)</u>
Other changes (transfers)	<u>(1,008,037)</u>	<u>(780,949)</u>	<u>(1,788,986)</u>
Endowment net assets, end of year	<u>\$ 43,920,147</u>	<u>\$ 55,083,074</u>	<u>\$ 99,003,221</u>

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 SCUPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). The Foundation has interpreted SCUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021, there were no funds with deficiencies reported in net assets with donor restrictions.

Return objectives:

The Foundation has adopted investment and spending policies for endowment assets that will 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 organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 9. Endowments, Continued

Strategies employed for achieving objectives and risk parameters:

Because the Foundation is expected to endure indefinitely, and because inflation is a key component in its Performance Objective, the Investment Committee believes the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio but is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification (e.g., international equities) and incremental return (e.g., small cap equities). Non-traditional investments (e.g., alternatives) may also be incorporated into the portfolio to improve its diversification attributes or improve the expected rate of return.

Spending policy and how the investment objectives relate to spending policy:

For the year ending June 30, 2021, the spending allocation was a maximum of 4.25% of the three-year average market value of the account as of June 30, with the preferred minimum being the previous year’s spending. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Note 10. Functional Expenses

The consolidated 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. The expenses that are allocated and the method of allocation include:

<u>Expense Type</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Contracted services	Time and effort
Advertising and promotion	Time and effort
Office expenses	Time and effort
Occupancy and rental	Use of resources
Travel, conferences and meetings	Time and effort
Awards and gifts	Time and effort
Professional fees and insurance	Time and effort
Other expenses	Time and effort

University of South Carolina – Business Partnership Foundation and Subsidiary
Notes to Consolidated Financial Statements

Note 10. Functional Expenses, Continued

The Foundation's expenses by functional classification for the years ended June 30, 2021 and 2020 consist of the following:

	2021						
	Program				Total Program	Supporting Services	
	Continuing Education	Academic Support	Scholarships and Student Assistance	External Relations and Other		Administration	Total Expenses
Scholarships and fellowships	\$ -	\$ -	\$ 2,301,162	\$ -	\$ 2,301,162	\$ -	\$ 2,301,162
Faculty supplements	-	637,231	-	-	637,231	-	637,231
Program delivery - salaries and benefits	2,196,658	153,189	-	52,567	2,402,414	-	2,402,414
Contracted services	441,374	10,513	-	29,962	481,849	73,120	554,969
Advertising and promotion	72,339	32,261	-	110,646	215,246	131	215,377
Office expenses	127,164	15,675	2,892	26,102	171,833	20,229	192,062
Occupancy and rental	130,352	4,436	777	19,004	154,569	5,589	160,158
Travel, conferences and meetings	72,716	45,687	327	14,956	133,686	441	134,127
Awards and gifts	58,897	35,379	14,671	71,199	180,146	736	180,882
Professional fees and insurance	17,849	-	-	5,529	23,378	135,716	159,094
Salaries and benefits - operations	143,222	-	-	72,760	215,982	630,963	846,945
Other expenses	57,953	18,798	6,273	110,472	193,496	1,487	194,983
Total Expenses	\$ 3,318,524	\$ 953,169	\$ 2,326,102	\$ 513,197	\$ 7,110,992	\$ 868,412	\$ 7,979,404

	2020						
	Program				Total Program	Supporting Services	
	Continuing Education	Academic Support	Scholarships and Student Assistance	External Relations and Other		Administration	Total Expenses
Scholarships and fellowships	\$ -	\$ -	\$ 2,353,687	\$ -	\$ 2,353,687	\$ -	\$ 2,353,687
Faculty supplements	-	539,602	-	-	539,602	-	539,602
Program delivery - salaries and benefits	2,569,166	80,140	-	94,652	2,743,958	-	2,743,958
Contracted services	433,296	43,647	15,420	92,714	585,077	106,727	691,804
Advertising and promotion	23,182	82,926	655	41,319	148,082	734	148,816
Office expenses	70,568	18,176	2,293	51,529	142,566	19,740	162,306
Occupancy and rental	133,639	5,171	370	42,146	181,326	5,451	186,777
Travel, conferences and meetings	426,981	194,990	34,614	525,174	1,181,759	(2,586)	1,179,173
Awards and gifts	57,425	24,914	12,905	90,267	185,511	2,969	188,480
Professional fees and insurance	22,520	113	-	5,690	28,323	119,351	147,674
Salaries and benefits - operations	126,507	-	-	-	126,507	617,698	744,205
Other expenses	78,947	31,763	23,883	79,174	213,767	3,882	217,649
Total Expenses	\$ 3,942,231	\$ 1,021,442	\$ 2,443,827	\$ 1,022,665	\$ 8,430,165	\$ 873,966	\$ 9,304,131

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 11. Summary of Net Assets

Net assets as of June 30, 2021 and 2020, were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions		
General	\$ 5,390,848	\$ 4,288,134
Corporate Solutions, LLC	5,554,560	4,851,577
Board-designated endowments	<u>60,678,805</u>	<u>43,920,147</u>
Total	<u>\$ 71,624,213</u>	<u>\$ 53,059,858</u>

