




The University of South Carolina Development Foundation and Subsidiaries

**Independent Auditor's Report, Consolidated
Financial Statements, and Supplementary
Consolidating Information**

June 30, 2024 and 2023



The University of South Carolina Development Foundation and Subsidiaries
Contents
June 30, 2024 and 2023

Contents

Independent Auditor’s Report..... 1

Consolidated Financial Statements

Consolidated Statements of Financial Position..... 3

Consolidated Statement of Activities – For the Year Ended June 30, 2024 4

Consolidated Statement of Activities – For the Year Ended June 30, 2023 5

Consolidated Statement of Functional Expenses – For the Year Ended June 30, 2024..... 6

Consolidated Statement of Functional Expenses – For the Year Ended June 30, 2023..... 7

Consolidated Statements of Changes in Net Assets 8

Consolidated Statements of Cash Flows 9

Notes to Consolidated Financial Statements 11

Supplementary Consolidating Information

Consolidating Statement of Financial Position – June 30, 2024..... 32

Consolidating Statement of Activities – June 30, 2024..... 33

Consolidating Statement of Financial Position – June 30, 2023..... 34

Consolidating Statement of Activities – June 30, 2023..... 35

Consolidating Statement of Changes in Net Assets / Members’ Equity (Deficit)
– for the years ended June 30, 2024 and 2023 36

Independent Auditor's Report

To the Board of Directors
The University of South Carolina Development Foundation and Subsidiaries
Columbia, South Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The University of South Carolina Development Foundation and Subsidiaries (the "Foundation") which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Foundation's ability to continue as a going concern for 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Greenville, South Carolina
September 5, 2024**

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statements of Financial Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 3,245,995	\$ 3,063,298
Restricted cash and cash equivalents	11,777,348	-
Prepaid expenses	10,006	22,506
Investments	27,310,287	26,810,090
Contributions receivable, net	437,152	752,216
Other receivables	786,662	853,451
Property and equipment, net	225,614,482	136,265,097
Operating right-of-use assets, net	24,806,070	25,151,820
Real estate held for investment	44,761,762	60,408,451
Funds held by others	40,000	-
Interest rate swaps	10,239,838	3,006,157
Other assets	1,989,219	1,952,662
	<u>\$ 351,018,821</u>	<u>\$ 258,285,748</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 27,988,455	\$ 7,245,586
Lines-of-credit	9,808,202	14,969,930
Notes payable	49,059,331	52,197,195
Bonds payable	167,827,712	85,173,850
Operating right-of-use liabilities	25,915,842	25,706,705
Funds held for others	66,992	32,342
Advances:		
USC Educational Foundation	6,416,763	11,494,759
Other	-	1,904,418
Deferred revenue	336,296	207,993
	<u>287,419,593</u>	<u>198,932,778</u>
Net assets:		
Net assets without donor restrictions:		
Designated-quasi-endowments	25,671,185	27,105,481
Undesignated	27,212,676	21,480,975
	<u>52,883,861</u>	<u>48,586,456</u>
	<u>10,715,367</u>	<u>10,766,514</u>
	<u>63,599,228</u>	<u>59,352,970</u>
	<u>\$ 351,018,821</u>	<u>\$ 258,285,748</u>

See accompanying notes.

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statement of Activities
For the year ended June 30, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support:			
Investment returns, net	\$ 3,008,326	\$ 82,370	\$ 3,090,696
Rental income	18,016,099	-	18,016,099
Parking revenue	824,865	-	824,865
Other	1,617,788	-	1,617,788
Support, net	782,164	(131,552)	650,612
Net assets released from restrictions	1,965	(1,965)	-
	<u>24,251,207</u>	<u>(51,147)</u>	<u>24,200,060</u>
Total revenues and support			
Expenses:			
Supporting services:			
Management and general	907,547	-	907,547
Program services:			
Investment services	15,891,836	-	15,891,836
Property services	10,388,100	-	10,388,100
	<u>27,187,483</u>	<u>-</u>	<u>27,187,483</u>
Total expenses			
Operating loss	<u>(2,936,276)</u>	<u>(51,147)</u>	<u>(2,987,423)</u>
Other income:			
Unrealized gain on interest rate swaps	7,233,681	-	7,233,681
	<u>7,233,681</u>	<u>-</u>	<u>7,233,681</u>
Total other income			
Change in net assets	<u>\$ 4,297,405</u>	<u>\$ (51,147)</u>	<u>\$ 4,246,258</u>

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statement of Activities
For the year ended June 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support:			
Investment returns, net	\$ 2,605,910	\$ 86,195	\$ 2,692,105
Rental income	15,815,681	-	15,815,681
Parking revenue	2,642,303	-	2,642,303
Other	208,388	-	208,388
Support, net	677,988	132,425	810,413
Net assets released from restrictions	<u>6,173,387</u>	<u>(6,173,387)</u>	<u>-</u>
 Total revenues and support	 <u>28,123,657</u>	 <u>(5,954,767)</u>	 <u>22,168,890</u>
Expenses:			
Supporting services:			
Management and general	1,078,561	-	1,078,561
Program services:			
Investment services	16,686,656	-	16,686,656
Property services	<u>1,525,871</u>	<u>-</u>	<u>1,525,871</u>
 Total expenses	 <u>19,291,088</u>	 <u>-</u>	 <u>19,291,088</u>
 Operating income (loss)	 <u>8,832,569</u>	 <u>(5,954,767)</u>	 <u>2,877,802</u>
Other income:			
Unrealized gain on interest rate swaps	<u>3,258,674</u>	<u>-</u>	<u>3,258,674</u>
 Total other income	 <u>3,258,674</u>	 <u>-</u>	 <u>3,258,674</u>
 Change in net assets	 <u>\$ 12,091,243</u>	 <u>\$ (5,954,767)</u>	 <u>\$ 6,136,476</u>

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statement of Functional Expenses
For the year ended June 30, 2024

	Supporting Services	Program Services		Total
	Management and general	Investment services	Property services	
Construction costs, maintenance and repairs	\$ 536	\$ 1,213,443	\$ 2,975,308	\$ 4,189,287
Contractual services and professional fees	130,089	1,501,470	227,971	1,859,530
Contributions	1,000	-	6,081,754	6,082,754
Depreciation & amortization	-	4,206,113	77,603	4,283,716
Fees, subscriptions and dues	72,975	59,083	41,050	173,108
Food supplies	41,881	567	91	42,539
Income taxes	-	28,500	-	28,500
Insurance	65,486	325,813	30,493	421,792
Interest expense	-	4,603,532	759,744	5,363,276
Office equipment, software and supplies	15,210	311,119	11,679	338,008
Other	184,102	50,775	521	235,398
Postage and freight	457	299	-	756
Printing and advertising	-	45,702	-	45,702
Property and use tax	-	422,528	125,692	548,220
Rent	2,800	1,463,518	-	1,466,318
Salary, supplements and benefits	345,000	578,314	3,934	927,248
Travel	47,963	18,986	3	66,952
Utilities	48	1,062,074	52,257	1,114,379
Total expenses	\$ 907,547	\$ 15,891,836	\$ 10,388,100	\$ 27,187,483

See accompanying notes.

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statement of Functional Expenses
For the year ended June 30, 2023

	Supporting Services	Program Services		Total
	Management and general	Investment services	Property services	
Beneficiary distribution	\$ 395,345	\$ -	\$ 61	\$ 395,406
Construction costs, maintenance and repairs	-	702,796	77,624	780,420
Contractual services and professional fees	150,875	1,989,781	85,572	2,226,228
Depreciation & amortization	-	4,632,257	222,188	4,854,445
Fees, subscriptions and dues	9,823	80,366	22,363	112,552
Food supplies	26,317	-	-	26,317
Income taxes	-	120,300	37,780	158,080
Insurance	65,605	294,120	45,523	405,248
Interest expense	-	4,465,665	873,628	5,339,293
Office equipment, software and supplies	17,385	389,407	4,476	411,268
Other	27,844	66,066	1,907	95,817
Postage and freight	667	309	-	976
Printing and advertising	-	14,149	-	14,149
Property and use tax	-	329,403	122,844	452,247
Rent	8,245	1,463,715	-	1,471,960
Salary, supplements and benefits	345,000	963,587	-	1,308,587
Travel	31,455	3,075	6	34,536
Utilities	-	1,171,660	31,899	1,203,559
Total expenses	\$ 1,078,561	\$ 16,686,656	\$ 1,525,871	\$ 19,291,088

See accompanying notes.

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years ended June 30, 2024 and 2023

	Net Assets			
	Without donor restrictions		With donor restrictions	Total
	Board Designated	Undesignated		
Balance, June 30, 2022	\$ 19,089,033	\$ 17,406,180	\$ 16,721,281	\$ 53,216,494
Change in net assets	8,016,448	4,074,795	(5,954,767)	6,136,476
Balance, June 30, 2023	27,105,481	21,480,975	10,766,514	59,352,970
Change in net assets	(1,434,296)	5,731,701	(51,147)	4,246,258
Balance, June 30, 2024	<u>\$ 25,671,185</u>	<u>\$ 27,212,676</u>	<u>\$ 10,715,367</u>	<u>\$ 63,599,228</u>

See accompanying notes.

