

Trident Technical College Foundation, Inc.

Report on Financial Statements

For the Years Ended June 30, 2023 and 2022

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Trident Technical College Foundation, Inc.
Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6-24

Independent Auditor's Report

To the Board of Trustees
Trident Technical College Foundation, Inc.
Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of Trident Technical College Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in 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. 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 of the 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.



Charleston, South Carolina
September 13, 2023

Trident Technical College Foundation, Inc.**Statements of Financial Position****As of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 159,517	\$ 743,346
Contributions receivable, net	3,515,966	3,775,257
Prepaid expenses	37,129	33,090
Investments	14,250,854	11,898,314
Total assets	<u>\$ 17,963,466</u>	<u>\$ 16,450,007</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 158,317	\$ 134,334
Deferred revenue	-	155,350
Total liabilities	<u>158,317</u>	<u>289,684</u>
Net assets		
Without donor restrictions	4,417,112	3,362,945
With donor restrictions	13,388,037	12,797,378
Total net assets	<u>17,805,149</u>	<u>16,160,323</u>
Total liabilities and net assets	<u>\$ 17,963,466</u>	<u>\$ 16,450,007</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.
Statements of Activities
For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Contributions, net	\$ 194,781	\$ 736,174	\$ 930,955	\$ 137,431	\$ 1,011,486	\$ 1,148,917
Grants	-	243,500	243,500	-	60,000	60,000
Interest and dividends, net	495,772	211,449	707,221	234,298	126,703	361,001
Net unrealized and realized gains (losses) on investments	235,704	144,840	380,544	(1,075,377)	(736,994)	(1,812,371)
Special events, net	588,753	-	588,753	130,238	-	130,238
Subtotal	1,515,010	1,335,963	2,850,973	(573,410)	461,195	(112,215)
Net assets released from restrictions:						
Transfers of funds	(150,774)	150,774	-	(60,798)	60,798	-
Program/time restrictions satisfied	896,078	(896,078)	-	1,296,231	(1,296,231)	-
Total revenue, gains and other support	2,260,314	590,659	2,850,973	662,023	(774,238)	(112,215)
Expenses						
Program	923,347	-	923,347	1,539,115	-	1,539,115
Management and general	252,505	-	252,505	330,439	-	330,439
Fundraising	30,295	-	30,295	26,926	-	26,926
Total expenses	1,206,147	-	1,206,147	1,896,480	-	1,896,480
Change in net assets	1,054,167	590,659	1,644,826	(1,234,457)	(774,238)	(2,008,695)
Net assets, beginning of year	3,362,945	12,797,378	16,160,323	4,597,402	13,571,616	18,169,018
Net assets, end of year	<u>\$ 4,417,112</u>	<u>\$ 13,388,037</u>	<u>\$ 17,805,149</u>	<u>\$ 3,362,945</u>	<u>\$ 12,797,378</u>	<u>\$ 16,160,323</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.**Statements of Cash Flows****For the years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 1,644,826	\$ (2,008,695)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Net unrealized and realized (gains) losses on investments	(380,544)	1,812,371
Reinvestment of interest and dividends, net	(707,221)	(361,001)
Change in discount - contributions receivable	(121,048)	(128,124)
Change in allowance - contributions receivable	(57,500)	47,500
Cash contributions and transfers of permanently restricted funds for endowments	(86,602)	(173,742)
Changes in accrued and deferred amounts:		
Contributions receivable	437,839	454,515
Prepaid expenses	(4,039)	(5,442)
Accounts payable and accrued expenses	23,983	32,586
Deferred revenue	(155,350)	152,350
Net cash provided by (used for) operating activities	<u>594,344</u>	<u>(177,682)</u>
Investing activities		
Proceeds from sale of investments	3,064,740	3,408,675
Purchases of investments	(4,329,515)	(3,408,442)
Net cash (used for) provided by investing activities	<u>(1,264,775)</u>	<u>233</u>
Financing activities		
Cash contributions and transfers of permanently restricted funds for endowments	<u>86,602</u>	<u>173,742</u>
Net cash provided by financing activities	<u>86,602</u>	<u>173,742</u>
Net decrease in cash and cash equivalents	(583,829)	(3,707)
Cash and cash equivalents, beginning of year	<u>743,346</u>	<u>747,053</u>
Cash and cash equivalents, end of year	<u>\$ 159,517</u>	<u>\$ 743,346</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies

Nature of business:

Trident Technical College Foundation, Inc. (the "Foundation"), a component unit of Trident Technical College (the "College"), was incorporated in July 1975 under the laws of South Carolina as an educational and charitable foundation. The mission of the Foundation is to advocate and raise funds for the College in support of the region's economy.

