University of South Carolina Educational Foundation

Independent Auditor's Report and Financial Statements

June 30, 2026 and 2025

Forvis Mazars, LLP
11 Brendan Way, Suite 200
Greenville, SC 29615
P 864.288.5544 | F 864.458.8519
forvismazars.us

Independent Auditor's Report

Board of Directors
University of South Carolina Educational Foundation
Columbia, South Carolina

Opinion

We have audited the financial statements of the University of South Carolina Educational Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Forvis Mazars, LLP

Greenville, South Carolina
August 31, 2026

University of South Carolina Educational Foundation
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	$ 7,078,516	$ 7,588,693
Accounts receivable:		
University of South Carolina Development Foundation	9,180,560	7,380,942
Other	646,421	290,949
Notes receivable:		
University of South Carolina Upstate	124,935	187,406
Collateral assignment split dollar arrangement	5,844,825	5,700,407
Contributions receivable, net	138,568,590	89,939,614
Investments	853,477,148	739,931,274
Assets held in trust by others	6,388,843	5,904,968
Prepaid expenses	90,565	5,031
Total Assets	$ 1,021,400,403	$ 856,929,284
Liabilities and Net Assets		
Liabilities		
Accounts payable:		
University of South Carolina	$ 2,033,247	$ 1,776,071
Other	2,272,187	1,759,030
Accrued interest payable:		
University of South Carolina Alumni Association	231,365	180,927
Funds held for others:		
Educational Foundation of USC Lancaster	16,525,184	14,407,099
Other	350,792	97,617
Annuity obligations	462,158	528,107
Notes payable:		
University of South Carolina Alumni Association	610,992	1,850,992
Other	14,710,398	14,516,230
Total Liabilities	37,196,323	35,116,073
Net Assets		
Without donor restrictions:		
Undesignated	129,373,735	113,407,206
Designated - quasi-endowments	14,819,862	12,969,064
With donor restrictions:		
Purpose restrictions	52,154,080	49,401,081
Time-restricted for future periods	360,754,208	241,661,246
Perpetual in nature	427,102,195	404,374,614
Total Net Assets	984,204,080	821,813,211
Total Liabilities and Net Assets	$ 1,021,400,403	$ 856,929,284

University of South Carolina Educational Foundation
Statement of Activities
Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions			
Received	$ 41,728,536	$ 22,040,178	$ 63,768,714
Change in contributions receivable	-	48,598,850	48,598,850
Dividends and interest, net	2,904,127	9,277,736	12,181,863
Net gains on investments	25,634,691	86,155,036	111,789,727
Other receipts	2,338,850	243,528	2,582,378
Net assets released from restrictions			
Satisfaction of purpose restrictions	131,905	(131,905)	-
Expiration of time restrictions	21,609,881	(21,609,881)	-
Total Revenue, Gains, and Other Support	94,347,990	144,573,542	238,921,532
Expenses			
Scholarships, tuition reimbursements, and awards	22,376,828	-	22,376,828
Salary supplements and benefits	10,725,931	-	10,725,931
Other program services	37,071,167	-	37,071,167
Support and operational costs	4,454,765	-	4,454,765
Fundraising and advancement	1,901,972	-	1,901,972
Total Expenses	76,530,663	-	76,530,663
Changes in Net Assets	17,817,327	144,573,542	162,390,869
Net Assets, Beginning of Year	126,376,270	695,436,941	821,813,211
Net Assets, End of Year	$ 144,193,597	$ 840,010,483	$ 984,204,080

University of South Carolina Educational Foundation
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions:			
Received	$ 30,657,646	$ 23,524,011	$ 54,181,657
Change in contributions receivable	-	49,063,134	49,063,134
Dividends and interest, net	3,089,219	8,522,769	11,611,988
Net gains on investments	19,426,035	52,931,415	72,357,450
Other receipts	1,567,208	309,327	1,876,535
Net assets released from restrictions:			
Satisfaction of purpose restrictions	54,248	(54,248)	-
Expiration of time restrictions	23,612,052	(23,612,052)	-
Total Revenue, Gains, and Other Support	78,406,408	110,684,356	189,090,764
Expenses			
Scholarships, tuition reimbursements, and awards	20,851,322	-	20,851,322
Salary supplements and benefits	9,002,844	-	9,002,844
Other program services	35,080,380	-	35,080,380
Support and operational costs	4,467,841	-	4,467,841
Fundraising and advancement	1,703,569	-	1,703,569
Total Expenses	71,105,956	-	71,105,956
Changes in Net Assets	7,300,452	110,684,356	117,984,808
Net Assets, Beginning of Year	119,075,818	584,752,585	703,828,403
Net Assets, End of Year	$ 126,376,270	$ 695,436,941	$ 821,813,211

University of South Carolina Educational Foundation
Statement of Functional Expenses
Year Ended June 30, 2026