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,246,258	\$ 6,136,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of property and equipment	-	(12,000)
Contribution of real estate held for investment	(287,000)	-
Contributed real estate held for investment	6,078,016	-
Gain from sale and transfer of real estate held for investment	(964,030)	-
Net realized and unrealized gains on investments	(2,553,666)	(2,215,215)
Net unrealized gain on interest rate swaps	(7,233,681)	(3,258,674)
Depreciation expense	3,852,770	4,219,935
Amortization of other assets	394,482	587,109
Amortization of debt issuance costs	36,464	47,401
Amortization of operating lease right-of-use assets	345,750	352,145
Net change in operating assets and liabilities:		
Prepaid expenses	12,500	7,337
Contributions receivable	315,064	(28,072)
Other receivables	66,789	138,275
Funds held by others	(40,000)	-
Other assets	(431,039)	(125,705)
Accounts payable and accrued expenses	(3,121,297)	1,069,372
Operating right-of-use liabilities	209,137	202,740
Funds held for others	34,650	-
Deferred revenue	128,303	174,305
Net cash provided by operating activities	<u>1,089,470</u>	<u>7,295,429</u>
Cash flows from investing activities:		
Proceeds from sales of real estate held for investment	2,879,402	-
Purchases of real estate held for investment	(1,311,047)	(5,970,653)
Sales (purchases) of investments, net	2,053,469	(2,140,890)
Purchases of property and equipment	<u>(69,337,989)</u>	<u>(9,333,644)</u>
Net cash used by investing activities	<u>(65,716,165)</u>	<u>(17,445,187)</u>
Cash flows from financing activities:		
Payments on line-of-credit agreements, net of borrowings	(5,161,728)	(7,653,521)
Proceeds from notes payable	-	11,081,822
Proceeds from bonds payable	84,958,718	7,896,845
Payment of debt issuance costs	(12,220)	(1,282,845)
Advances from USC Educational Foundation, net	2,268,934	2,003,093
Principal payments on bonds payable	(2,316,807)	(2,242,821)
Principal payments on notes payable	<u>(3,150,157)</u>	<u>(12,497,658)</u>
Net cash provided (used) by financing activities	<u>76,586,740</u>	<u>(2,695,085)</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 11,960,045</u>	<u>\$ (12,844,843)</u>
Cash and cash equivalents, beginning of year	<u>\$ 3,063,298</u>	<u>\$ 15,908,141</u>
Cash and cash equivalents, end of year	<u>\$ 15,023,343</u>	<u>\$ 3,063,298</u>

See accompanying notes.

The University of South Carolina Development Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Reconciliation of cash and cash equivalents to consolidated statements of financial position:		
Cash and cash equivalents	\$ 3,245,995	\$ 3,063,298
Restricted cash and cash equivalents	11,777,348	-
Total	<u>\$ 15,023,343</u>	<u>\$ 3,063,298</u>
Supplemental disclosures:		
Interest paid	<u>\$ 6,650,626</u>	<u>\$ 5,159,090</u>
Noncash investing and financing activities:		
Reclassification of property and equipment, net from real estate held for investment	<u>\$ -</u>	<u>\$ 2,854,601</u>
Purchase of property and equipment in accounts payable	<u>\$ 23,864,166</u>	<u>\$ 4,888,048</u>
Real estate held for investment transfers through advances from USC Educational Foundation and others	<u>\$ 9,251,348</u>	<u>\$ -</u>

Note 1. Organization and Summary of Significant Accounting Policies

The University of South Carolina Development Foundation and Subsidiaries (the "Foundation") was organized on May 17, 1965, under the laws of South Carolina. The primary purposes of the Foundation are to acquire real and personal property; and to hold, rent, sell, or transfer such property in accordance with the needs and demands of the University of South Carolina (the "University"). Because the primary purpose of the Foundation is for the benefit of the University, the Foundation is considered a component unit of the University and is thus included in the University's financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of The University of South Carolina Development Foundation, and its wholly owned subsidiaries, CDRC, LLC; Wheeler Hill Development, LLC; Adesso-DF, LLC; Williams At Blossom, LLC; Superior Tennis Center, LLC; Pickens & Gervais, LLC; USC DF-West Campus, LLC; USCInnovation, LLC; CPF Properties II, LLC; Innovista Parking, LLC; and Gadsden & Greene, LLC. Significant intercompany accounts and transactions have been eliminated.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP").

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 and disclosure of contingent 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.

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, investments and interest rate swaps. Cash equivalents are maintained at high-quality financial institutions. The Foundation has not experienced any losses on its cash equivalents. Management monitors the risk of exposure to loss through monitoring the performance of the financial institutions through publicly available rating agencies.

Management believes that the Foundation's investments do not represent significant concentrations of market risk because the Foundation's investment portfolio is adequately diversified among issuers and management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.

The Foundation is exposed to credit loss in the event of nonperformance by the counterparties in relation to its interest rate swap agreements. Management believes that the counterparties will be able to fully satisfy its obligations under the agreements.

Cash and cash equivalents

The Foundation considers all cash and highly liquid investments with original maturity of three months or less to be cash equivalents. The Foundation's deposits in each bank are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, the Foundation may maintain back account balances in excess of the FDIC insured limit. It is management's opinion that the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2024, the Foundation's cash accounts exceeded federally insured limits by approximately \$14,064,000.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Restricted cash and cash equivalents

Restricted cash and cash equivalents consists of cash from bond proceeds for use in constructing a student housing facility.

Investments

Investments consist of money market funds, fixed income mutual funds, stock and equity mutual funds, and alternative investments (including hedge funds and private equity partnerships), which are carried at fair value. Cash and money market funds held in the investment portfolio are a part of the diversification strategies established by the investment policy. Management determines the portion of the investment portfolio to be held in money market funds based on projected cash needs by beneficiaries. Investment income or loss (including gains and losses on investments, interest, and dividends) is included on the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is specifically restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.

Contributions receivable

Contributions are required to be recognized when the donor makes a promise to give that, in substance, is unconditional. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Unconditional promises to give (pledges) are stated net of an allowance for doubtful accounts. Pledges are periodically evaluated for collectability based on management's assessment of the collectability of each pledge. Unconditional promises to give due in subsequent years are recorded at their net realizable value, using discount rates applicable to the years in which the promises are to be received.

Other receivables

Other receivables are stated at the amount of consideration the Foundation has an unconditional right to receive. The Foundation provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

The Foundation does not believe there are significant credit risks associated with other receivables. In estimating its expected credit losses, the Foundation may consider changes in the length of time its receivables have been outstanding, changes in credit ratings for its payors, requests from payors to alter payment terms due to financial difficulty, and notices of payor bankruptcies or payors entering receivership. Amounts recognized for allowances for expected credit losses are immaterial to the consolidated financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made; however, management does not expect these amounts to be material.

Property and equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair market value on the date of the gift. The Foundation's policy is to capitalize fixed assets in excess of \$5,000 and the estimated useful life exceeds three years. Depreciation is provided over the estimated useful life computed on the straight-line method.

The Foundation reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. There was no impairment as of June 30, 2024 or 2023.

Leases

The Foundation determines whether an arrangement is or contains a lease at the inception of the arrangement. Operating right-of-use ("ROU") assets represent the Foundation's right to use leased assets over the term of the lease. Lease liabilities represent the Foundation's contractual obligation to make lease payments over the lease term.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. The Foundation uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Foundation uses the risk-free rate of return as the discount rate. The Foundation elected to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Foundation has elected to not record leases with an initial term of 12 months or less on the consolidated statement of financial position. 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 of 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.

Debt issuance costs

Debt issuance costs were incurred in connection with obtaining certain notes payable and bonds payable. These costs have been netted against the related notes payable and bonds payable on the consolidated statements of financial position. Amortization expense of these debt issuance costs is included in interest expense and totaled \$36,464 and \$47,401 for the years ended June 30, 2024 and 2023, respectively.

Interest rate swaps

The Foundation recognizes all derivative financial instruments on the consolidated statements of financial position at fair value in accordance with the Accounting Standards Codification (“ASC”). The fair value is obtained from the financial institution issuing the instrument. Changes in the value of derivative financial instruments are recorded each period in current earnings.

The Foundation entered into interest rate swap agreements, which effectively exchange variable interest rate debt for fixed interest rate debt. These agreements are used to reduce the exposure to possible increases in interest rates. The Foundation entered into these swap agreements with major financial institutions. Interest rate swap settlements are recognized as adjustments to interest expense on the consolidated statements of activities.