The Foundation is supported principally through contributions from individuals and corporations, grants, and earnings on investments.

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Net assets:

The Foundation's net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Programs and services:

Student Scholarships - The Foundation made 458 and 415 scholarship awards totaling \$412,751 and \$391,043 in the years ended June 30, 2023 and 2022, respectively. Scholarships help offset the cost of tuition, fees, books, childcare and transportation for eligible students. The scholarship funds, supported by individuals, businesses, and other foundations, are competitive and based on criteria established by the donors and the Foundation. As of June 30, 2023, the Foundation administered a total of 145 scholarship funds, 40 of which are permanently restricted. As of June 30, 2022, the Foundation administered a total of 155 scholarship funds, 39 of which are permanently restricted.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies, Continued

Programs and services, continued:

Tuition Assistance/Credit Course Reimbursement Program - The Foundation provides financial support, up to an annually budgeted amount, for full-time permanent employees of the college to take credit or continuing education courses at the College or other accredited institutions of higher education. All programs are based on availability of funds. For the fiscal years ended June 30, 2023 and 2022, \$6,869 and \$85,180 were awarded as part of these professional development programs, respectively. The Foundation will pay for tuition and required books for one course per semester for any College course for which an employee is qualified and up to \$500 per fiscal year for any College Continuing Education Course for which an employee is qualified. Credit Course Assistance will reimburse full-time permanent employees \$200 per course (based on successful completion and grade of A or B) at an outside institution for tuition, books and fees. An employee may receive up to \$1,000 during a single fiscal year for reimbursement of a maximum of five courses. All programs require supervisor and Vice President approval.

Mini-Grants - The mini-grant program provides funds to faculty and staff for equipment, materials and special resources to enhance student success. Priority is given to requests that directly impact student learning. The program is designed to enhance the learning experience of College students while bridging the gap between instructional needs and departmental budget constraints. The Foundation Board determines the annual allocation for mini-grant awards. Individual awards cannot exceed \$1,600 and are awarded based on a competitive application process. Sources of financial support for the mini-grant program include the Foundation's annual campaign, trustee campaign, employee campaign and investment returns. For the fiscal years ended June 30, 2023 and 2022, there were no mini-grants awarded.

Student Urgent Needs Fund - The Student Urgent Needs fund was created to assist students in good standing who experience an unforeseen financial emergency which would otherwise prevent them from continuing to attend the College. The requests must be urgent in nature. In order to qualify for emergency grant funding, a student must meet all eligibility requirements and receive approval from the selection committee. The maximum grant amount per student is \$500 per semester and shall not typically be awarded to the same student in consecutive semesters. There is a lifetime maximum of \$1,000 per student. The maximum amount may be exceeded at the discretion of the selection committee. For the fiscal years ended June 30, 2023 and 2022, \$15,433 and \$3,150 was awarded in student emergency fund assistance from the Foundation, respectively.

Awards and Prizes - The Foundation provides a variety of awards and prizes designed to celebrate outstanding achievements, innovation, and leadership among College students, faculty, and staff. For the fiscal years ended June 30, 2023 and 2022, \$7,100 and \$7,650 in awards and prizes were provided from the Foundation, respectively.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 1. Summary of Significant Accounting Policies, Continued**Revenue recognition:**

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration the Foundation expects to receive in exchange for those products or services. Contracts are analyzed with the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) each performance obligation is satisfied.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. Revenue is allocated to each performance obligation as the related performance obligation is satisfied, if applicable, as noted below.

Contributions/Grants - Contributions and grants that are with or without donor restrictions are earned and recognized when the donation is received or unconditionally pledged, as long as there is no performance requirement attached to the contribution or grant. In the instance where there is a performance obligation attached to the contribution or grant, the portion that is attached to a performance requirement is recorded as deferred revenue until it is earned when the performance requirement is met, while the portion that is considered to be a contribution or grant is recorded as revenue when received or unconditionally pledged.

