

# **University of South Carolina Upstate Foundation and Supporting Organization**

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**Consolidated Financial Statements**

**Year Ended June 30, 2020**

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## **Independent Auditors' Report**

Board of Directors  
University of South Carolina Upstate Foundation and Supporting Organization  
Spartanburg, South Carolina

We have audited the accompanying consolidated financial statements of the University of South Carolina Upstate Foundation and Supporting Organization (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of South Carolina Upstate Foundation and Supporting Organization as of June 30, 2020, and the consolidated results of their activities, changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of activities, and changes in net assets of the individual entities, and is 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 supplemental information has been subjected to the auditing procedures applied in the audit 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 supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
September 2, 2020**

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Consolidated Statement of Financial Position**  
**June 30, 2020**

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**Assets**

Cash and cash equivalents	\$ 932,917
Unconditional promises to give, net	1,190,631
Investments	13,544,086
Assets held in charitable remainder trust	259,206
Land	<u>372,000</u>
Total assets	<u><u>\$ 16,298,840</u></u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	\$ 21,494
Liability under charitable remainder trusts	192,999
Due to South Carolina Commission on Higher Education	394,793
Long-term debt	<u>1,601,822</u>
Total liabilities	<u>2,211,108</u>

Net assets:

Net assets without donor restrictions	793,358
Net assets with donor restrictions	<u>13,294,374</u>
Total net assets	<u>14,087,732</u>
Total liabilities and net assets	<u><u>\$ 16,298,840</u></u>

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Operating revenues, gains, and other support:			
Contributions	\$ 149,787	\$ 704,688	\$ 854,475
In-kind contributions	129,191	20,000	149,191
Earned income - contributions	-	16,046	16,046
Unrealized gains on investments, net	47,461	74,236	121,697
Investment income, net	15,683	99,531	115,214
Change in value of charitable remainder trust	-	(10,266)	(10,266)
Administrative fee	138,738	-	138,738
Other revenue	-	26,298	26,298
Satisfaction of program restrictions	790,716	(790,716)	-
	<u>1,271,576</u>	<u>139,817</u>	<u>1,411,393</u>
Total operating revenues, gains, and other support			
Operating expenses:			
Program expenses:			
Scholarships	125,751	-	125,751
Supporting services to USC Upstate	462,965	-	462,965
Interest expense	60,799	-	60,799
In-kind expenses	149,191	-	149,191
Program operating expenses	38,111	-	38,111
Supporting expenses:			
Administrative fee	138,738	-	138,738
Bank fees	1,105	-	1,105
Foundation operating expenses	60,854	-	60,854
	<u>1,037,514</u>	<u>-</u>	<u>1,037,514</u>
Total operating expenses			
Change in net assets	234,062	139,817	373,879
Net assets, beginning of year	<u>559,296</u>	<u>13,154,557</u>	<u>13,713,853</u>
Net assets, end of year	<u>\$ 793,358</u>	<u>\$ 13,294,374</u>	<u>\$ 14,087,732</u>

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

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Cash flows from operating activities:	
Change in net assets	\$ 373,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gains on investments, net	(121,697)
Net changes in operating assets and liabilities:	
Unconditional promises to give, net	364,142
Assets held in charitable remainder trust	42,256
Accounts payable	19,850
Liability under charitable remainder trusts	(31,990)
Due to South Carolina Commission on Higher Education	6,709
Net cash provided by operating activities	<u>653,149</u>
Cash flows from investing activities:	
Sales of investments	347,535
Purchases of investments	<u>(327,819)</u>
Net cash provided by investing activities	<u>19,716</u>
Cash flows from financing activities:	
Payments on long-term debt	<u>(50,880)</u>
Net cash used by financing activities	<u>(50,880)</u>
Increase in cash and cash equivalents	621,985
Cash and cash equivalents, beginning of year	<u>310,932</u>
Cash and cash equivalents, end of year	<u><u>\$ 932,917</u></u>

## **Notes to Consolidated Financial Statements**

### **1. Description of Organization and Summary of Significant Accounting Policies**

#### ***Organization***

The University of South Carolina Upstate Foundation (the "Foundation") was incorporated under the laws of South Carolina to operate as a permanent foundation to accept gifts for charitable, benevolent, cultural and educational purposes for the exclusive use and benefit of the University of South Carolina Upstate (the "University"). The University of South Carolina Capital Development Foundation ("CDF") was formed in 2011 to accept real property donated to the University, serve as the purchasing agent for property on behalf of the University that is integral to the growth of the campus, and to manage property under leasing agreements to the University. In 2020, CDF became a supporting organization of the Foundation. The Foundation's and CDF's activities are overseen by a self-perpetuating, independent board of directors.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the consolidated accounts of the Foundation and CDF (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

#### ***Basis of Accounting***

The consolidated financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time the liability is incurred.