The unrealized gain associated with the fair market value of the interest rate swaps is included on the consolidated statements of activities are as follows:

	Consolidated Statement of Activities Location	Amount of unrealized gain recognized on derivative	
		June 30, 2024	June 30, 2023
Interest rate swaps	Unrealized gain on interest rate swaps	\$ 7,233,681	\$ 3,258,674

Advances

Advances represent escrow deposits received from entities for payments related to various properties. Once the full purchase price has been contributed, the asset will be transferred from the Foundation to the respective purchasing entity.

Deferred revenue

Deferred revenue primarily represents lease payments received by USC DF - West Campus, LLC and USCInnovation, LLC relating to future lease periods.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Income taxes

The University of South Carolina Development Foundation has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue code. No provision for income tax, other than unrelated business income tax, is recorded in the accompanying consolidated financial statements. The Foundation has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2024.

Net assets

The Foundation has two net asset groups as follows:

Without donor restrictions

The Foundation reports that part of its net assets that is not restricted by donor-imposed stipulations as net assets without donor restrictions.

With donor restrictions

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions. All contributions receivable are considered net assets with donor restrictions until received by the Foundation. Once the funds have been received, they are then reclassified to the appropriate net asset classification.

Net assets with donor restrictions held in perpetuity consist of that part of the Foundation's net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Foundation. Presently, these net assets represent the endowed funds held in perpetuity established by donors for the benefit of the Foundation's programs. Gifts and contributions designated by the donor are permanently invested, with the income derived therefrom being accumulated or expended in accordance with the donor-imposed restrictions.

Revenue, gains, and other support, and expenses and losses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in with or without donor restricted net assets.

A contribution is deemed to have been received when the cash or other assets including securities, land, buildings, use of facilities, materials and supplies, intangible assets, services or unconditional promise to give such items in the future is received. An unconditional promise to give is a promise which is not dependent on the occurrence of a specified future and uncertain event to bind the promisor. There were no conditional promises to give at June 30, 2024 and 2023.

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

Expense allocation

The costs of providing various programs and activities have been summarized on a functional basis on the consolidated statements of functional expenses. Management uses a direct method for recording expenses by function.

Note 2. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each classification within the consolidated financial statements:

- Contributions receivable – The fair value of promises to give that are due in more than one year is estimated by discounting the estimated future cash flows using the Foundation’s discount rate.
- Investments – The fair value of debt and equity security investments are estimated based on quoted market prices when available. For other investments for which there are no quoted market prices, a reasonable estimate of fair value was made based upon readily available information. Hedge funds and private equity funds are valued at fair market value or net asset value, as determined by the managers of the private equity funds or hedge funds as reported to them by the general partner of the underlying funds or partnerships.
- Notes payable – Fair value approximates carrying value due to the expected maturity and terms of these financial instruments.
- Interest rate swap – Valued at the fair value of the interest rate swap, based on the interest rate spread between the underlying contracts and current market interest rates.

When quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instrument.

Fair value as defined under generally accepted accounting principles 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods used 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.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The following tables set forth by level within the fair value hierarchy the Foundation's assets accounted for at fair value on a recurring basis as of June 30, 2024 and 2023:

Description	Fair Value Measurements at Reporting Date Using			
	June 30, 2024	(Level 1)	(Level 2)	(Level 3)
Financial assets requiring fair value disclosure:				
Investments	\$ 25,463,466	\$ 25,145,738	\$ -	\$ 317,728
Investments at NAV (a)	1,846,821			
Total investments at fair value	\$ 27,310,287			
Interest rate swaps	\$ 10,239,838	\$ -	\$ 10,239,838	\$ -

Description	Fair Value Measurements at Reporting Date Using			
	June 30, 2023	(Level 1)	(Level 2)	(Level 3)
Financial assets requiring fair value disclosure:				
Investments	\$ 24,059,383	\$ 23,833,818	\$ -	\$ 225,565
Investments at NAV (a)	2,750,707			
Total investments at fair value	\$ 26,810,090			
Interest rate swaps	\$ 3,006,157	\$ -	\$ 3,006,157	\$ -

(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 hierarchy to the line items presented on the consolidated statements of financial position.

Changes in Level 3 fair value measurements using significant unobservable inputs were as follows:

	Private Equity Partnerships
Ending balance – June 30, 2022	\$ 263,976
Realized and unrealized losses on investments, net	(10,571)
Purchases of investments	3,000
Fees	(2,953)
Dividends	31,405
Cash distributions	(59,292)
Ending balance – June 30, 2023	225,565
Realized and unrealized gains on investments, net	45,479
Purchases of investments	88,382
Fees	(4,080)
Dividends	11,950
Cash distributions	(49,568)
Ending balance – June 30, 2024	\$ 317,728

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023:

	<u>Fair Value at June 30, 2024</u>	<u>Fair Value at June 30, 2023</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds at NAV:					
Graham Global Fund II SPC, Ltd.	\$ 251,446	\$ 406,098	None	(a)	(a)
Taconic Opportunity Fund, Ltd.	426,123	788,174	None	(b)	(b)
Och-Ziff Overseas Fund II, Ltd.	14,053	43,003	None	(c)	(c)
HBK Offshore Fund, Ltd.	749,625	978,072	None	(d)	(d)
Pointer Offshore, Ltd.	405,574	535,360	None	(e)	(e)
	<u>\$ 1,846,821</u>	<u>\$ 2,750,707</u>			
Private equity partnerships at Level 3:					
Kayne Anderson Energy Fund	\$ 4,914	\$ 5,096	\$ -	(f)	(f)
Venture Investment Association	103,038	108,477	24,013	(f)	(f)
NGP Natural Resources XI	74,240	111,992	2,447	(f)	(f)
Amberbrook IX LP	135,536	-	206,008	(f)	(f)
	<u>\$ 317,728</u>	<u>\$ 225,565</u>	<u>\$ 232,468</u>		

The investments reported as level 3 methods and measured at 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 five 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 and private energy funds. The Foundation cannot redeem its investment in these funds until the final liquidation of the partnerships.

- (a) There is no minimum holding period for the Foundation's interest in Graham Global Fund II SPC, Ltd. Proprietary Matrix Segregated Portfolio. This fund may be redeemed on the last business day of each month upon written notice of intent to withdraw assets three days prior to the redemption date.
- (b) Redemption from the Taconic Opportunity Fund, Ltd. has a two-year restriction from the date of the subscription. During this two-year restriction, the Foundation cannot redeem more than 25% of the shares within the fund. Subsequent to the two-year restriction, the fund may be redeemed annually and requires 60-day notice for redemption.
- (c) Redemptions from the Och-Ziff Overseas Fund II, Ltd. may occur on the last day of any fiscal quarter. The fund requires written notice of intent to withdraw assets 30 days prior to the redemption date and the minimum redemption amount is \$50,000.
- (d) The HBK Offshore Fund, Ltd. may be redeemed quarterly and requires written notice of intent to withdraw assets 90 days prior to the redemption date. The minimum redemption amount is \$250,000, however, the Foundation may redeem up to 25% of its interest, measured by net asset value, on any redemption date.
- (e) Redemptions from the Pointer Offshore, Ltd. may be redeemed on June 30 or December 31 of each year with 105-day written notice.
- (f) The fund manager determines the amount, timing and form of all distributions made by these funds.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 3. Investments

Investments are comprised of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 3,612,598	\$ 1,502,593
Fixed income mutual funds	5,481,530	5,258,929
Stock and equity mutual funds	16,051,610	17,072,296
Other / alternative investments	<u>2,164,549</u>	<u>2,976,272</u>
	<u>\$ 27,310,287</u>	<u>\$ 26,810,090</u>

The Foundation pooled substantially all of their endowment funds along with funds of the USC Educational Foundation, USC Business Partnership Foundation and the USC Alumni Association into one investment pool. The Foundation has presented its pro-rata share of these individual investments within these consolidated financial statements, however all pooled investments are held in the name of the USC Educational Foundation.

Investment income is comprised of the following for the years ended June 30, 2024 and 2023:

	<u>June 30, 2024</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest, net of fees	\$ 528,068	\$ 8,962	\$ 537,030
Realized and unrealized gains, net	<u>2,480,258</u>	<u>73,408</u>	<u>2,553,666</u>
Total	<u>\$ 3,008,326</u>	<u>\$ 82,370</u>	<u>\$ 3,090,696</u>

	<u>June 30, 2023</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest, net of fees	\$ 436,781	\$ 40,108	\$ 476,889
Realized and unrealized gains, net	<u>2,169,129</u>	<u>46,087</u>	<u>2,215,216</u>
Total	<u>\$ 2,605,910</u>	<u>\$ 86,195</u>	<u>\$ 2,692,105</u>

Note 4. Contributions Receivable, Net

The Foundation has recognized unconditional promises to give as contributions receivable due to be collected as follows as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 118,947	\$ 450,082
Receivable in one to five years	<u>406,250</u>	<u>450,000</u>
	525,197	900,082
Allowance for uncollectible pledges	(23,205)	(26,202)
Discount for time value of money	<u>(64,840)</u>	<u>(121,664)</u>
	<u>\$ 437,152</u>	<u>\$ 752,216</u>

The discount to net present value was calculated using the estimated earnings rate of 8.2% as of June 30, 2024 and 2023.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 5. Endowments

The Foundation's endowment consists of eight individual funds established for various purposes. The endowment includes donor-restricted contributions and board-restricted endowments as required by GAAP. Net assets associated with the endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors 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 classifies as net assets with restrictions held in perpetuity (a) the original value of gifts donated to the endowment held in perpetuity, (b) the original value of subsequent gifts to the endowment held in perpetuity, and (c) accumulations to the endowment held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as with donor restricted net assets with a time or donor restriction until those amounts are appropriated 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.