The endowment component of net assets without donor restrictions is comprised of amounts (gifts and net investment income) designated by the Board to function as endowments which amounted to \$60,678,805 and \$43,920,147 as of June 30, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 9,381,388	\$ 4,946,941
Quasi-endowment	<u>51,297,417</u>	<u>38,973,206</u>
Total	<u>\$ 60,678,805</u>	<u>\$ 43,920,147</u>
Net Assets with Donor Restrictions		
Subject to expenditure for specified purpose	\$ 4,164,547	\$ 3,844,683
Endowments		
Subject to appropriation and expenditure for specified purpose	37,729,268	20,694,772
Restricted to investment in perpetuity		
Income is subject to expenditure for specified purpose	<u>35,619,773</u>	<u>34,388,302</u>
Total endowments	<u>73,349,041</u>	<u>55,083,074</u>
Total net assets with donor restrictions	<u>\$ 77,513,588</u>	<u>\$ 58,927,757</u>

As of June 30, 2021 and 2020, net assets with donor restrictions are included in pledges receivable, investments and cash and cash equivalents.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 12. Liquidity and Availability of Resources

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

	<u>2021</u>	<u>2020</u>
Assets as of June 30	\$ 149,946,651	\$ 112,700,208
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(73,349,041)	(55,083,074)
Subject to appropriation and satisfaction of donor restrictions	(4,164,547)	(3,844,683)
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses	(53,043)	(55,664)
Board-designated endowment funds	<u>(60,678,805)</u>	<u>(43,920,147)</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 11,701,215</u>	<u>\$ 9,796,640</u>

The Foundation is primarily funded by contributions from donors that can impose restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Foundation invests its cash in excess of its daily needs in short-term investments, certificate of deposits, money market funds and a pooled investment fund managed by the University of South Carolina Educational Foundation. In addition, the board of trustees designates amounts to its quasi-endowment fund that could be utilized in the event of an unanticipated liquidity need.

Note 13. Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which could negatively impact revenues and changes in net assets. Other financial impacts could occur though the extent of such impacts is unknown at this time.

University of South Carolina – Business Partnership Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 14. Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 13, 2021, the date the consolidated financial statements were available to be issued.

University of South Carolina – Business Partnership Foundation and Subsidiary

Schedule of Organizational Data

June 30, 2021

Incorporated

September 16, 1969, under the laws of the State of South Carolina as an eleemosynary corporation.

April 25, 2013, the University of South Carolina - Business Partnership Foundation established Corporate Solutions, LLC, a wholly owned subsidiary, to further the exempt purpose and objectives of the Foundation.

Purposes

To establish a continuing partnership between the University of South Carolina and the business community of the State of South Carolina for the enhancement and improvement of the Darla Moore School of Business; to solicit and receive gifts subject to conditions imposed thereon for the benefit of the Darla Moore School of Business; to build an endowment fund and supervise its creative management; to assist in determining appropriate projects and to be financed with funds raised; to encourage and assist in supporting research in business and economic problems; and to assist in conducting conferences for education and development of management personnel in South Carolina and in the Southeast.

These purposes have been implemented by:

1. Conducting campaigns for contributions.
2. Grants for faculty salary supplements and research.
3. Scholarships and fellowships to students.
4. Grants to the University toward a building for the Darla Moore School of Business.
5. Conducting continuing education programs for education and development of business professionals.

Location of Foundation Office

Darla Moore School of Business, the University of South Carolina, Columbia, South Carolina.

University of South Carolina – Business Partnership Foundation and Subsidiary

Schedule of Organizational Data

June 30, 2021

Officers and Trustees (In Alphabetical Order)

<u>Officers and Trustees</u>	<u>Term Expires</u>	<u>Location</u>
William E. Ackerman III	2023	Charlotte, NC
Michael R. Brenan, Immediate Past Chair	2024	Columbia, SC
Walter L. Davis	2023	Charlotte, NC
Bruce C. Felt Jr.	2023	American Fork, UT
John M. Florence, Jr.	2023	Hartsville, SC
Charles W. Garnett, Chair	2023	Columbia, SC
Iris N. Griffin	2022	Columbia, SC
Steven H. Grimshaw	2022	Lewisville, TX
James H. Hodges	2024	Columbia, SC
F. A. Lowrey	2022	Columbia, SC
Reginald B. McKnight	2024	Atlanta, GA
Michael J. Mizeur, Treasurer	2024	Columbia, SC
D. Roger Nanney, Vice Chair	2023	Dallas, TX
Rose Buyck Newton	*	Manning, SC
Mack I. Whittle Jr.	*	Greenville, SC

* University of South Carolina Trustee

Ex-Officio Trustees

Harris Pastides, Interim President, University of South Carolina

Peter J. Brews, Dean, Darla Moore School of Business

Business Partnership Foundation

Jean E. Duke, President, Secretary

David F. Parker, Vice President