#### ***Basis of Presentation***

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

*Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions or otherwise limited by contractual agreements with outside parties and may be expended for any purpose by the Organization.

*Net Assets with Donor Restrictions* – Net assets whose use by the Organization is subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; such restrictions may be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as board designated. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose. Net assets with donor restrictions held in perpetuity are resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets.

#### ***Use of Estimates***

The preparation of consolidated financial statements 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.



## **University of South Carolina Upstate Foundation and Supporting Organization**

### **Notes to Consolidated Financial Statements**

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#### ***Cash and Cash Equivalents***

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

The Organization maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC"). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. It is management's opinion that the Organization is not exposed to any significant credit risk related to cash.

#### ***Promises to Give***

The Organization records unconditional promises to give as receivables and revenues within the appropriate net assets category. Revenues are considered to be available for use without donor restrictions unless specifically restricted by the donor. Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at fair value at the date of the promise. The fair value is computed by using the present value of their estimated future cash flows, using a risk-free rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions. An allowance for uncollectible promises to give is determined based on collection experience in prior years and management's analysis of specific promises made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at June 30, 2020.

#### ***Investments***

The Organization's investments are recorded at fair value on the consolidated statement of financial position. The Organization reports investment income and gains and losses on investments as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use.

Investments are managed to achieve maximum long-term total return. Therefore, the distinction between dividend and interest income and realized gains is not considered significant. The board has authorized a policy permitting the distribution of amounts not exceeding 4% of the prior 12-quarter rolling average Unitized Market Value of the long-term pooled investment portfolio. This policy is designed to maintain the long-term purchasing power of each fund.

#### ***Income Taxes***

The Organization has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income tax is recorded in the accompanying consolidated financial statements. The Organization has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2020.

#### ***Charitable Remainder Trusts***

Charitable remainder trusts represent assets that are currently held in trust for the benefit of designated income beneficiaries. Upon the death of the beneficiaries, the assets held in trust will be distributed to the Organization based upon the provisions of the trust, principally for unrestricted use. The value of assets and liabilities of the charitable remainder trusts is computed using a discount rate that ranges from 3% to 3.8%.

For those charitable remainder trusts for which the Organization is the trustee, an asset is recorded for the market value of the assets held in the trust, while a corresponding liability is recorded for the discounted value of future payment of the beneficiary.

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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***In-Kind Support***

Occasionally, the Organization receives contributions of goods and supplies for use in its programs. Contributed goods and supplies are recognized as revenue and expensed at their estimated fair value at the date of receipt. They are classified as in-kind contributions and in-kind expenses on the accompanying consolidated statement of activities.

***Due to South Carolina Commission of Higher Education***

Included in the Organization's investment portfolio, the Organization manages investments for the South Carolina Commission of Higher Education ("SCCHE"). SCCHE engaged the Organization to manage these investments throughout the year and the Organization receives a management fee. The investment balance of SCCHE is recorded in the investments and the accompanying liability is recorded on the consolidated statement of financial position.

***Risk and Uncertainties***

The Organization maintains investments in various stocks, fixed income securities, money market funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the Organization's investment balance reported on the consolidated statement of financial position.

***Methods Used for Allocation of Expenses among Programs and Supporting Services***

The Organization allocates expenses on a functional basis among its various programs and supporting services and uses a direct allocation of expenses.

**2. Unconditional Promises to Give**

Unconditional promises to give are included on the consolidated statement as receivables and revenue of the appropriate net asset category. Unconditional promises to give payments scheduled to be received after one year are discounted at approximately .25%. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Unconditional promises to give include the following at June 30, 2020:

Due in one year or less	\$ 398,969
Due in one to five years	<u>795,000</u>
	1,193,969
Less discount	<u>(3,338)</u>
Unconditional promises to give - net	<u>\$ 1,190,631</u>

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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### **3. Investments**

Investments are stated at fair value. Investment income and unrealized gains and losses are reflected on the consolidated statement of activities. Management has evaluated investment values as of June 30, 2020 noting no permanent impairment. Investments consist of the following at June 30, 2020:

Spartanburg County Foundation:	
Domestic equity	\$ 3,988,187
International equity	1,833,585
Flexible capital	3,144,159
Fixed income	3,046,822
Real assets	<u>1,285,386</u>
	<u>13,298,139</u>
Fidelity:	
Cash	53,937
Mutual funds	5,511
Common stock	<u>186,499</u>
	<u>245,947</u>
	<u>\$ 13,544,086</u>

The following schedule summarizes investment income by classification in the Consolidated Statement of Activities for the year ended June 30, 2020:

Realized losses	\$ (45,540)
Interest and dividends	212,040
Fees	<u>(51,286)</u>
Investment income, net	<u>\$ 115,214</u>

The Spartanburg County Foundation's annual audited financial statements are available by contacting the Spartanburg County Foundation at 424 East Kennedy Street, Spartanburg, SC 29302, (864) 582-0138.