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Donor-restricted endowment funds	\$ -	\$ 4,070,305	\$ 4,070,305
Board-restricted endowment funds	<u>25,671,185</u>	<u>-</u>	<u>25,671,185</u>
	<u>\$ 25,671,185</u>	<u>\$ 4,070,305</u>	<u>\$ 29,741,490</u>

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Donor-restricted endowment funds	\$ -	\$ 3,995,120	\$ 3,995,120
Board-restricted endowment funds	<u>27,105,481</u>	<u>-</u>	<u>27,105,481</u>
	<u>\$ 27,105,481</u>	<u>\$ 3,995,120</u>	<u>\$ 31,100,601</u>

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Ending endowment net asset balance – June 30, 2022	\$ 19,089,033	\$ 4,350,413	\$ 23,439,446
Investment return	2,507,207	74,122	2,581,329
Board-designated transfer	5,765,744	-	5,765,744
Appropriation of endowment assets for expenditure	<u>(256,503)</u>	<u>(429,415)</u>	<u>(685,918)</u>
Ending endowment net asset balance – June 30, 2023	27,105,481	3,995,120	31,100,601
Investment return	2,767,620	82,925	2,850,545
Appropriation of endowment assets for expenditure	<u>(4,201,916)</u>	<u>(7,740)</u>	<u>(4,209,656)</u>
Ending endowment net asset balance – June 30, 2024	<u>\$ 25,671,185</u>	<u>\$ 4,070,305</u>	<u>\$ 29,741,490</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. There were no such deficiencies as of June 30, 2024 and 2023.

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 donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns at least equal to inflation as measured by the Consumer Price Index plus a 4.25% pay out and 1.00% for associated fees while assuming a moderate level of investment risk.

Strategies employed for achieving objectives

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

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year 4.25% of its endowment fund's average fair value over the prior 5 quarters through September 30 proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 7 to 8 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Quasi-endowment fund

A quasi-endowment fund was established in 1985 by the Board of Directors whereby the earnings generated by the fund would be used for certain projects at the University. In a quasi-endowment fund, any portion of the fund may be expended, and since 1985, the fund has been supplemented and used for various projects at the discretion of the Board of Directors. The fund is invested along with the endowment funds in the investment pool. Investment gains or losses increase or decrease the fund.

Note 6. Real Estate Held for Investment

Real estate held for investment is acquired by purchase or donation and is reported at either cost if purchased or fair value at the time of the donation. Real estate purchased and unrestricted donated real estate is held for subsequent lease or transfer to the University. This real estate is reviewed on an ongoing basis for impairment based on comparison of carrying value against fair value. If a permanent impairment is identified, the assets carrying amounts are adjusted to fair value in the year identified. There was no impairment as of June 30, 2024 and 2023.

Included in real estate held for investment on the consolidated statements of financial position is property on the South Carolina coast known as Pritchard's Island (the "Island"). The donor placed a restriction on the property which requires the Island to be maintained in its wilderness state. The property is presently being used by the University as a research environment for the study of various types of animals.

The remaining balance of real estate held for investment on the consolidated statements of financial position primarily includes property located throughout the state of South Carolina.

Note 7. Property and Equipment, net

Property and equipment consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 7,204,061	\$ 7,204,061
Land improvements	576,556	576,556
Buildings	145,367,972	145,312,259
Furniture, fixtures and equipment	<u>4,001,327</u>	<u>3,757,873</u>
	157,149,916	156,850,749
Less accumulated depreciation	<u>(38,883,972)</u>	<u>(35,031,202)</u>
	118,265,944	121,819,547
Construction-in-progress	<u>107,348,538</u>	<u>14,445,550</u>
	<u>\$ 225,614,482</u>	<u>\$ 136,265,097</u>

As of June 30, 2024 and 2023, the cost of land included in property and equipment that is subject to operating leases was \$3,712,900.

As of June 30, 2024 and 2023, the cost of land improvements included in property and equipment that are subject to operating leases was \$50,602. The carrying value of the land improvements as of June 30, 2024 and 2023 was \$14,590 and \$16,273, respectively.

As of June 30, 2024 and 2023, the cost of buildings included in property and equipment that are subject to operating leases was \$41,602,511 and \$41,572,815, respectively. The carrying value of the buildings as of June 30, 2024 and 2023 was \$31,066,696 and \$32,091,921, respectively.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Depreciation expense in the amount of \$3,852,770 and \$4,219,935 was included in depreciation and amortization expense on the consolidated statements of functional expenses for the years ended June 30, 2024 and 2023, respectively.

The Foundation capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the Gadsden & Greene, LLC project. Total interest capitalized as of June 30, 2024 and 2023 was \$1,512,233 and \$-, respectively.

Note 8. Leases

The Foundation leases land from the University for USC-DF West Campus, LLC and USCInnovation, LLC under the terms of non-cancellable operating leases. Operating lease expense is recognized in operations on a straight-line basis over the lease term. In determining lease asset values, the Foundation considers fixed payment terms, incentives, and options to extend or terminate. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. Variable payments, such as variable common area maintenance, are expensed in the period incurred and not included in the lease asset or liability values.

The components of operating lease expense and related classification in the accompanying consolidated statements of functional expenses were as follows during 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease cost (included in rent expense):		
Fixed lease cost	\$ <u>1,146,658</u>	\$ <u>1,146,658</u>

Cash paid for amounts included in the measurement of lease liabilities as well as related interest expense for the years ended June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ <u>591,773</u>	\$ <u>591,773</u>

The following table presents operating lease-related assets and liabilities at June 30:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Right-of-use assets	\$ <u>24,806,070</u>	\$ <u>25,151,820</u>
Operating lease liabilities	\$ <u>25,915,842</u>	\$ <u>25,706,705</u>

Other information:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term – operating leases	51.97 years	52.97 years
Weighted-average discount rate – operating leases	3.11%	3.11%

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Future lease liability maturities as of June 30, 2024 are as follows:

	<u>Operating</u>
2025	\$ 591,773
2026	633,399
2027	665,744
2028	665,744
2029	665,744
Thereafter	<u>57,473,759</u>
Total	60,696,163
Less: Interest	<u>(34,780,321)</u>
Lease liability	<u>\$ 25,915,842</u>

Note 9. Other Assets

The following table provides the carrying value, net of accumulated amortization, for each major class of other assets at June 30:

	<u>2024</u>	<u>2023</u>
Accrued rental income	\$ 719,261	\$ 648,705
Deferred lease incentive, net	953,908	928,036
Deferred lease acquisition costs, net	<u>316,050</u>	<u>375,921</u>
	<u>\$ 1,989,219</u>	<u>\$ 1,952,662</u>

Amortization expense totaled \$394,482 and \$587,109 for the years ended June 30, 2024 and 2023, respectively.

Note 10. Lines-of-Credit

Lines-of-credit consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
On April 1, 2024, an unsecured revolving line-of-credit with a bank was amended, in the amount of \$15,000,000, interest at SOFR (5.33% at June 30, 2024) plus 0.95%. The line-of-credit is partially guaranteed by the USC Educational Foundation for \$8,500,000 and matures on April 1, 2025.	\$ 4,002,403	\$ 6,200,000
On February 22, 2024, an unsecured line-of-credit with a bank was amended, in the amount of \$15,000,000, interest at 30-day SOFR (5.33% at June 30, 2024) plus 1.00%. The line-of-credit is partially guaranteed by the USC Educational Foundation for \$11,250,000 and matures February 20, 2025.	2,260,306	3,374,975
On June 20, 2023, an unsecured line-of-credit with a bank was amended, in the amount of \$10,000,000, interest at SOFR (5.33% at June 30, 2024) plus 1.00%. The line-of-credit matures February 28, 2025.	1,616,297	1,815,759

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

On December 13, 2022, an unsecured revolving line-of-credit with a bank was amended, in the amount of \$30,000,000, interest at SOFR (5.33% at June 30, 2024) plus 1.00%. The line-of-credit is partially guaranteed by the USC Educational Foundation and matures on December 13, 2024.