	Program Services				Supporting Services			
	Scholarships, Tuition Reimbursements, and Awards	Salary Supplements and Benefits	Other Program Services	Total Program Services	Support and Operational Costs	Fundraising and Advancement	Total Supporting Services	Total
Awards and honoraria	$ -	$ 106,000	$ 455,253	$ 561,253	$ 4,349	$ 38,562	$ 42,911	$ 604,164
Conferences and travel	-	-	3,440,579	3,440,579	37,956	566,119	604,075	4,044,654
Construction costs, maintenance, and repairs	-	-	4,903,805	4,903,805	34,391	-	34,391	4,938,196
Contractual services and professional fees	-	-	5,124,183	5,124,183	452,240	419,626	871,866	5,996,049
Contributions and grants	-	-	13,376,446	13,376,446	45,050	7,089	52,139	13,428,585
Fees, subscriptions, and dues	-	-	747,474	747,474	576,647	42,903	619,550	1,367,024
Food supplies	-	-	2,439,697	2,439,697	38,189	138,619	176,808	2,616,505
Instructional materials	-	-	188,886	188,886	-	-	-	188,886
Insurance	-	-	189,132	189,132	104,792	-	104,792	293,924
Interest expense - line of credit	-	-	785,020	785,020	-	-	-	785,020
Interest expense - USC Alumni Association	-	-	50,439	50,439	-	-	-	50,439
Interest expense - USC Lancaster	-	-	9,201	9,201	-	-	-	9,201
Office supplies, equipment, and software	-	-	2,963,351	2,963,351	240,586	88,306	328,892	3,292,243
Operational salaries and benefits	-	-	-	-	2,643,082	-	2,643,082	2,643,082
Other supplies and sundries	-	-	1,494,582	1,494,582	534	23,105	23,639	1,518,221
Postage and freight	-	-	33,078	33,078	1,059	4,161	5,220	38,298
Printing and advertising	-	-	359,610	359,610	117	101,220	101,337	460,947
Property and use tax	-	-	24,940	24,940	473	6,648	7,121	32,061
Rent (office, telephone, copier)	-	-	431,878	431,878	230,621	19,224	249,845	681,723
Salary supplements and benefits	-	10,619,931	50,000	10,669,931	-	427,975	427,975	11,097,906
Scholarships and tuition reimbursements	22,376,828	-	-	22,376,828	-	-	-	22,376,828
Split interest adjustment	-	-	(210,174)	(210,174)	-	-	-	(210,174)
Trust and annuity expenses	-	-	78,622	78,622	-	-	-	78,622
Utilities	-	-	135,165	135,165	44,679	18,415	63,094	198,259
Total Expenses	$ 22,376,828	$ 10,725,931	$ 37,071,167	$ 70,173,926	$ 4,454,765	$ 1,901,972	$ 6,356,737	$ 76,530,663

University of South Carolina Educational Foundation
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services				Supporting Services			
	Scholarships, Tuition Reimbursements, and Awards	Salary Supplements and Benefits	Other Program Services	Total Program Services	Support and Operational Costs	Fundraising and Advancement	Total Supporting Services	Total
Awards and honoraria	$ -	$ 118,000	$ 494,675	$ 612,675	$ 8,408	$ 39,417	$ 47,825	$ 660,500
Conferences and travel	-	-	1,601,769	1,601,769	37,120	527,503	564,623	2,166,392
Construction costs, maintenance, and repairs	-	-	3,369,110	3,369,110	29,828	-	29,828	3,398,938
Contractual services and professional fees	-	-	5,935,711	5,935,711	356,257	343,613	699,870	6,635,581
Contributions and grants	-	-	16,752,965	16,752,965	39,763	1,940	41,703	16,794,668
Depreciation and amortization	-	-	5,716	5,716	-	-	-	5,716
Fees, subscriptions, and dues	-	-	438,266	438,266	694,567	95,301	789,868	1,228,134
Food supplies	-	-	2,180,265	2,180,265	49,595	190,942	240,537	2,420,802
Instructional materials	-	-	133,373	133,373	-	-	-	133,373
Insurance	-	-	204,708	204,708	82,277	-	82,277	286,985
Interest expense - line of credit	-	-	513,439	513,439	-	-	-	513,439
Interest expense - USC Alumni Association	-	-	79,203	79,203	-	-	-	79,203
Interest expense - USC Lancaster	-	-	9,605	9,605	-	-	-	9,605
Office supplies, equipment, and software	-	-	2,442,097	2,442,097	192,249	267,936	460,185	2,902,282
Operational salaries and benefits	-	-	-	-	2,697,722	-	2,697,722	2,697,722
Other supplies and sundries	-	-	64,249	64,249	994	7,498	8,492	72,741
Postage and freight	-	-	20,077	20,077	877	2,754	3,631	23,708
Printing and advertising	-	-	452,621	452,621	149	136,107	136,256	588,877
Property and use tax	-	-	28,435	28,435	1,844	11,173	13,017	41,452
Rent (office, telephone, copier)	-	-	305,922	305,922	235,610	36,932	272,542	578,464
Salary supplements and benefits	-	8,884,844	45,000	8,929,844	-	19,700	19,700	8,949,544
Scholarships and tuition reimbursements	20,851,322	-	-	20,851,322	-	-	-	20,851,322
Split interest adjustment	-	-	(151,263)	(151,263)	-	-	-	(151,263)
Trust and annuity expenses	-	-	130,981	130,981	-	-	-	130,981
Utilities	-	-	23,456	23,456	40,581	22,753	63,334	86,790
Total Expenses	$ 20,851,322	$ 9,002,844	$ 35,080,380	$ 64,934,546	$ 4,467,841	$ 1,703,569	$ 6,171,410	$ 71,105,956