### **4. Fair Value Disclosures**

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. Generally accepted accounting principles establish 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.

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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 Organization 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 Organization's investment charitable remainder trusts are valued at the fair value of the trust's underlying assets which is derived principally from inputs of quoted prices in active markets as reported by the trust's fund managers. These are classified within Level 3 of the valuation hierarchy.

The following tables set forth by level within the fair value hierarchy the Organization's assets accounted for at fair value on a recurring basis as of June 30, 2020:

	<u>Fair value measurements at June 30, 2020 using:</u>			
	<u>Fair value at June 30, 2020</u>	<u>Quoted prices in active markets for identical assets (Level 1 inputs)</u>	<u>Significant other observable inputs (Level 2 inputs)</u>	<u>Significant unobservable inputs (Level 3 inputs)</u>
<b>Investments:</b>				
<b>Domestic equity</b>	\$ 3,998,187	\$ -	\$ 3,578,824	\$ 409,364
<b>International equity</b>	1,833,585	-	577,901	1,255,684
<b>Flexible capital</b>	3,144,159	-	1,373,935	1,770,224
<b>Fixed income</b>	3,046,822	-	2,420,497	626,324
<b>Real assets</b>	1,285,386	-	706,909	578,477
<b>Mutual funds</b>	5,511	5,511	-	-
<b>Common stocks</b>	<u>186,499</u>	<u>186,499</u>	<u>-</u>	<u>-</u>
<b>Total investments</b>	13,490,149	192,010	8,568,066	4,640,073
<b>Assets held in charitable remainder trust</b>	<u>259,206</u>	<u>-</u>	<u>-</u>	<u>259,206</u>
	<u>\$ 13,749,355</u>	<u>\$ 192,010</u>	<u>\$ 8,568,066</u>	<u>\$ 4,899,279</u>

Investments, described in Note 3, are held at fair value and included in the table above except cash totaling \$53,937 at June 30, 2020 which are held by the investment manager for investment.

**5. Long-Term Debt**

Long-term debt at June 30, 2020 consisted of the following:

The Organization borrowed \$3,000,000 on May 19, 2011 which is separately secured by a guaranty and suretyship agreement at an interest rate equal to LIBOR plus 1.75%. The loan is payable in annual principal payments of \$250,000 with a final maturity in August 2024.	\$ 1,250,000
Monthly payments of \$2,731 including interest at 3.83% per annum to be made through May 2024, with a balloon payment of approximately \$274,000, and secured by a mortgage on property at 146 Smith Circle, Spartanburg, South Carolina.	<u>351,822</u>
<b>Total Long-Term Debt</b>	<u>\$ 1,601,822</u>

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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Scheduled principal repayments on long-term debt for the next five years ending June 30 are as follows:

2021	\$	269,647
2022		270,413
2023		271,209
2024		540,553
2025		<u>250,000</u>
Total	\$	<u>1,601,822</u>

## **6. Restrictions on Net Assets**

Net assets with donor restrictions are available for the following purposes at June 30, 2020:

Scholarships	\$	577,519
Unconditional promises to give – time restriction		1,190,631
Other activities of the Organization		2,912,258
Perpetual endowment		<u>8,613,966</u>
	\$	<u>13,294,374</u>

## **7. Endowment Funds**

The Organization's endowment funds consist of eighty-two individual donor-restricted funds established for a variety of purposes, which includes perpetual endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### ***Interpretation of Relevant Law***

Management has interpreted South Carolina's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Organization has classified as perpetual endowment (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction in the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the Organization 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) The investment policies of the Organization.

### ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in net assets without donor restrictions as of June 30, 2020.

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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***Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow for growth of the corpus while minimizing the fluctuations in the value of the portfolio to meet the payout obligations as approved by the Board of Directors.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization 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 the Spending Policy***

The amount of funds allocated for expenditure for the purposes for which the endowed funds were established are reviewed annually and calculated based on the prior 12-quarter rolling average Unitized Market Value of the primary management investment portfolio multiplied by the number of units held by each endowed fund on the calculation date. The current rate as of the date of adoption of this policy is up to 4%. This is consistent with the Organization'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.