<u>1,929,196</u>	<u>3,579,196</u>
<u>\$ 9,808,202</u>	<u>\$ 14,969,930</u>

Future maturities of lines-of-credit for the years ending June 30 follow:

2025	<u>\$ 9,808,202</u>
------	---------------------

Note 11. Notes Payable

Notes payable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
A note in the amount of \$1,500,000 entered on September 20, 2022. The note accrues interest at 3.95%, with monthly payments of principal and interest of \$9,095 with a balloon payment of remaining principal plus accrued interest due at September 20, 2029. The note is collateralized by a security interest in the purchased property.	\$ 1,411,220	\$ 1,462,563
A note in the amount of \$1,282,325 entered on August 30, 2022. The note accrues interest at 3.35%, with monthly payments of principal and interest of \$12,620 with all unpaid principal and interest due on August 30, 2032. The note is collateralized by a security interest in the purchased property.	1,078,650	1,191,248
A note in the amount of \$1,844,445 entered on August 30, 2022. The note accrues interest at 3.35%, with monthly payments of principal and interest of \$18,152 with all unpaid principal and interest due on August 30, 2032. The note is collateralized by a security interest in the purchased property.	1,551,486	1,713,444
A note in the amount of \$5,825,000 entered on June 23, 2021. The note accrues interest at 2.77%, due in annual principal payments of \$582,500 with all unpaid principal and interest due on September 23, 2030, collateralized by a security interest in the purchased property.	4,077,500	4,660,000
A note in the amount of \$935,000 entered on December 14, 2020. The note accrues interest at 2.95%, due in monthly payments of principal and interest of \$9,025 with all unpaid principal and interest due on December 14, 2030, collateralized by a security interest in the purchased property.	638,905	726,615
A note in the amount of \$1,530,000 entered on July 30, 2020. The note accrues interest at 2.70%, due in monthly payments of principal and interest of \$10,377 with all unpaid principal and interest due on July 30, 2025, collateralized by a security interest in the purchased property.	1,196,819	1,287,144

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

A note in the amount of \$17,000,000, amended to be \$13,145,878 on February 29, 2024. The note accrues interest at 5.26%, due in monthly payments of principal and interest with all unpaid principal and interest due on June 15, 2028, collateralized by all assets of Innovista Parking, LLC and partially guaranteed by the Development Foundation.	12,994,070	13,712,840
A note in the amount of \$7,650,000 entered into on September 3, 2019, amended to be \$12,300,000 on December 29, 2022, with monthly payments of principal plus interest at SOFR (5.33% at June 30, 2024) plus 1.13%, through December 29, 2029, collateralized by the leasehold interest, assignment of leases and rents and the office building owned by USCInnovation, LLC.	11,797,301	12,157,647
A note in the amount of \$2,402,358 entered into on April 23, 2018, refinanced on May 12, 2020 in the amount of \$3,200,000. The note accrues interest at 2.45%, due in monthly payments of principal and interest of \$16,923 and a balloon payment of remaining principal plus accrued interest due May 1, 2027. The note is secured by a negative pledge that the Foundation will not lien or encumber the related land or building without obtaining the bank's approval.	2,662,092	2,796,806
A note in the amount of \$1,920,000 entered on October 18, 2018, refinanced on March 20, 2020. The note accrues interest at 2.90%, with annual principal payments of \$384,000 and interest due quarterly. The note matured on October 18, 2023. The note is collateralized by a security interest in the purchased property.	-	384,000
A note in the amount of \$14,300,000, amended on June 27, 2024. The note accrues interest at SOFR (5.33% at June 30, 2024) plus 1.00%, due in monthly payments of \$78,175 including principal and interest with a final balloon payment of remaining principal plus accrued interest due December 27, 2024. The note is collateralized by a security interest in the purchased property.	<u>11,740,880</u>	<u>12,206,773</u>
	49,148,923	52,299,080
Less unamortized financing costs	<u>(89,592)</u>	<u>(101,885)</u>
	<u>\$ 49,059,331</u>	<u>\$ 52,197,195</u>

Future maturities of notes payable for the years ending June 30 follow:

2025	\$ 13,898,388
2026	3,215,496
2027	4,397,328
2028	13,346,619
2029	1,627,636
Thereafter	<u>12,663,456</u>
	<u>\$ 49,148,923</u>

The note payable agreements require the Foundation to maintain certain minimum financial covenants and to perform or not perform certain actions. At June 30, 2024, management believes the Foundation was in compliance with all debt covenants. The Foundation is current on all scheduled principal and interest obligations of this indebtedness.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 12. Bonds Payable

During July 2014, USC DF - West Campus LLC issued \$88,065,000 of Economic Development Revenue Bonds (Series 2014A Bonds) with a maturity date of August 1, 2046 in order to finance the construction of a dormitory project. Notwithstanding the maturity date, the lender has an option to call the tax-exempt bonds on August 1, 2024. The lender did not exercise the option to call the tax-exempt bonds as of that date. Effective June 30, 2023, the LIBOR benchmark rate was replaced with SOFR and the new effective interest rate is SOFR (5.33% at June 30, 2024) plus 1.25%. The bonds are collateralized by a security interest in the purchased property. At June 30, 2024, management believes the Foundation was in compliance with the debt service coverage covenant requirements relating to the bonds. At June 30, 2024 and 2023, the outstanding balance, net of bond issuance costs, totaled \$76,174,963 and \$78,479,819, respectively.

During November 2022, Gadsden & Greene, LLC issued Economic Development Revenue Bonds (Series 2022 Bonds) in the authorized aggregate amount not exceeding \$172,000,000 with a maturity date of December 1, 2055 in order to finance the construction of a student housing facility consisting of approximately 938 student housing beds, student amenity space, retail space, parking facilities and related improvements, machinery, equipment and office furnishings. Principal payments on the Series 2022 Bonds begin in September 2025. The tax-exempt bonds have a variable interest rate of 79% of SOFR (5.33% at June 30, 2024) plus 1.25%. The bonds are collateralized by a security interest in the purchased property. During 2024 and 2023, the Foundation drew down \$84,958,718 and \$7,896,845 on these bonds, respectively. At June 30, 2024 and 2023, the outstanding balance, net of bond issuance costs, totaled \$91,652,749 and \$6,694,031, respectively.

Inter-Foundation Agreement:

In conjunction with issuance of the Series 2022 Bonds by Gadsden & Greene, LLC to finance the mixed-use complex at 737 Gadsden Street, the USC Development Foundation entered into an agreement with the USC Educational Foundation to provide a guaranty not to exceed \$129,000,000 to the syndicated lending group. The USC Educational Foundation will receive fees from the USC Development Foundation for the guaranty provided. The guaranty begins with construction at 75% of the outstanding loan balance and continues at a declining rate for five years after completion.

Interest Rate Swaps

During June 2015, USC DF - West Campus, LLC, entered into an interest rate swap agreement that began on July 1, 2015 with an initial notional amount of \$60,000,000 which increased by \$32,700,000 on July 1, 2016. The current notional amount is \$76,413,530, which will effectively fix the rate of this debt at a rate of 3.25%. This fixed rate will be effective until the put option date of August 1, 2024. The fair value of the swap as of June 30, 2024 and 2023 was an asset of \$201,235 and \$1,315,939, respectively.

During May 2019, USC DF - West Campus, LLC, entered into an interest rate swap agreement that is effective August 1, 2024 with an initial and current notional amount of \$76,020,032, which will effectively fix the rate of this debt at a rate of 3.29%. This fixed rate will be effective until the put option date of August 1, 2034. The fair value of the swap as of June 30, 2024 and 2023 was an asset of \$4,753,185 and \$2,200,762, respectively.

During October 2019, USCInnovation, LLC entered into an interest rate swap agreement with an initial notional amount of \$6,813,948. Effective November 21, 2022, USCInnovation, LLC amended the agreement to increase the initial notional amount to \$12,300,000 and current notional amount of \$11,797,301, which will effectively fix the rate of this debt at a rate of 4.95%. This fixed rate will be effective until the put option date of January 1, 2030. The fair value of the swap as of June 30, 2024 and 2023 was an asset of \$114,378 and a liability of \$24,130, respectively.

During November 2022, Gadsden & Greene, LLC, entered into an interest rate swap agreement that is effective December 1, 2022 with an initial notional amount of \$165,000,000 and current notional amount of \$80,710,000, which will effectively fix the rate of this debt at a rate of 3.90%. This fixed rate will be effective until the put option date of December 1, 2035. The fair value of the swap as of June 30, 2024 and 2023 was an asset of \$5,171,040 and a liability of \$486,414, respectively.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Future scheduled maturities of these bonds payable will be due as follows for the years ending June 30:

2025	\$ 2,393,236
2026	4,855,185
2027	5,516,739
2028	5,704,983
2029	5,932,006
2030 – 2034	33,108,234
2035 – 2039	39,727,114
2040 – 2044	47,669,701
2045 – 2049	<u>24,363,354</u>
	169,270,552
Less unamortized bond issuance costs	<u>(1,442,840)</u>
	<u>\$ 167,827,712</u>

Note 13. Liquidity and Availability

The Foundation's management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,245,995	\$ 3,063,298
Investments	27,310,287	26,810,090
Contributions receivable (less than one year)	437,152	752,216
Other receivables	786,662	853,451
Less:		
Investments in partnerships	(317,728)	(225,565)
Net assets with donor restrictions, excluding Pritchard's Island	<u>(7,488,960)</u>	<u>(7,540,107)</u>
	<u>\$ 23,973,408</u>	<u>\$ 23,713,383</u>

Note 14. Net Assets with Donor Restrictions

At June 30, 2024 and 2023, net assets with donor restrictions are available for the following specific program services:

	<u>2024</u>	<u>2023</u>
Contributions receivable	\$ 437,152	\$ 752,216
Purpose restrictions	<u>7,012,287</u>	<u>6,748,370</u>
	<u>\$ 7,449,439</u>	<u>\$ 7,500,586</u>

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$1,965 and \$6,173,387 for the years ended June 30, 2024 and 2023, respectively.