Contributions and grants received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a 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.

Special events revenue - Special events revenue is recorded and recognized on the day of the event at a point in time. Any payment received before the event (tickets and sponsorship) is recorded as advanced deposits and released at the time of the event.

There was no deferred revenue as of June 30, 2023. Deferred revenue, which consisted of deposits for future special events, was \$155,350 as of June 30, 2022.

Cash and cash equivalents:

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, except cash temporarily held in its long-term investment portfolio, which is excluded.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies, Continued

Availability of funds for general expenditures:

The Foundation has certain net assets that are available for general expenditures within one year of June 30, 2023 and 2022 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the assets available to meet general expenditures within one year (See Note 2).

Contributions receivable:

Contributions receivable are recognized as revenues in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions receivable are recognized only when the conditions on which they depend are substantially met and the receivables become unconditional.

The Foundation uses the allowance method to account for uncollectible contributions receivable. The allowance is based on management's estimate of the collectability of the receivables and historical experience. The allowance as of June 30, 2023 and 2022 is \$5,000 and \$62,500, respectively.

Contributions receivable are recorded at the net present value of their estimated future cash flows (i.e., net of a present value discount, using a discount rate of 3.25 percent).

Investments:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are carried at fair market value. Unrealized gains and losses are included in the change in net assets in the Statements of Activities.

Investment pools:

The Foundation maintains master investment accounts for its individual accounts. Realized and unrealized gains and losses and income from securities in the master investment accounts are allocated periodically to the individual accounts based on the relationship of the market value of each individual account to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts. Allocated investment income and gains/losses with restrictions based on original donation are reported as increases/decreases in net assets with donor restrictions in the Statements of Activities.

Property and equipment:

Property and equipment purchased by the Foundation for use by the College is donated to the College for insurance and control purposes. These items are recorded as expenditures at the time of purchase. The Foundation had no property and equipment as of June 30, 2023 or 2022.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies, Continued

Contributed nonfinancial assets:

Contributed nonfinancial assets are recognized as revenue with or without donor restrictions. Nonfinancial assets can include fixed assets (such as land, buildings, an equipment), use of fixed assets or utilities, materials and supplies, intangible assets, and services. The Foundation measures and reports contributions of nonfinancial assets at the estimated fair value in the financial statements. Accordingly, no contributions of nonfinancial assets were recorded for the years ended June 30, 2023 or 2022.

Donated services:

Donated services are recognized as contributions at their estimated fair value in accordance with GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation benefits from the work of many volunteers, but their services did not meet the required criteria to be recorded. Accordingly, no donated services were recorded for the years ended June 30, 2023 or 2022.

Endowment funds:

During the year ended June 30, 2009, South Carolina adopted the State Prudent Management of Institutional Funds Act ("SPMIFA"). The Board of Trustees of the Foundation has interpreted SPMIFA 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 donor restrictions subject to perpetual restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment 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 classified in net assets with donor restrictions subject to perpetual restrictions is classified as net assets with donor restrictions subject to passage of time and specific purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 1. Summary of Significant Accounting Policies, Continued*Endowment funds, continued:*

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize returns within reasonable and prudent levels of risk while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index or similar established broad market measures of return on investments. Overall, the Foundation expects the annual average rate of return to meet or exceed the spending policy of 4 percent.

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) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and bond funds 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% of its endowment fund's rolling average fair value over the five years 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 five to eight percent annually. This is consistent with the Foundation's objective to seek long-term growth of capital to maintain the purchasing power of the investment assets in perpetuity and to meet the needs of the Foundation's distribution policy.

Use of estimates:

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

Material estimates that are particularly susceptible to significant change relate to the determinations of the allowance for uncollectible pledges and fair value of investments. It is at least reasonably possible that a change in these estimates will occur in the near term.