University of South Carolina Educational Foundation
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Changes in net assets	$ 162,390,869	$ 117,984,808
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	-	5,716
Net gains on investments	(123,971,590)	(83,969,438)
Actuarial gain on annuity obligations	(192,641)	(80,711)
Contributions restricted to endowment	(21,165,948)	(22,431,367)
Changes in		
Accounts receivable	(2,155,090)	(940,414)
Notes receivable, collateral assignment split dollar arrangement	(144,418)	(140,835)
Contributions receivable	(48,628,976)	(49,107,849)
Prepaid expenses	(85,534)	57,366
Accounts payable	770,333	(133,031)
Accrued interest payable	50,438	79,203
Funds held for others	2,371,260	1,301,585
Net Cash Used in Operating Activities	(30,761,297)	(37,374,967)
Investing Activities		
Proceeds on notes receivable	62,471	62,471
Proceeds from sale of investments	288,821,443	36,314,966
Purchase of investments	(278,395,727)	(25,536,868)
Net Cash Provided by Investing Activities	10,488,187	10,840,569
Financing Activities		
Proceeds from contributions restricted for investment in endowment	21,165,948	22,431,367
Proceeds from notes payable	2,994,168	6,666,230
Payments on notes payable	(4,040,000)	(650,000)
Changes in split interest agreements	(483,875)	453,068
Changes in annuity and trust obligations	126,692	70,282
Net Cash Provided by Financing Activities	19,762,933	28,970,947
(Decrease) Increase in Cash and Cash Equivalents	(510,177)	2,436,549
Cash and Cash Equivalents, Beginning of Year	7,588,693	5,152,144
Cash and Cash Equivalents, End of Year	$ 7,078,516	$ 7,588,693
Supplemental Cash Flow Information		
Cash paid during the year for interest	$ 794,222	$ 523,044

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of South Carolina Educational Foundation (the "Foundation") is a South Carolina eleemosynary corporation operating for the benefit and support of the University of South Carolina (the "University"). The Foundation's objectives include the establishment and implementation of long-range fundraising programs to assist in the expansion and improvement of the educational functions of the University. Because the funds held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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 financial statements and the reported amounts of revenues, expenses, gains, and losses 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 and investments. 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 and management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.

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. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. The Foundation's deposits in each bank are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times throughout the year, the Foundation may temporarily maintain cash balances at financial institutions in excess of the FDIC insured limits. Management attempts to minimize this exposure by minimizing un-invested cash balances and monitoring the strength of financial institutions with which it has accounts. It is management's opinion that the Foundation is not exposed to any significant credit risk related to cash.

Accounts Receivable

Accounts receivable 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 accounts receivable. The Foundation does not believe there are any other significant concentrations of revenues from any particular payor that would subject it to any significant credit risks in the collection of accounts receivable. 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 financial statements. If amounts become uncollectible, they will be charged to changes in net assets when that determination is made; however, management does not expect these amounts to be material.

Collateral Assignment Split Dollar Arrangement

Collateral assignment split dollar arrangement consists of amounts loaned for the purchase of split-dollar life insurance policies which are owned and controlled by the participants in the program. The receivable amount is limited to the lesser of the original loan plus interest accrued at the applicable federal rate or the cash surrender value of the life insurance policies.

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 without donor restrictions 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 reported at the present value of their net realizable value, using discounted rates applicable to the years in which the promises are to be received. There were no conditional promises to give at June 30, 2026 or 2025.

Investments

Investments consist of money market funds, uninvested cash, fixed income mutual funds, stock and equity mutual funds, real estate investments, and other alternative investments (including hedge funds, private equity partnerships, and commingled funds), which are carried at fair value or net asset value. Cash and money market funds held in the investment portfolio are a part of the diversification strategies established by the investment policy. 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 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. Donated life insurance policies are carried at their current respective cash surrender values.

Assets Held in Trust By Others

Assets held in trust consist of split-interest agreements that name the Foundation as a beneficiary.

Trust agreements under which the Foundation has no control over the investment of assets are valued using multiple methods. The Charitable Lead Annuity Trusts (“CLAT”) held by others are valued using the present value of future cash flows. The Charitable Remainder Uni-Trusts (“CRUT”) held by others are valued at the fair value of the underlying investments held as reported by the custodians. The discount rate used to determine the present value is determined at the date of the gift and remains constant throughout the life of the trust. Changes in the value of the assets are included on the statements of activities as increases and decreases to contributions received in net assets with donor restrictions. Distributions to the Foundation during the life of the agreement are recognized as contributions received in the appropriate net asset classification in accordance with the donor’s wishes.