Net assets with donor restrictions held in perpetuity of \$3,265,928 at June 30, 2024 and 2023 are restricted to investment in perpetuity, the income from which is expendable to support the Foundation's objectives.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 15. Related Party Transactions

University of South Carolina Educational Foundation

The Foundation leases office space at 1027 Barnwell Street to the University of South Carolina Educational Foundation. In July 2022, a lease was signed for a ten-year term in the amount of \$16,175 per month. The rent will escalate at a rate of 3.0% each year. The Foundation leased an additional space to the Educational Foundation in the amount of \$9,375 for the year ended June 30, 2024. Rental income for these leases totaled \$312,426 and \$194,103 for the years ended June 30, 2024 and 2023, respectively. The minimum annual lease commitments are as follows for the years ending June 30:

2025	\$	204,057
2026		210,179
2027		214,011
2028		220,431
2029		223,965
Thereafter		<u>705,540</u>
		<u>\$ 1,778,183</u>

The Foundation incurred expenses in the amount of \$532,504 and \$408,063 for the years ended June 30, 2024 and 2023, respectively, that were paid by the University of South Carolina Educational Foundation. These expenses were for various operational costs including salary support, equipment, investment advisory fees, and other costs. The Foundation reimburses these expenses. At June 30, 2024 and 2023, accounts payable of \$176,430 and \$245,244, respectively, was recorded for remaining reimbursement due to the University of South Carolina Educational Foundation.

The Foundation received \$2,268,935 and \$2,003,093 for the years ended June 30, 2024 and 2023, respectively, from the University of South Carolina Educational Foundation toward the prospective purchase of real property owned by the Foundation. The Foundation has recorded a liability for the receipt of these funds totaling \$6,416,763 and \$11,494,759 as of June 30, 2024 and 2023, respectively, until either the purchase takes place or the funds are returned to the University of South Carolina Educational Foundation.

The Foundation received an additional \$1,284,373 and \$517,677 from the University of South Carolina Educational Foundation for the years ended June 30, 2024 and 2023, respectively, for real estate related expenses on behalf of the University. During 2024, the Foundation transferred real estate held for investment with a carrying value of \$17,244,737 to the University.

University of South Carolina

The Foundation leases parking spaces for Senate Plaza residents from the University at an annual cost of \$28,440. The lease agreement for the parking spaces does not have specific terms for future minimum annual lease commitments.

The Foundation allows the University to use two Cockabooses during football season to host donor events. The Foundation provides the use of the Cockabooses free of rental charge to the University. This contribution is immaterial to the consolidated financial statements.

The Foundation owns forty parking spaces at Stadium Place near the University football stadium. The Foundation allows the University to use twenty-eight of these spaces. The agreement between the Foundation and the University commenced on November 5, 1997 for one year and has since been renewed each year with the University.

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The Foundation leases properties to several University units and departments for use as general office space, parking, and storage space. These leases have various lease rates, maturities and other terms. The Foundation recorded revenue of \$926,677 and \$1,092,657 for these leases for the years ended June 30, 2024 and 2023, respectively. The minimum annual lease commitments are as follows for the years ending June 30:

2025	\$	900,284
2026		635,800
2027		580,114
2028		392,386
2029		177,795
Thereafter		<u>147,630</u>
	\$	<u>2,834,009</u>

Note 16. Child Development/Research Center

CDRC, LLC, a Limited Liability Corporation (100% owned by the Foundation) constructed a Child Development Research Center (“the Center”) that is devoted to research in matters related to early childhood education. The Center is built on land owned by CDRC, LLC and consists of two floors. The first floor of the Center is leased to the Children’s Center at USC for child development at a monthly cost of \$12,989 and the second floor of the Center is leased by the University of South Carolina at a monthly cost of \$8,119. The minimum annual lease commitments for the first floor of the Center are as follows for the years ending June 30:

2025	\$	160,542
2026		165,358
2027		170,319
2028		175,428
2029		180,691
Thereafter		<u>575,253</u>
	\$	<u>1,427,591</u>

Note 17. USC DF - West Campus, LLC

During 2014, the Foundation formed USC DF - West Campus, LLC to build an 878-bed dormitory project including related parking and ground floor retail facilities on the campus of the University of South Carolina. The Foundation has executed long-term leases for portions of retail space within the dormitory project. The annual lease commitments for retail leases for the years ended June 30 are as follows:

2025	\$	282,145
2026		249,141
2027		182,535
2028		132,478
2029		51,648
Thereafter		<u>172,371</u>
	\$	<u>1,070,318</u>

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 18. USCInnovation, LLC

USCInnovation, LLC has leased space within its office building to four tenants under lease agreements expiring through May 2032 with one of these tenants being the University of South Carolina. Some of these lease agreements contain renewal options, lease holidays, lease payment escalations and common area maintenance cost sharing provisions. USCInnovation, LLC has accrued rental income of \$507,595 and \$498,072 for the years ended June 30, 2024 and 2023, respectively, such that the total rental income under these leases will be recognized ratably over the life of the leases.

For the three tenants that do not include the University of South Carolina, lease payments received by USCInnovation, LLC during the years ended June 30, 2024 and 2023 were \$1,501,428 and \$1,468,221, respectively.

The annual lease commitments under these leases, excluding common area maintenance cost sharing and lease agreements with related parties, for the years ended June 30 are as follows:

2025	\$ 1,544,275
2026	1,099,903
2027	1,081,461
2028	1,018,364
2029	1,029,807
Thereafter	<u>3,182,173</u>
	<u>\$ 8,955,983</u>

The University of South Carolina is a tenant in the USCInnovation, LLC's office building and has entered into lease agreements with the USCInnovation, LLC. The University made lease payments of \$815,678 and \$795,784 to the USCInnovation, LLC during the years ended June 30, 2024 and 2023, respectively.

Under the terms of the lease agreements, the University of South Carolina will be required to make semi-annual lease payments to the USCInnovation, LLC for the years ended June 30 as follows:

2025	\$ 836,070
2026	856,972
2027	28,420
2028	<u>14,386</u>
	<u>\$ 1,735,848</u>

Note 19. Innovista Parking, LLC

On January 20, 2017, the Foundation formed Innovista Parking, LLC to purchase the Horizon Parking Garage and Discovery Parking Garage, both of which are located on the campus of the University of South Carolina. On March 1, 2017, Innovista Parking, LLC purchased these two garages for approximately \$16,622,000 from the Columbia Parking Facilities Corporation. Parking spaces within these garages are leased on an hourly, daily and monthly basis.

On July 1, 2023, the Foundation entered into a five-year agreement with the University to lease the two Innovista Parking, LLC garages at an annual amount of \$1,500,000. The University is responsible for daily operations as well as maintenance of the facilities. The University made lease payments of \$1,500,000 to Innovista Parking, LLC during the year ended June 30, 2024

The University of South Carolina Development Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Under the terms of the lease agreement, the University will be required to make monthly lease payments of \$125,000 to Innovista Parking, LLC for the years ended June 30 as follows:

2025	\$ 1,500,000
2026	1,500,000
2027	1,500,000
2028	<u>1,500,000</u>
	<u>\$ 6,000,000</u>

Note 20. CPF Properties II, LLC

On March 29, 2016, the Foundation entered into a Membership Interest Purchase Agreement with the University of South Carolina Upstate (“USC Upstate”) Capital Development Foundation, Inc. whereby the Foundation purchased the sole membership interest in CPF Properties II, LLC, a South Carolina limited liability company. CPF Properties II, LLC leases space in both 160 East St. John Street, Spartanburg and the Rampey building located at North Campus Boulevard, Spartanburg, South Carolina at USC Upstate. In addition, CPF Properties, LLC leases parking spaces to USC Upstate in return for rental payments. Rent revenue from these leases totaled \$911,898 for the years ended June 30, 2024 and 2023. The annual lease commitments for the years ended June 30 are as follows:

2025	\$ 911,899
2026	911,899
2027	911,899
2028	911,899
2029	911,899
Thereafter	<u>455,956</u>
	<u>\$ 5,015,451</u>

Note 21. Gadsden & Greene, LLC

On March 21, 2022, the Foundation formed Gadsden & Greene, LLC, to construct a mixed used student housing and retail complex at 737 Gadsden Street. The development will consist of 938 beds, 14,000 square feet of retail space and an additional 43,000 square feet of amenity space. Construction began in May 2023 with an anticipated completion date of August 2025 for the student housing phase.