Transfers and releases of net assets:

Transfers or releases are made between net assets with donor restrictions and without donor restrictions when a donor requests that his past donations be redirected for specific purposes, when restrictions expire, or when cash is received for contributions receivable. Any transfers or releases are reported on the Statements of Activities when they occur.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies, Continued

Income taxes:

The Foundation is exempt from federal income tax under Section 501(c)(3) of the IRC. However, any income from activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a). Tax exempt status arises from the fact that the Foundation's sole reason for existence is as a support organization for the College.

GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. GAAP also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, and disclosure.

Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for the years ended June 30, 2023 or 2022. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest income and to report penalties as other expense. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for fiscal years ended before June 30, 2020.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and in Note 12. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Foundation include:

Program expenses - Program expenses include support for the College.

Management and general expenses - Management and general expenses include the general, administrative, and operating costs of the Foundation.

Fundraising expenses - These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 1. Summary of Significant Accounting Policies, ContinuedExpense allocation, continued:

<u>Expense Type</u>	<u>Method of Allocation</u>
Administrative services and facilities reimbursements	Time and effort
Other expenses	Direct costs to general/administrative and fundraising

Recently adopted and issued accounting pronouncements:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which was effective for fiscal years beginning December 15, 2021. The ASU established a dual approach for classifying leases as either financing or operating leases and required recognition of an asset and liability on the Statements of Financial Position for both types of leases. ASC 842, *Leases*, established a right-of-use ("ROU") model that required a lessor to record a lease receivable or net investment in all sales-type or direct financing leases. The Foundation adopted this standard effective July 1, 2022, which did not have a material impact on its financial statements.

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

Subsequent events:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 13, 2023, the date the financial statements were available to be issued.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 2. Availability and Liquidity

Assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statements of Financial Position date of June 30, 2023 and 2022, are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Assets at year-end	\$ 17,963,466	\$ 16,450,007
Less amounts not available to be used within one year due to liquidity:		
Contributions receivable, net – due after one year	(2,823,982)	(3,275,306)
Prepaid assets	<u>(37,129)</u>	<u>(33,090)</u>
	<u>(2,861,111)</u>	<u>(3,308,396)</u>
Less amounts not available to be used within one year due to:		
Donor designations:		
Endowed funds, net of spendable amounts and administrative fees	<u>(5,290,549)</u>	<u>(4,823,608)</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 9,811,806</u>	<u>\$ 8,318,003</u>

As part of its liquidity plan, the Foundation has a policy to structure its assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

Note 3. Contributions Receivable, Net

The Foundation has recognized contributions receivable to be collected as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 693,323	\$ 562,451
Receivable in one to five years	2,108,046	2,293,752
Receivable in more than five years	<u>1,195,328</u>	<u>1,578,333</u>
	3,996,697	4,434,535
Less: allowance	(5,000)	(62,500)
Less: discount to net present value	<u>(475,731)</u>	<u>(596,779)</u>
Net contributions receivable	<u>\$ 3,515,966</u>	<u>\$ 3,775,257</u>

The discount to net present value was calculated using the interest rate of 3.25% as of June 30, 2023 and 2022. There were no bad debts recorded for the years ended June 30, 2023 or 2022.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 4. Investments

Investments are comprised of the following at June 30, 2023:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 829,059	\$ 829,059
Fixed income		
Government obligations	1,865,229	1,836,100
Corporate obligations	485,349	446,194
Domestic mutual funds	189,596	188,752
International mutual funds	536,337	421,443
Equities		
Domestic mutual funds	2,139,106	2,129,911
International mutual funds	991,765	910,484
Other individual equities	3,491,948	5,035,342
Alternative investment funds	702,588	509,075
Real estate asset funds/REITs	2,151,296	1,944,494
Total investments	<u>\$ 13,382,273</u>	<u>\$ 14,250,854</u>

Investments are comprised of the following at June 30, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 199,998	\$ 199,998
Fixed income		
Government obligations	377,278	352,800
Corporate obligations	416,677	375,219
Domestic mutual funds	553,331	530,018
International mutual funds	715,939	553,374
Equities		
Domestic mutual funds	2,888,361	2,787,185
International mutual funds	372,515	240,604
Other individual equities	3,564,990	4,564,925
Alternative investment funds	669,070	648,622
Real estate asset funds/REITs	1,491,462	1,645,569
Total investments	<u>\$ 11,249,621</u>	<u>\$ 11,898,314</u>