Funds Held for Others

Funds held for others consist of funds held for investment purposes from affiliated entities, primarily other Foundations within the University system. The Foundation had $16,875,976 and $14,504,716 as of June 30, 2026 and 2025, respectively, of funds held for affiliated entities.

Annuity Obligations

The amounts reported as annuity obligations represent amounts due to donors and others under various split-interest agreements and trust agreements. The related assets are reported together with other assets (investments or assets held in trust by others) of the Foundation, as there is no legal requirement to maintain these separately. Discount rates and actuarial assumptions vary by type of agreement.

Other information relating to these split-interest agreements follows:

	2026	2025
Actuarial gain	$ 192,641	$ 80,711
Payments made	$ (78,622)	$ (116,731)

The Foundation uses a reinsurance policy to provide amounts to be paid in the future for some of its annuity obligations. The amounts to be provided under the reinsurance agreement are netted against annuity obligations on the statements of financial position and are valued at $- and $126,692 as of June 30, 2026 and 2025, respectively.

Income Taxes

The Foundation is exempt 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 financial statements. The Foundation has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2026.

Net Assets

Net assets are reported as with or without donor restrictions 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. The Foundation's governing board has internally earmarked portions of its net assets without donor restrictions as designated for quasi-endowments (board-designated). The principal of such funds is invested to provide income for operations.

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 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 if necessary.

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 such trust agreements are permanently invested, with the income derived therefrom being accumulated or expended in accordance with the donor-imposed restrictions.

Revenue, Gains, and Other Support

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

Contributions are recognized when received or unconditionally promised. Conditional contributions are not recognized until the applicable donor-imposed conditions have been substantially met. Contributions of cash and other financial assets are recorded at fair value upon receipt, while donated property, equipment, and other long-lived assets are recorded at estimated fair value at the date of donation. Unconditional promises to give expected to be collected within one year are recorded at net realizable value, and those expected to be collected in future years are recorded at fair value, generally based on the present value of estimated future cash flows. In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fund-raising campaigns during the years; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and legal services) would be reflected on the statements of activities at their fair market value. No donated professional services were received during 2026 or 2025.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Functional Allocation of Expenses

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

Revisions

Certain immaterial revisions have been made to the 2025 financial statements to transfer money market accounts from cash and cash equivalents to investments. These revisions did not have a significant impact on the financial statement line items impacted or the related footnotes.

Note 2. Disclosures About Fair Value of Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of each classification within the 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 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, private equity funds, and commingled funds are valued at fair market value or net asset value, as determined by the managers of the funds as reported to them by the general partner of the underlying funds or partnerships.

Accounts and Notes Receivable
Fair value approximates carrying value due to their short nature.

Assets Held in Trust
The fair value is estimated using multiple methods. The CLAT held by others are valued using the present value of future cash flows. The CRUT held by others are valued at the fair value of the investments held as reported by the custodian.

Annuity Obligations
These liabilities are carried at actuarially determined present value, which approximate fair value.

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

	2026			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets requiring fair value disclosure:				
Investments:				
Pooled investments	$ 641,650,577	$ 593,838,123	$ 28,682,370	$ 19,130,084
Other investments	9,219,173	-	-	9,219,173
Assets held in trust by others	6,388,843	-	-	6,388,843
	657,258,593	$ 593,838,123	$ 28,682,370	$ 34,738,100
Investments at NAV (a)	160,613,341			
Total investments and assets held in trust by others at fair value (b)	$ 817,871,934			
Financial liabilities requiring fair value disclosure:				
Annuity obligations	$ 462,158	$ -	$ -	$ 462,158

	2025			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets requiring fair value disclosure:				
Investments:				
Pooled investments	$ 680,210,214	$ 637,879,421	$ 30,426,565	$ 11,904,228
Other investments	9,033,827	-	-	9,033,827
Assets held in trust by others	5,904,968	-	-	5,904,968
	695,149,009	$ 637,879,421	$ 30,426,565	$ 26,843,023
Investments at NAV (a)	50,687,233			
Total investments and assets held in trust by others at fair value (b)	$ 745,836,242			
Financial liabilities requiring fair value disclosure:				
Annuity obligations	$ 528,107	$ -	$ -	$ 528,107

(a) Certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

(b) Investments, as described in Note 3, are held at fair value and included in the table above except uninvested cash totaling $41,994,057 and $- as of June 30, 2026 and 2025, respectively.