In conjunction with the development, the Foundation entered into several contracts totaling \$162,453,431. As of June 30, 2024, payments totaling \$97,685,353 have been made and are included within construction-in-progress.

Note 22. Commitments

The Foundation entered into a contract for approximately \$3,360,000 for the construction of improvements to the 1300 Pickens Street property recorded in real estate held for investment. The remaining commitment as of June 30, 2024 is approximately \$876,000. Construction is expected to be completed during 2025. The project will be contributed by the Foundation and is to be capitalized by the University of South Carolina.

Note 23. Subsequent Events

Subsequent events were evaluated through September 5, 2024, which is the date the consolidated financial statements were available for issue.

Supplementary Consolidating Information

The University of South Carolina Development Foundation and Subsidiaries
Consolidating Statement of Financial Position
As of June 30, 2024

	The USC Development Foundation	USCInnovation, LLC	USC DF - West Campus, LLC	Innovista Parking, LLC	CPF Properties II, LLC	Gadsden & Greene, LLC	Eliminations	Consolidated
Assets								
Cash and cash equivalents	\$ -	\$ 673,876	\$ 553,129	\$ 190,365	\$ 1,828,625	\$ -	\$ -	\$ 3,245,995
Restricted cash and cash equivalents	-	-	-	-	-	11,777,348	-	11,777,348
Prepaid expenses	10,006	-	-	-	-	-	-	10,006
Investments	23,738,582	1,019,459	2,552,246	-	-	-	-	27,310,287
Contributions receivable, net	437,152	-	-	-	-	-	-	437,152
Other receivables	73,531	19,224	500,011	12,646	181,250	-	-	786,662
Property and equipment, net	7,368,403	14,048,025	69,139,310	13,629,004	10,776,357	110,653,383	-	225,614,482
Operating right-of-use assets, net	-	3,412,232	21,393,838	-	-	-	-	24,806,070
Real estate held for investment	44,761,762	-	-	-	-	-	-	44,761,762
Due from related party	1,392,907	-	-	-	-	-	(1,392,907)	-
Funds held by others	40,000	-	-	-	-	-	-	40,000
Interest rate swaps	-	114,378	4,954,420	-	-	5,171,040	-	10,239,838
Other assets	165,769	1,509,679	313,771	-	-	-	-	1,989,219
Investment in subsidiary	16,908,448	-	-	-	-	-	(16,908,448)	-
Total assets	\$ 94,896,560	\$ 20,796,873	\$ 99,406,725	\$ 13,832,015	\$ 12,786,232	\$ 127,601,771	\$ (18,301,355)	\$ 351,018,821
Liabilities and net assets/members' equity								
Liabilities								
Accounts payable and accrued expenses	\$ 1,653,533	\$ 506,664	\$ 652,368	\$ 169,188	\$ 330	\$ 25,006,372	\$ -	\$ 27,988,455
Lines-of-credit	9,808,202	-	-	-	-	-	-	9,808,202
Notes payable	12,577,260	11,758,502	-	12,982,689	11,740,880	-	-	49,059,331
Bonds payable	-	-	76,174,963	-	-	91,652,749	-	167,827,712
Operating right-of-use liabilities	-	3,567,619	22,348,223	-	-	-	-	25,915,842
Deficit in investments in subsidiaries	730,862	-	-	-	-	-	(730,862)	-
Funds held for others	66,992	-	-	-	-	-	-	66,992
Advances:								
USC Educational Foundation	6,416,763	-	-	-	-	-	-	6,416,763
Due to related party	-	29,220	760,507	588,365	-	14,815	(1,392,907)	-
Deferred revenue	43,720	91,050	201,526	-	-	-	-	336,296
Total liabilities	31,297,332	15,953,055	100,137,587	13,740,242	11,741,210	116,673,936	(2,123,769)	287,419,593
Net assets/members' equity (deficit)								
Net assets without donor restrictions:								
Designated-quasi-endowments	25,671,185	-	-	-	-	-	-	25,671,185
Undesignated	27,212,676	4,843,818	(730,862)	91,773	1,045,022	10,927,835	(16,177,586)	27,212,676
Total net assets without donor restrictions	52,883,861	4,843,818	(730,862)	91,773	1,045,022	10,927,835	(16,177,586)	52,883,861
Net assets with donor restrictions								
Total net assets/members' equity (deficit)	63,599,228	4,843,818	(730,862)	91,773	1,045,022	10,927,835	(16,177,586)	63,599,228
Total liabilities and net assets/members' equity	\$ 94,896,560	\$ 20,796,873	\$ 99,406,725	\$ 13,832,015	\$ 12,786,232	\$ 127,601,771	\$ (18,301,355)	\$ 351,018,821

The University of South Carolina Development Foundation and Subsidiaries
Consolidating Statement of Activities
For the year ended June 30, 2024

	The USC Development Foundation	USCInnovation, LLC	USC DF - West Campus, LLC	Innovista Parking, LLC	CPF Properties II, LLC	Gadsden & Greene, LLC	Eliminations	Consolidated
Net assets without donor restrictions:								
Revenues and support:								
Investment returns, net	\$ 2,848,672	\$ 47,184	\$ 112,470	\$ -	\$ -	\$ -	\$ -	\$ 3,008,326
Rental income	1,949,452	3,015,120	10,606,629	1,533,000	911,898	-	-	18,016,099
Parking revenue	392,286	-	431,589	990	-	-	-	824,865
Other	1,554,561	-	49,285	13,942	-	-	-	1,617,788
Support	782,164	-	-	-	-	-	-	782,164
Gain on investment in subsidiaries, net	8,930,103	-	-	-	-	-	(8,930,103)	-
Net assets released from restrictions	1,965	-	-	-	-	-	-	1,965
Total revenues and support	<u>16,459,203</u>	<u>3,062,304</u>	<u>11,199,973</u>	<u>1,547,932</u>	<u>911,898</u>	<u>-</u>	<u>(8,930,103)</u>	<u>24,251,207</u>
Expenses:								
Supporting services:								
Management and general	907,547	-	-	-	-	-	-	907,547
Program services:								
Investment services	866,151	2,822,863	10,188,570	1,203,607	687,221	123,424	-	15,891,836
Property services	10,388,100	-	-	-	-	-	-	10,388,100
Total expenses	<u>12,161,798</u>	<u>2,822,863</u>	<u>10,188,570</u>	<u>1,203,607</u>	<u>687,221</u>	<u>123,424</u>	<u>-</u>	<u>27,187,483</u>
Operating income (loss)	<u>4,297,405</u>	<u>239,441</u>	<u>1,011,403</u>	<u>344,325</u>	<u>224,677</u>	<u>(123,424)</u>	<u>(8,930,103)</u>	<u>(2,936,276)</u>
Other income:								
Unrealized gain on interest rate swaps	-	138,508	1,437,719	-	-	5,657,454	-	7,233,681
Total other income	<u>-</u>	<u>138,508</u>	<u>1,437,719</u>	<u>-</u>	<u>-</u>	<u>5,657,454</u>	<u>-</u>	<u>7,233,681</u>
Change in net assets without donor restrictions	<u>4,297,405</u>	<u>377,949</u>	<u>2,449,122</u>	<u>344,325</u>	<u>224,677</u>	<u>5,534,030</u>	<u>(8,930,103)</u>	<u>4,297,405</u>
Net assets with donor restrictions:								
Investment returns, net	82,370	-	-	-	-	-	-	82,370
Support, net	(131,552)	-	-	-	-	-	-	(131,552)
Net assets released from restrictions	(1,965)	-	-	-	-	-	-	(1,965)
Change in net assets with donor restrictions	<u>(51,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,147)</u>
Change in net assets/members' equity (deficit)	<u>\$ 4,246,258</u>	<u>\$ 377,949</u>	<u>\$ 2,449,122</u>	<u>\$ 344,325</u>	<u>\$ 224,677</u>	<u>\$ 5,534,030</u>	<u>\$ (8,930,103)</u>	<u>\$ 4,246,258</u>

The University of South Carolina Development Foundation and Subsidiaries
Consolidating Statement of Financial Position
As of June 30, 2023