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 4. Investments, Continued

Investment gains are comprised of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 758,585	\$ 413,414
Investment fees	<u>(51,364)</u>	<u>(52,413)</u>
Interest and dividends, net	<u>707,221</u>	<u>361,001</u>
Realized gains, net	175,680	259,678
Unrealized gains (losses), net	<u>204,864</u>	<u>(2,072,049)</u>
Net unrealized and realized gains (losses)	<u>380,544</u>	<u>(1,812,371)</u>
Net investment gain (loss)	<u>\$ 1,087,765</u>	<u>\$ (1,451,370)</u>

The Foundation believes, based on industry analyst reports and credit ratings, that the deterioration in value is attributable to changes in market rates and is not in the credit quality of the issuer and, therefore, these losses are not considered other-than-temporary.

Note 5. Fair Value of Financial Instruments

The Foundation adopted *Fair Value Measurements* which provides a framework for measuring and disclosing fair value under GAAP. *Fair Value Measurements* requires disclosures about the fair value of assets and liabilities recognized in the Statements of Financial Position in periods subsequent to initial recognition, whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, impaired loans).

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 5. Fair Value of Financial Instruments, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 or 2022.

Money market funds - Valued at current market value.

Individual equities, equity and fixed income mutual funds, REITs (level 1) - Valued at year end closing prices readily available in the active markets in which those securities are traded.

Real estate asset funds (level 3) - Valued at the NAV of units held by the Foundation at year end using the fair value of the fund provided by the external investment manager, which has been estimated using factors such as the financial condition of each investee, economic and market conditions affecting their operations, recent arm's-length transactions involving securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio.

Fixed income (level 2) - (Includes government bonds and securities, as well as corporate bonds) Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at June 30:

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 829,059	\$ -	\$ -	\$ 829,059
Fixed income				
Government obligations	-	1,836,100	-	1,836,100
Corporate obligations	-	446,194	-	446,194
Domestic mutual funds	188,752	-	-	188,752
International mutual funds	421,443	-	-	421,443
	<u>610,195</u>	<u>2,282,294</u>	<u>-</u>	<u>2,892,489</u>
Equities				
Domestic mutual funds	2,129,911	-	-	2,129,911
International mutual funds	910,484	-	-	910,484
Other individual equities	5,035,342	-	-	5,035,342
	<u>8,075,737</u>	<u>-</u>	<u>-</u>	<u>8,075,737</u>
Real estate assets funds/REITs	<u>1,198,867</u>	<u>-</u>	<u>745,627</u>	<u>1,944,494</u>
Total assets in the fair value hierarchy	<u>\$ 10,713,858</u>	<u>\$ 2,282,294</u>	<u>\$ 745,627</u>	<u>13,741,779</u>
Investments measured at NAV (a) and (b)				<u>509,075</u>
Total assets at fair value				<u>\$ 14,250,854</u>

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 5. Fair Value of Financial Instruments, Continued

	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 199,998	\$ -	\$ -	\$ 199,998
Fixed income				
Government obligations	-	352,800	-	352,800
Corporate obligations	-	375,219	-	375,219
Domestic mutual funds	530,018	-	-	530,018
International mutual funds	553,374	-	-	553,374
	<u>1,083,392</u>	<u>728,019</u>	<u>-</u>	<u>1,811,411</u>
Equities				
Domestic mutual funds	2,787,185	-	-	2,787,185
International mutual funds	240,604	-	-	240,604
Other individual equities	4,564,925	-	-	4,564,925
	<u>7,592,714</u>	<u>-</u>	<u>-</u>	<u>7,592,714</u>
Real estate assets funds/REITs	838,642	-	806,927	1,645,569
Total assets in the fair value hierarchy	<u>\$ 9,714,746</u>	<u>\$ 728,019</u>	<u>\$ 806,927</u>	<u>11,249,692</u>
Investments measured at NAV (a) and (b)				<u>648,622</u>
Total assets at fair value				<u>\$ 11,898,314</u>

The activity for Level 3 financial instruments for the years ended June 30 is as follows:

	<u>Real Estate Asset Funds</u>
Fair value as of June 30, 2021	\$ 649,805
Purchases	395,000
Proceeds	(394,408)
Net realized/unrealized gains	<u>159,530</u>
Fair value as of June 30, 2022	806,927
Net realized/unrealized losses	<u>61,300</u>
Fair value as of June 30, 2023	<u>\$ 745,627</u>

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 6. Net Asset Value Per Share

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below as of June 30, 2023 and 2022.