Changes in endowment net assets by type of fund for the year ended June 30 are as follows:

Endowment net assets, June 30, 2019	\$ 11,081,291
New gifts	159,074
Net expenses and losses	<u>(331,388)</u>
Endowment net assets, June 30, 2020	<u>\$ 10,908,977</u>

**8. Related Party Transaction**

The following support was contributed by the University for the year ended June 30, 2020:

Salaries and fringe benefits	\$ 121,779
Occupancy	4,412
Technology and software	<u>3,000</u>
	<u>\$ 129,191</u>

During the year ended June 30, 2020, the Organization provided the University support totaling \$462,965.

**9. Contingencies**

Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. The Organization maintains insurance against certain loss contingencies with liability policies and physical damage coverage with an aggregate limit of \$3,000,000.

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Notes to Consolidated Financial Statements**

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COVID-19

The outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization in March 2020. As of the consolidated statement of financial position date, the Organization has significant outstanding promises to give. The full economic impact of this pandemic has not been determined, including the impact of the creditworthiness of our donors. The consolidated financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

**10. Liquidity and Availability**

The Organization's liquidity 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:

Financial assets at June 30, 2020 as follows:

Cash and cash equivalents	\$ 932,917
Unconditional promises to gives, due in one year	398,969
Investments not restricted	<u>249,712</u>
	<u>\$ 1,581,598</u>

**11. Subsequent Events**

The Organization evaluated the effect subsequent events would have on the consolidated financial statements through September 2, 2020, which is the date the consolidated financial statements were available to be issued.

On July 16, 2020, the Organization sold land recorded on the consolidated statements of financial position with a carrying value of \$372,000 to the University for a purchase price of \$385,000 resulting in a gain on the sale of land of \$13,000. Additionally, the mortgage on the property was paid off in July 2020.

***Supplemental Information***



**University of South Carolina Upstate Foundation and Supporting Organization**  
**Consolidating Statement of Financial Position**  
**June 30, 2020**

	<b>University of South Carolina Upstate Foundation</b>	<b>University of South Carolina Upstate Capital Development Foundation</b>	<b>Consolidated</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 920,593	\$ 12,324	\$ 932,917
Unconditional promises to give, net	1,190,631	-	1,190,631
Investments	13,544,086	-	13,544,086
Assets held in charitable remainder trust	259,206	-	259,206
Land	-	372,000	372,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 15,914,516</u>	<u>\$ 384,324</u>	<u>\$ 16,298,840</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ 20,970	\$ 524	\$ 21,494
Liability under charitable remainder trusts	192,999	-	192,999
Due to South Carolina			
Commission on Higher Education	394,793	-	394,793
Long-term debt	1,250,000	351,822	1,601,822
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	1,858,762	352,346	2,211,108
Net assets:			
Net assets without donor restrictions	761,380	31,978	793,358
Net assets with donor restrictions	13,294,374	-	13,294,374
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net assets	<u>14,055,754</u>	<u>31,978</u>	<u>14,087,732</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 15,914,516</u>	<u>\$ 384,324</u>	<u>\$ 16,298,840</u>

**University of South Carolina Upstate Foundation and Supporting Organization**  
**Consolidating Statement of Activities**  
**June 30, 2020**

	<b>University of South Carolina Upstate Foundation</b>	<b>University of South Carolina Upstate Capital Development Foundation</b>	<b>Consolidated</b>
Operating revenues, gains and other support:			
Contributions	\$ 854,475	\$ -	\$ 854,475
In-kind contributions	149,191	-	149,191
Earned income - contributions	16,046	-	16,046
Unrealized gains on investments, net	121,697	-	121,697
Investment income, net	114,597	617	115,214
Change in value of charitable remainder trust	(10,266)	-	(10,266)
Administrative fee	138,738	-	138,738
Other revenue	26,298	-	26,298
Satisfaction of program restrictions	-	-	-
	<u>1,410,776</u>	<u>617</u>	<u>1,411,393</u>
Total operating revenues, gains, and other support			
Operating expenses:			
Program expenses:			
Scholarships	125,751	-	125,751
Supporting services to USC Upstate	456,468	6,497	462,965
Interest expense	45,814	14,985	60,799
In-kind expenses	149,191	-	149,191
Program operating expenses	38,111	-	38,111
Supporting expenses:			
Administrative fee	138,738	-	138,738
Bank fees	1,045	60	1,105
Foundation operating expenses	50,382	10,472	60,854
	<u>1,005,500</u>	<u>32,014</u>	<u>1,037,514</u>
Total operating expenses			
Change in net assets	405,276	(31,397)	373,879
Net assets, beginning of year	<u>13,650,478</u>	<u>63,375</u>	<u>13,713,853</u>
Net assets, end of year	<u>\$ 14,055,754</u>	<u>\$ 31,978</u>	<u>\$ 14,087,732</u>