	The USC Development Foundation	USCInnovation, LLC	USC DF - West Campus, LLC	Innovista Parking, LLC	CPF Properties II, LLC	Gadsden & Greene, LLC	Eliminations	Consolidated
Assets								
Cash and cash equivalents	\$ -	\$ 467,465	\$ 667,421	\$ 168,368	\$ 1,744,780	\$ 15,264	\$ -	\$ 3,063,298
Prepaid expenses	22,506	-	-	-	-	-	-	22,506
Investments	25,348,040	512,275	949,775	-	-	-	-	26,810,090
Contributions receivable, net	752,216	-	-	-	-	-	-	752,216
Other receivables	243,233	15,579	396,479	35,660	162,500	-	-	853,451
Property and equipment, net	7,527,087	14,487,747	71,497,374	14,159,573	11,112,392	17,480,924	-	136,265,097
Operating right-of-use assets, net	-	3,461,343	21,690,477	-	-	-	-	25,151,820
Real estate held for investment	60,408,451	-	-	-	-	-	-	60,408,451
Due from related party	1,412,907	-	-	-	-	-	(1,412,907)	-
Interest rate swaps	-	(24,130)	3,516,701	-	-	(486,414)	-	3,006,157
Other assets	119,648	1,556,655	276,359	-	-	-	-	1,952,662
Investment in subsidiary	10,680,019	-	-	-	-	-	(10,680,019)	-
Total assets	<u>\$ 106,514,107</u>	<u>\$ 20,476,934</u>	<u>\$ 98,994,586</u>	<u>\$ 14,363,601</u>	<u>\$ 13,019,672</u>	<u>\$ 17,009,774</u>	<u>\$ (12,092,926)</u>	<u>\$ 258,285,748</u>
Liabilities and net assets/members' equity								
Liabilities								
Accounts payable and accrued expenses	\$ 1,124,014	\$ 303,122	\$ 614,455	\$ 296,542	\$ 330	\$ 4,907,123	\$ -	\$ 7,245,586
Lines-of-credit	14,969,930	-	-	-	-	-	-	14,969,930
Notes payable	14,175,158	12,111,794	-	13,711,246	12,198,997	-	-	52,197,195
Bonds payable	-	-	78,479,819	-	-	6,694,031	-	85,173,850
Operating right-of-use liabilities	-	3,539,036	22,167,669	-	-	-	-	25,706,705
Deficit in investments in subsidiaries	3,432,536	-	-	-	-	-	(3,432,536)	-
Funds held for others	32,342	-	-	-	-	-	-	32,342
Advances:								
USC Educational Foundation	11,494,759	-	-	-	-	-	-	11,494,759
Other	1,904,418	-	-	-	-	-	-	1,904,418
Due to related party	-	29,220	760,507	608,365	-	14,815	(1,412,907)	-
Deferred revenue	27,980	27,893	152,120	-	-	-	-	207,993
Total liabilities	<u>47,161,137</u>	<u>16,011,065</u>	<u>102,174,570</u>	<u>14,616,153</u>	<u>12,199,327</u>	<u>11,615,969</u>	<u>(4,845,443)</u>	<u>198,932,778</u>
Net assets/members' equity (deficit):								
Net assets without donor restrictions:								
Designated-quasi-endowments	27,105,481	-	-	-	-	-	-	27,105,481
Undesignated	21,480,975	4,465,869	(3,179,984)	(252,552)	820,345	5,393,805	(7,247,483)	21,480,975
Total net assets (deficit) without donor restrictions	<u>48,586,456</u>	<u>4,465,869</u>	<u>(3,179,984)</u>	<u>(252,552)</u>	<u>820,345</u>	<u>5,393,805</u>	<u>(7,247,483)</u>	<u>48,586,456</u>
Net assets with donor restrictions								
Total net assets/members' equity (deficit)	<u>10,766,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,766,514</u>
Total net assets/members' equity (deficit)	<u>59,352,970</u>	<u>4,465,869</u>	<u>(3,179,984)</u>	<u>(252,552)</u>	<u>820,345</u>	<u>5,393,805</u>	<u>(7,247,483)</u>	<u>59,352,970</u>
Total liabilities and net assets/members' equity	<u>\$ 106,514,107</u>	<u>\$ 20,476,934</u>	<u>\$ 98,994,586</u>	<u>\$ 14,363,601</u>	<u>\$ 13,019,672</u>	<u>\$ 17,009,774</u>	<u>\$ (12,092,926)</u>	<u>\$ 258,285,748</u>

The University of South Carolina Development Foundation and Subsidiaries
Consolidating Statement of Activities
For the year ended June 30, 2023

	The USC Development Foundation	USCInnovation, LLC	USC DF - West Campus, LLC	Innovista Parking, LLC	CPF Properties II, LLC	Gadsden & Greene	Eliminations	Consolidated
Net assets without donor restrictions:								
Revenues and support:								
Investment returns, net	\$ 2,539,523	\$ 28,015	\$ 38,372	\$ -	\$ -	\$ -	\$ -	\$ 2,605,910
Rental income	1,798,383	2,934,442	10,139,033	31,925	911,898	-	-	15,815,681
Parking revenue	409,374	-	453,390	1,779,539	-	-	-	2,642,303
Other	167,466	-	40,772	150	-	-	-	208,388
Support	677,988	-	-	-	-	-	-	677,988
Gain on investment in subsidiaries, net	3,752,670	-	-	-	-	-	(3,752,670)	-
Net assets released from restrictions	6,173,387	-	-	-	-	-	-	6,173,387
Total revenues and support	<u>15,518,791</u>	<u>2,962,457</u>	<u>10,671,567</u>	<u>1,811,614</u>	<u>911,898</u>	<u>-</u>	<u>(3,752,670)</u>	<u>28,123,657</u>
Expenses:								
Supporting services:								
Management and general	1,078,561	-	-	-	-	-	-	1,078,561
Program services:								
Investment services	823,116	2,824,085	10,309,339	1,810,622	736,973	182,521	-	16,686,656
Property services	1,525,871	-	-	-	-	-	-	1,525,871
Total expenses	<u>3,427,548</u>	<u>2,824,085</u>	<u>10,309,339</u>	<u>1,810,622</u>	<u>736,973</u>	<u>182,521</u>	<u>-</u>	<u>19,291,088</u>
Operating income (loss)	<u>12,091,243</u>	<u>138,372</u>	<u>362,228</u>	<u>992</u>	<u>174,925</u>	<u>(182,521)</u>	<u>(3,752,670)</u>	<u>8,832,569</u>
Other income								
Unrealized gain (loss) on interest rate swaps	-	(51,833)	3,796,921	-	-	(486,414)	-	3,258,674
Total other income	<u>-</u>	<u>(51,833)</u>	<u>3,796,921</u>	<u>-</u>	<u>-</u>	<u>(486,414)</u>	<u>-</u>	<u>3,258,674</u>
Change in net assets without donor restrictions	<u>12,091,243</u>	<u>86,539</u>	<u>4,159,149</u>	<u>992</u>	<u>174,925</u>	<u>(668,935)</u>	<u>(3,752,670)</u>	<u>12,091,243</u>
Net assets with donor restrictions:								
Investment returns, net	86,195	-	-	-	-	-	-	86,195
Support	132,425	-	-	-	-	-	-	132,425
Net assets released from restrictions	(6,173,387)	-	-	-	-	-	-	(6,173,387)
Change in net assets with donor restrictions	<u>(5,954,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,954,767)</u>
Change in net assets/members' equity (deficit)	<u>\$ 6,136,476</u>	<u>\$ 86,539</u>	<u>\$ 4,159,149</u>	<u>\$ 992</u>	<u>\$ 174,925</u>	<u>\$ (668,935)</u>	<u>\$ (3,752,670)</u>	<u>\$ 6,136,476</u>

The University of South Carolina Development Foundation and Subsidiaries
Consolidating Statement of Changes in Net Assets / Members' Equity (Deficit)
Years Ended June 30, 2024 and 2023

	The USC Development Foundation	USCInnovation, LLC	USC DF - West Campus, LLC	Innovista Parking, LLC	CPF Properties II, LLC	Gadsden & Greene, LLC	Eliminations	Consolidated
Net assets/members' equity (deficit) at June 30, 2022	\$ 53,216,494	\$ 5,879,330	\$ (6,339,133)	\$ (253,544)	\$ 645,420	\$ (77,634)	\$ 145,561	\$ 53,216,494
Change in net assets	6,136,476	86,539	4,159,149	992	174,925	(668,935)	(3,752,670)	6,136,476
Transfer	-	-	-	-	-	6,140,374	(6,140,374)	-
Distributions	-	(1,500,000)	(1,000,000)	-	-	-	2,500,000	-
Net assets/members' equity (deficit) at June 30, 2023	59,352,970	4,465,869	(3,179,984)	(252,552)	820,345	5,393,805	(7,247,483)	59,352,970
Change in net assets	4,246,258	377,949	2,449,122	344,325	224,677	5,534,030	(8,930,103)	4,246,258
Net assets/members' equity (deficit) at June 30, 2024	<u>\$ 63,599,228</u>	<u>\$ 4,843,818</u>	<u>\$ (730,862)</u>	<u>\$ 91,773</u>	<u>\$ 1,045,022</u>	<u>\$ 10,927,835</u>	<u>\$ (16,177,586)</u>	<u>\$ 63,599,228</u>