<u>Investment</u>	<u>June 30, 2023</u>			
	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Corbin Multi Strategy Fund LLC (a)	\$ 38,954	\$ -	Fund in liquidation status and no redemptions permitted	
NB Crossroads Private Markets Fund V Advisory LP (b)	205,281	52,500	No redemptions permitted	
NB Crossroads Private Markets Fund VI Advisory LP (b)	<u>264,840</u>	<u>72,000</u>	No redemptions permitted	
	<u>\$ 509,075</u>	<u>\$ 124,500</u>		

<u>Investment</u>	<u>June 30, 2022</u>			
	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Corbin Multi Strategy Fund LLC (a)	\$ 212,019	\$ -	Fund in liquidation status and no redemptions permitted	
NB Crossroads Private Markets Fund V Advisory LP (b)	212,676	52,500	No redemptions permitted	
NB Crossroads Private Markets Fund VI Advisory LP (b)	<u>223,927</u>	<u>108,000</u>	No redemptions permitted	
	<u>\$ 648,622</u>	<u>\$ 160,500</u>		

- a. Corbin Multi Strategy Fund LLC consists of investments in a diversified portfolio of securities and other financial instruments. The fund's investment objective includes allocating its capital among various hedge funds that consists of mostly investment funds and some direct investments. Effective April 1, 2022, the plans for liquidation of the fund were approved by the fund's Board.
- b. NB Crossroads Private Markets Fund V and VI Advisory LP consists of direct investments in the equity of private companies and/or debt securities of operating companies and other credit instruments, private equity funds, newly formed portfolio funds, publicly listed private equity investments, and investments in business development companies.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 7. Concentration of Credit Risk

The Foundation maintains its cash accounts at a local financial institution. Cash accounts are guaranteed in aggregate by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. From time to time, cash balances may exceed FDIC insured limits.

The Foundation maintains its investments at one brokerage firm. Accounts maintained at the brokerage firm are insured up to \$500,000 for securities, including a limit of \$250,000 on claims for cash, under the Securities Investor Protection Corporation ("SIPC"). At June 30, 2023 and 2022, the Foundation did not have additional coverage on amounts above the limits.

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

The Foundation is also subject to concentration of credit risk related to its contributions since most donors are in the coastal South Carolina area. This risk is limited due to the large number of contributors comprising the Foundation's contributor base.

Note 8. Endowments

The Foundation's endowment consists of approximately 50 individual funds established for academic scholarships, grants, and other academic purposes as stipulated by donors. Net assets with donor restrictions subject to perpetual restrictions consist of the portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by SPMIFA.

The Foundation includes as net assets with donor restrictions subject to perpetual restrictions (a) the original value of the cash gifts donated to the permanent endowment, (b) the original value of the subsequent cash gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The net assets subject to passage of time and specific purposes portion of perpetual endowment funds have purpose restrictions for the academic scholarships, grants, and other academic purposes as stipulated by donors. There are no funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

A donor-restricted endowment fund is considered to be underwater if the fair value of the fund is less than either the original gift amount required to be maintained by the donor or by law. At times, the Foundation may have individual donor-restricted endowment funds that are underwater. The Foundation has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. There were no funds considered to be underwater at June 30, 2023 or 2022.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 8. Endowments, Continued

The following depicts the net asset composition of the institutional endowment funds by type of fund as of the years ended June 30:

	<u>2023</u>	<u>2022</u>
Donor restricted endowment funds:		
Temporary position	\$ 2,351,891	\$ 2,097,556
Perpetual position	<u>3,122,399</u>	<u>2,895,414</u>
Total donor restricted endowment funds	<u>\$ 5,474,290</u>	<u>\$ 4,992,970</u>

The following depicts the changes in endowments for the years ended June 30:

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 4,992,970	\$ 4,992,970
Investment returns:			
Investment income, net	-	211,449	211,449
Realized/unrealized gains	<u>-</u>	<u>130,324</u>	<u>130,324</u>
Total investment returns	<u>-</u>	<u>341,773</u>	<u>341,773</u>
Contributions, net cash basis	-	94,221	94,221
Transfers	-	183,288	183,288
Release of restrictions	137,332	(137,332)	-
Board approved withdrawals, net	<u>(137,332)</u>	<u>-</u>	<u>(137,332)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,474,920</u>	<u>\$ 5,474,920</u>

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,557,112	\$ 5,557,112
Investment returns:			
Investment income, net	-	126,703	126,703
Realized/unrealized losses	<u>-</u>	<u>(736,994)</u>	<u>(736,994)</u>
Total investment returns (losses)	<u>-</u>	<u>(610,291)</u>	<u>(610,291)</u>
Contributions, net cash basis	-	169,119	169,119
Transfers	-	21,011	21,011
Release of restrictions	143,981	(143,981)	-
Board approved withdrawals, net	<u>(143,981)</u>	<u>-</u>	<u>(143,981)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,992,970</u>	<u>\$ 4,992,970</u>

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 8. Endowments, Continued

In addition to the endowed funds above, the Foundation invests additional funds with or without donor restrictions. A reconciliation of the endowment to total investments per the Statements of Financial Position is as follows at June 30:

	<u>2023</u>	<u>2022</u>
Investments held outside the endowment for funds with or without donor restrictions	\$ 8,776,564	\$ 6,905,344
Investments held for the endowment	<u>5,474,290</u>	<u>4,992,970</u>
	<u>\$ 14,250,854</u>	<u>\$ 11,898,314</u>

Note 9. Net Assets with Donor Restrictions

The Foundation has net assets with donor restrictions comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specific purpose: Scholarships and grants	\$ 6,739,672	\$ 6,057,007
Subject to passage of time: For years after June 30	313,324	430,098
Subject to passage of time and specific purposes: Scholarships and grants for years after June 30	249,055	361,253
Aeronautical training center fund for years after June 30	2,963,587	3,046,406
Subject to perpetual restrictions: Scholarships and grants	<u>3,122,399</u>	<u>2,902,614</u>
Total net assets with donor restrictions	<u>\$ 13,388,037</u>	<u>\$ 12,797,378</u>

Note 10. Related Parties

The Foundation received \$307,496 and \$151,340 in contributions and pledge payments from members of its Board of Trustees for years ended June 30, 2023 and 2022, respectively. The outstanding balance of contributions receivable from its Board members at June 30, 2023 and 2022 was \$33,000 and \$419,858, respectively.

At June 30, 2023 and 2022, the Foundation owed the College \$137,832 and \$114,833, respectively, as reimbursement for expenses paid by the College. These amounts are included in accounts payable and accrued expenses in the Statements of Financial Position.

Some Board of Trustees' members provide supplies and services to the Culinary Institute of Charleston, the accredited culinary arts program of the College, at or below market rates.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 11. Cooperative Agreement

In April 2017, the Foundation entered into a revised cooperative agreement with the College signed by the Chairman of the College's governing board and the Chairman of the Foundation's board. This agreement can be terminated by either party with a six month written notice. The agreement is intended to preserve the status of the Foundation as an independent contractor and does not create any agency relationship between the Foundation and the College.

The Foundation has agreed to reimburse the College for office space, personnel, and other related expenses, with annual adjustments. Reimbursements were \$88,232 and \$80,262 in the years ended June 30, 2023 and 2022, respectively. The Foundation also provides a stipend to supplement the salary of the President of the College. In fiscal years ended June 30, 2023 and 2022, stipends totaled \$122,694 in each year.

Note 12. Expense Allocation

General and administrative expenses include those expenses that are not identifiable with any other specific function but provide for the overall support and direction of the Foundation. Grants to the College are for scholarships, enrichment activities, equipment, and other academic programs.