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, 2026 and 2025:

	Fair Value at June 30, 2026	Fair Value at June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments at NAV:					
Graham Global Fund II SPC, Ltd.	$ 15,201,343	$ 13,979,177	None	(c)	(c)
Taconic Opportunity Fund, Ltd.	693,562	1,505,695	None	(d)	(d)
Och-Ziff Overseas Fund II, Ltd.	144,449	138,739	None	(e)	(e)
HBK Offshore Fund, Ltd.	23,653,051	21,086,877	None	(f)	(f)
Pointer Offshore, Ltd.	19,679,679	13,976,745	None	(g)	(g)
D.E. Shaw Cogence International Fund, LP	6,813,838	-	None	(h)	(h)
D.E. Shaw U.S. Large Cap Core Enhanced Fund, LLC	48,282,363	-	None	(i)	(i)
Arrowstreet United States Equity Trust Fund	46,145,056	-	None	(j)	(j)
	$ 160,613,341	$ 50,687,233			

	Fair Value at June 30, 2026	Fair Value at June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments at Level 3:					
Kayne Anderson Energy Fund	$ 8,835	$ 8,887	$ -	(k)	(k)
Venture Investment Associates Energy III, LP	1,788,586	1,757,060	523,351	(k)	(k)
NGP Natural Resources XI	698,887	810,965	53,264	(k)	(k)
Amberbrook IX LP	9,014,920	6,894,152	2,583,404	(k)	(k)
Twin Bridge Narrow Gate Fund II	5,555,470	2,433,164	7,070,754	(k)	(k)
RCP SOF V Cayman Feeder, LP	149,510	-	8,058,818	(k)	(k)
HarbourVest 2025 Global Fund LP	1,913,876	-	14,401,850	(k)	(k)
HarbourVest 2026 Global Fund LP	-	-	8,136,638	(k)	(k)
	$ 19,130,084	$ 11,904,228	$ 40,828,079		

The Foundation holds ownership in investments with strategies including fund to fund long/short equity managers and investing in diversified equity securities. Management believes that the investment strategies employed and availability of other Foundation resources allow the Foundation to be unaffected by the liquidity restrictions. For certain investments, the Foundation cannot redeem its investment in these funds until the final liquidation of the partnerships.

The following describes the restrictions to assist in the assessment of the investment holdings:

(c) The fund invests in a diversified portfolio of global macro and managed futures strategies, utilizing derivative instruments to gain exposure to fixed income, currency, equity, and commodity markets. 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 thirty days prior to the redemption date.

(d) The fund invests in a diversified portfolio of corporate debt, bank debt, trade claims, private placements, real estate investments, asset-backed securities, and equity securities across global markets, and may utilize derivative instruments as part of its investment strategy. Redemptions from the Taconic Opportunity Fund, Ltd. may occur at the discretion of the investment manager and general partner.

(e) The fund invests in a diversified portfolio of debt and equity securities utilizing event-driven, arbitrage, and long/short investment strategies designed to capitalize on pricing inefficiencies across global markets. 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.

(f) The fund invests globally in U.S. Treasury securities, foreign government debt, corporate and convertible debt, asset-backed and mortgage-backed securities, equity securities, and derivative instruments, including swaps, options, futures, and forwards. 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.

(g) The fund invests globally in U.S. Treasury securities, foreign government debt, corporate and convertible debt, asset-backed and mortgage-backed securities, equity securities, and derivative instruments, including swaps, options, futures, and forwards. Redemptions from the Pointer Offshore, Ltd. may be redeemed on June 30 or December 31 of each year with 105-day written notice.

(h) The fund invests in global publicly traded equities, corporate and government debt securities, convertible securities, asset-backed and mortgage-backed securities, loans, and derivative instruments, including swaps, futures, and forward contracts, and may employ both long and short investment positions. Redemptions from D.E. Shaw Cogence International Fund, LP may be redeemed quarterly, up to 8.33%, with full withdrawal over three years with a seventy-five-day written notice.

(i) The fund invests primarily in publicly traded U.S. large-cap common stocks, with concentrations in information technology, financial services, consumer discretionary, communication services, and health care sectors, and may also invest in exchange-traded funds and real estate investment trusts. Redemptions from D.E. Shaw U.S. Large Cap Core Enhanced Fund, LLC may be redeemed monthly with a ten-day written notice.

(j) The fund invests primarily in global equity securities across developed and emerging markets and may utilize derivatives, including futures and foreign currency contracts, to implement quantitative long/short investment strategies. Redemptions from Arrowstreet United States Equity Trust Fund may be redeemed on the 1st or 15th of each month with a two-day written notice.

(k) The fund manager determines the amount, timing and form of all distributions made by these funds.

Note 3. Investments

The following summarizes the fair values of investments at June 30:

	2026	2025
Readily marketable	$ 10,803,524	$ 9,744,574
University Foundations pool	833,454,451	721,152,873
Other donor – restricted endowments, not readily marketable	9,219,173	9,033,827
	$ 853,477,148	$ 739,931,274

Investments are composed of the following at June 30:

	2026	2025
Money market funds	$ 1,840,640	$ 3,896,769
Uninvested cash	41,994,057	-
Fixed income mutual funds	169,308,267	143,266,051
Stock and equity mutual funds	451,371,586	521,143,165
Real estate	3,006,368	3,006,368
Other/alternative investments	185,956,230	68,618,921
	$ 853,477,148	$ 739,931,274

The Foundation's participation in a pooling of investments program with other foundations of the University, collectively known as the University Foundations, consisted of the following:

	June 30, 2026	
	University Foundations Pooled Investments Fair Value	**Portion Owned by USC Educational Foundation Fair Value**
Investment pools:		
Money market funds	$ 846,962	$ 667,318
Uninvested cash	52,500,000	41,994,057
Stocks	303,242,568	241,102,787
Equity mutual funds	259,830,059	203,078,697
Fixed income mutual funds	212,056,087	166,868,167
Other / alternative investments	225,153,298	179,743,425
Total investment pools	$ 1,053,628,974	$ 833,454,451

	June 30, 2025	
	University Foundations Pooled Investments Fair Value	**Portion Owned by USC Educational Foundation Fair Value**
Investment pools:		
Money market funds	$ 3,538,534	$ 2,757,400
Stocks	388,757,072	308,131,938
Equity mutual funds	261,567,305	206,786,475
Fixed income mutual funds	178,119,743	140,885,598
Other / alternative investments	79,723,319	62,591,462
Total investment pools	$ 911,705,973	$ 721,152,873

Investment income is comprised of the following for the years ended June 30, 2026 and 2025:

		June 30, 2026	
	Without donor restrictions	**With donor restrictions**	**Total**
Dividends and interest, net of fees	$ 2,904,127	$ 9,277,736	$ 12,181,863
Realized gains, net	20,067,082	68,515,699	88,582,781
Unrealized gains, net	5,567,609	17,639,337	23,206,946
Total	$ 28,538,818	$ 95,432,772	$ 123,971,590

		June 30, 2025	
	Without donor restrictions	**With donor restrictions**	**Total**
Dividends and interest, net of fees	$ 3,089,219	$ 8,522,769	$ 11,611,988
Realized gains, net	4,641,559	12,687,524	17,329,083
Unrealized gains, net	14,784,476	40,243,891	55,028,367
Total	$ 22,515,254	$ 61,454,184	$ 83,969,438

Note 4. Assets Held in Trust

Assets held in trust are comprised of the following at fair value as reported by the custodian or trustee at June 30:

	2026	2025
Held by others		
With donor restrictions	$ 6,388,843	$ 5,904,968

Changes in funds held in trust, which were reported as increases in contributions received with donor restrictions, totaled $1,222,080 and $942,712 for the years ended June 30, 2026 and 2025, respectively.

Distributions received from funds held in trust by others were recognized as donor restricted contributions in the amount of $912,866 and $1,395,780 for the years ended June 30, 2026 and 2025, respectively.

Note 5. Contributions Receivable

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

	2026	2025
Receivable in less than one year	$ 53,498,414	$ 35,258,493
Receivable in one to five years	77,506,943	52,026,909
Receivable in six to ten years	50,284,643	30,975,069
Receivable in more than ten years	25,328,037	30,304,963
	206,618,037	148,565,434
Allowance for uncollectible pledges	(9,824,326)	(10,577,748)
Discount for time value of money	(58,225,121)	(48,048,072)
Contributions receivable, net	$ 138,568,590	$ 89,939,614

This discount to net present value was calculated using the estimated earnings rate of 8.32% as of June 30, 2026 and 2025.

Note 6. Notes Payable

Notes payable consist of the following at June 30:

	2026	2025
An unsecured agreement with the University of South Carolina Alumni Association (the "Association") to invest up to $2,450,000 at guaranteed rates up to 4.5% until the Association requests the funds.	$ 610,992	$ 1,850,992
An unsecured revolving line of credit with a bank in the amount of $20,000,000 with an interest rate equal to the Term Secured Overnight Financing Rate ("SOFR") (3.68% as of June 30, 2026) plus 1.0%. Interest payments due monthly with the entire outstanding principal balance, along with any outstanding accrued interest is due on May 21, 2027.	5,800,000	8,600,000
An unsecured revolving line of credit with a bank in the amount of $5,000,000 with an interest rate equal to the Term SOFR (3.68% as of June 30, 2026) plus 1.0%. Interest payments due monthly with the entire outstanding principal balance, along with any outstanding accrued interest is due on October 19, 2026.	4,501,050	3,369,230
An unsecured revolving line of credit with a bank in the amount of $5,000,000 with an interest rate equal to the Term SOFR (3.68% as of June 30, 2026) plus 1.0%. Interest payments due monthly with the entire outstanding principal balance, along with any outstanding accrued interest is due on October 16, 2026.	4,409,348	2,547,000
	$ 15,321,390	$ 16,367,222

Maturities of notes payable are as follows for the year ending June 30:

2027	$ 15,321,390

As a result of these agreements, the Foundation recognized interest expense of $835,459 and $592,642 for the years ended June 30, 2026 and 2025, respectively.

Note 7. Debt Guaranties/Contingencies/Commitments

The Foundation has partially guaranteed under a guaranty agreement the repayment of $8,500,000 on a $15,000,000 line of credit taken out by the University of South Carolina Development Foundation ("Development Foundation"), a supporting organization of the University of South Carolina. As of June 30, 2026 and 2025, the outstanding principal balance was $4,660,822 and $3,279,182, respectively.

The Foundation has guaranteed under a guaranty agreement the repayment of seventy-five percent of a $30,000,000 line of credit taken out by the Development Foundation. As of June 30, 2026 and 2025, the outstanding principal balance was $16,475,844 and $1,929,196, respectively.