	For the Year Ended June 30, 2023			
	Programs	General and Administrative	Fundraising	Total
Scholarships and grants	\$ 573,688	\$ -	\$ -	\$ 573,688
Other program expenses	206,072	-	-	206,072
Stipend	122,694	-	-	122,694
Professional services	-	106,000	-	106,000
Administrative services and facilities reimbursements	20,893	38,588	28,751	88,232
Meals and meeting	-	41,461	-	41,461
Other expenses	-	36,785	1,544	38,329
Bank charges	-	14,837	-	14,837
Lobbying	-	11,501	-	11,501
Director/officer liability insurance	-	7,078	-	7,078
President's meeting	-	1,255	-	1,255
Total	<u>\$ 923,347</u>	<u>\$ 257,505</u>	<u>\$ 30,295</u>	<u>\$ 1,211,147</u>

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2023 and 2022**

Note 12. Expense Allocation, Continued

	For the Year Ended June 30, 2022			
	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Other program expenses	\$ 929,597	\$ -	\$ -	\$ 929,597
Scholarships and grants	467,842	-	-	467,842
Other expenses	-	130,358	1,606	131,964
Stipend	122,694	-	-	122,694
Professional services	-	100,069	-	100,069
Administrative services and facilities reimbursements	18,982	35,960	25,320	80,262
Meals and meeting	-	39,331	-	39,331
Lobbying	-	12,001	-	12,001
Director/officer liability insurance	-	6,951	-	6,951
Bank charges	-	5,631	-	5,631
President's meeting	-	138	-	138
Total	<u>\$ 1,539,115</u>	<u>\$ 330,439</u>	<u>\$ 26,926</u>	<u>\$ 1,896,480</u>

Trident Technical College Foundation

Report to the Finance/Audit Committee of the Board of Directors

For the year ended June 30, 2023

Lindsay M. Ball, CPA
Managing Director
843.577.7040
lindsay.ball@elliottdavis.com



September 13, 2023

Finance/Audit Committee of the Board of Directors
Trident Technical College Foundation
Charleston, South Carolina

Attention: Members of the Finance/Audit Committee

We are pleased to present this report related to our audit of the financial statements of Trident Technical College Foundation (the "Foundation") as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Foundation's financial reporting process.

This report is intended solely for the information and use of the Finance/Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Foundation.

Elliott Davis, LLC

Table of Contents

Required Communications	1
Significant Accounting Estimates	4
Exhibits	
Exhibit A — Significant Written Communications Between Management and Our Firm	5
• Representation Letter	

Required Communications

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated July 17, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated July 17, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation. In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which was effective for fiscal years beginning December 15, 2021. The ASU established a dual approach for classifying leases as either financing or operating leases and required recognition of an asset and liability on the Statements of Financial Position for both types of leases. ASC 842, *Leases*, established a right-of-use ("ROU") model that required a lessor to record a lease receivable or net investment in all sales-type or direct financing leases. The Foundation adopted this standard effective July 1, 2022, which did not have a material impact on its financial statements.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Required Communications, continued

Audit Adjustments and Uncorrected Misstatements

There were no material Audit adjustments proposed by us and recorded by the Foundation.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities: AICPA Independence

The AICPA regularly emphasizes that auditor independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA independence rules. For Elliott Davis to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and Elliott Davis each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. Elliott Davis is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Foundation's Responsibilities

- Timely inform Elliott Davis, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or person in financial reporting oversight roles.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Foundation and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with Elliott Davis.
- Not entering into relationships resulting in Elliott Davis, Elliott Davis covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Foundation.

Required Communications, continued

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Foundation, including the representation letter provided to us by management, are attached as **Exhibit A**.

Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Foundation's June 30, 2023 financial statements.

Significant Accounting Estimates

Valuation of investments

Accounting policy and management's estimation process

The Foundation accounts for real estate asset funds and alternative investment funds using the fair value method. The external investment managers estimate the fair value of the investment funds on the basis of the net asset value ("NAV") per share of the investment (or its equivalent), as a practical expedient, wherever the underlying investment manager's calculation of NAV is fair value based.

Allowance for doubtful accounts for uncollectible pledges

Accounting policy and management's estimation process

The Foundation uses the allowance method to account for uncollectible promises to give. The allowance is based on management's estimate of the collectability of the promises and historical experience.

Unconditional promises to give receivable are discounted to the net present value based on when they are expected to be collected and the current prevailing interest rate.

EXHIBIT A

**Significant Written Communications
Between Management and Our Firm**