The Foundation has guaranteed under a guaranty agreement the repayment of seventy-five percent of a $15,000,000 line of credit taken out by the Development Foundation. As of June 30, 2026 and 2025, the outstanding principal balance was $8,236,982 and $3,746,129, respectively.

The Foundation has guaranteed under a guaranty agreement the repayment of seventy-five percent of a $172,000,000 bond issuance taken out by the Development Foundation's wholly-owned subsidiary, Gadsden & Greene, LLC. As of June 30, 2026 and 2025, the outstanding principal balance was $169,617,000 and $159,762,013, respectively. The Foundation's guaranty obligation is subject to staged reductions based on the occurrence of specified conditions. Upon confirmation by the Administrative Agent, the Guaranty Limit may be reduced incrementally from 75 percent of the outstanding bond principal to zero. During the year ended June 30, 2026, the guaranty limit was reduced to 50 percent of the outstanding bond principal.

In May 2026, the Foundation has guaranteed under a guaranty agreement the repayment of seventy-five percent of a $15,000,000 line of credit taken out by the Development Foundation. As of June 30, 2026 and 2025, the outstanding principal balance was $3,052,845.

As of June 30, 2026, it is management's opinion that the Foundation has no liability under these guaranty agreements as the Development Foundation is current on payments as it relates to the bond and lines of credit and the terms of the agreements are being followed.

Note 8. Board-Designated Funds

Board designated endowments have been designated totaling $14,819,862 and $12,969,064 at June 30, 2026 and 2025, respectively. The board designated endowments are established from time to time in an effort to manage the use of funds received without donor restrictions. The board designated endowments may be created to fund an established program or project of one of the Colleges or Departments. Additionally, board designated endowments may be established to provide funding for new and/or changing initiatives.

Note 9. Net Assets with Donor Restrictions

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

	2026	2025
Contributions receivable	$ 138,568,590	$ 89,939,614
Educational programs:		
Awaiting full endowment level and temporary investment earnings	210,949,874	141,251,113
Purpose restrictions	52,154,080	49,401,081
Annuity and life trust agreements	11,235,744	10,470,519
	$ 412,908,288	$ 291,062,327

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were $21,741,786 and $23,666,300 for the years ended June 30, 2026 and 2025, respectively. Net assets were released from restrictions for the following purposes:

	2026	2025
Scholarships	$ 7,852,533	$ 7,597,810
Salaries	2,964,730	3,191,779
Other program	10,924,523	12,876,711
	$ 21,741,786	$ 23,666,300

Net assets with donor restrictions held in perpetuity of $427,102,195 and $404,374,614 at June 30, 2026 and 2025, respectively, are restricted to investment in perpetuity, a portion of the income from which is expendable to support the Foundation's objectives.

Note 10. Endowments

The Foundation's endowment consists of approximately 2,900 individual funds established for various purposes. It 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:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.

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

	Without Donor Restrictions	With Donor Restrictions	2026 Totals
Donor-restricted endowment funds	$ -	$ 685,493,205	$ 685,493,205
Board-restricted endowment funds	14,819,862	-	14,819,862
Total endowment	$ 14,819,862	$ 685,493,205	$ 700,313,067

	Without Donor Restrictions	With Donor Restrictions	2025 Totals
Donor-restricted endowment funds	$ -	$ 590,265,837	$ 590,265,837
Board-restricted endowment funds	12,969,064	-	12,969,064
Total endowment	$ 12,969,064	$ 590,265,837	$ 603,234,901

Changes in endowment net assets for the years ended June 30, 2026 and 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
Ending endowment net asset balance, June 30, 2024	11,888,340	527,198,144	539,086,484
Investment return	1,348,403	60,386,976	61,735,379
Contributions	625,001	22,431,367	23,056,368
Other revenue	8,528	317,889	326,417
Appropriation of endowment assets for expenditures	(901,208)	(20,068,539)	(20,969,747)
Ending endowment net asset balance, June 30, 2025	12,969,064	590,265,837	603,234,901
Investment return	2,077,084	95,061,041	97,138,125
Contributions	675,464	21,165,948	21,841,412
Other revenue	20,319	243,528	263,847
Appropriation of endowment assets for expenditures	(922,069)	(21,243,149)	(22,165,218)
Ending endowment net asset balance, June 30, 2026	$ 14,819,862	$685,493,205	$700,313,067

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.

In accordance with GAAP, deficiencies of this nature exist in 9 donor-restricted endowment funds, which together have an original gift value of $887,083, a current fair value of $744,006, and a deficiency of $143,077 as of June 30, 2026. At June 30, 2025, deficiencies of this nature exist in 15 donor-restricted endowment funds, which together have an original gift value of $940,952, a current fair value of $730,120, and a deficiency of $210,832. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were previously approved and were critical initiatives deemed prudent by the Board of Directors.

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% payout and 1.25% 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 preceding 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.

Note 11. 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 statement of financial position date, comprise the following as of June 30:

	2026	2025
Cash and cash equivalents	$ 7,078,516	$ 7,588,693
Accounts receivable		
University of South Carolina Development Foundation	9,180,560	7,380,942
Other	646,421	290,949
Notes receivable		
University of South Carolina Upstate	124,935	187,406
Contributions receivable, net	138,568,590	89,939,614
Investments	853,477,148	739,931,274
Less:		
Investments in partnerships	(19,130,084)	(11,904,228)
Investments at NAV subject to redemption limitations	(24,679,596)	(17,320,853)
Investments not readily marketable	(9,219,173)	(9,033,827)
Net assets without donor restrictions – designated quasi-endowments	(14,819,862)	(12,969,064)
Net assets with donor restrictions	(840,010,483)	(695,436,941)
Financial assets available to meet cash needs for general expenditures within one year – excluding internal designations	101,216,972	98,653,965
Internal designations:		
Net assets without donor restrictions – designated quasi-endowments	14,819,862	12,969,064
Financial assets available to meet cash needs for general expenditures within one year – including internal designations	$ 116,036,834	$ 111,623,029

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Foundation invests its cash in excess of its daily needs in short-term investments, money market funds and a pooled investment fund.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is $14,819,862 and $12,969,064 as of June 30, 2026 and 2025, respectively, and is available if necessary.

Note 12. Related-Party Transactions

During 2026 and 2025, the Foundation had banking relationships with financial institutions in which two board members are employed where the Foundation holds an operating bank account and a line of credit.

The Foundation has entered into the following agreements with the University and its affiliated entities:

University of South Carolina

The Foundation provided direct support to the University of South Carolina for general departmental expenditures, salaries, scholarships, equipment purchases, and construction of buildings which totaled $46,727,095 and $36,709,558 for the years ended June 30, 2026 and 2025, respectively. The Foundation had accounts payable to the University in the amount of $2,033,247 and $1,776,071 at June 30, 2026 and 2025, respectively.

Collateral Assignment Split Dollar Arrangement

The Foundation participates in a collateral assignment split dollar plan for the benefit of certain key University personnel. Under this program, the Foundation advanced funds for the payment of premiums on life insurance policies owned by the participating personnel. The Foundation will receive repayment of the premium advance along with interest on the outstanding balance upon death of the insured personnel. As of June 30, 2026 and 2025, the outstanding receivable was $5,844,825 and $5,700,407, respectively.

University of South Carolina Development Foundation

The Foundation paid the Development Foundation for building occupancy costs in the amount of $210,179 and $204,057 for the years ended June 30, 2026 and 2025, respectively, and $3,013,055 and $3,642,604, respectively, for real estate related expenses on behalf of the University.

The Foundation incurred expenses totaling $496,223 and $581,902 on behalf of the Development Foundation for various operational costs, including salary support, equipment, investment advisory fees, and other costs for the years ended June 30, 2026 and 2025, respectively. Of this total, $2,095 and $103,449 is still owed by the Development Foundation at June 30, 2026 and 2025, respectively.

The Foundation recorded $9,180,560 and $7,380,942 at June 30, 2026 and 2025, respectively, for a cash advance related to potential purchases of real estate owned by the Development Foundation, recorded in accounts receivable on the statements of financial position. During the years ended June 30, 2026 and 2025, the Foundation contributed $1,799,618 and $964,179, respectively, to the Development Foundation toward prospective purchase of real property.

The provisions of the guaranties of debt of the Development Foundation are described in Note 7.

The Board of Directors for the Foundation approved funding of up to $15,000,000 to the Development Foundation for completion of the amenity space at Gateway 737, a mixed-use student housing and retail complex owned by Gadsden & Greene, LLC. For fiscal years ended June 30, 2026 and 2025, the Foundation contributed gifts in the amount of $3,014,152 and $9,851,907, respectively, to the Development Foundation in connection with this project which is included in contributions and grants on the statements of functional expenses.

University of South Carolina Alumni Association

On August 14, 2023, the Association entered into a revolving line of credit agreement with the Foundation for $1,000,000. The entire outstanding principal balance of this note and any outstanding accrued interest shall be due and payable in full in August 2028. The interest rate on the line of credit is SOFR plus 2.3% per annum. As of June 30, 2026, there was no balance due on this line of credit.

The Foundation entered into an agreement with the Association for the purpose of receiving, managing and administering certain private philanthropy for the benefit of the University and to provide accounting services for the Association. Amounts received from the Association for payment of these services totaled $95,000 and $80,000 for the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, the Foundation has a receivable of $- and $17,372, respectively, from the Association.

The provisions of the Association Note Payable are described in Note 6.

At June 30, 2026 and 2025, the Foundation held accrued interest for the Association of $231,365 and $180,927, respectively.

Funds Held for the Educational Foundation of the University of South Carolina - Lancaster

At June 30, 2026 and 2025, the Foundation held cash, investments, and receivables for the Educational Foundation of the University of South Carolina – Lancaster of $16,525,184 and $14,407,099, respectively. These amounts are available to the Educational Foundation of the University of South Carolina - Lancaster on demand and may be drawn at any time without restriction.

Note 13. Subsequent Events

Subsequent events have been evaluated through August 31, 2026, which is the date the financial statements were available to be issued.