

Trident Technical College Foundation, Inc.

Report on Financial Statements

For the Years Ended June 30, 2021 and 2020

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Trident Technical College Foundation, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2021 and 2020, the related statements of activities, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trident Technical College Foundation, Inc. as of June 30, 2021 and 2020, 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.

Elliott Davis, LLC

Charleston, South Carolina
September 21, 2021

Trident Technical College Foundation, Inc.

Statements of Financial Position

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 747,053	\$ 355,409
Unconditional promises to give, net	4,149,148	4,160,887
Prepaid expenses	27,648	28,291
Investments	13,349,917	9,942,924
Total assets	<u>\$ 18,273,766</u>	<u>\$ 14,487,511</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 104,748	\$ 41,688
Total liabilities	<u>104,748</u>	<u>41,688</u>
Net assets		
Without donor restrictions	4,597,402	3,215,930
With donor restrictions	13,571,616	11,229,893
Total net assets	<u>18,169,018</u>	<u>14,445,823</u>
Total liabilities and net assets	<u>\$ 18,273,766</u>	<u>\$ 14,487,511</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.

Statements of Activities

For the years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Contributions, net	\$ 141,507	\$ 2,307,844	\$ 2,449,351	\$ 99,284	\$ 674,433	\$ 773,717
Grants	-	47,000	47,000	-	114,500	114,500
Interest and dividends, net	188,062	52,952	241,014	198,874	70,085	268,959
Net unrealized and realized gains (losses) on investments	1,334,016	1,052,011	2,386,027	18,199	(10,892)	7,307
Special events, net of \$133,000 for direct benefits to donors in 2020	174,399	-	174,399	392,931	-	392,931
Subtotal	1,837,984	3,459,807	5,297,791	709,288	848,126	1,557,414
Net assets released from restrictions:						
Transfers of funds	(152,464)	152,464	-	(263,533)	263,533	-
Program/time restrictions satisfied	1,270,548	(1,270,548)	-	1,118,852	(1,118,852)	-
Total revenue, gains and other support	2,956,068	2,341,723	5,297,791	1,564,607	(7,193)	1,557,414
Expenses						
Program	1,333,276	-	1,333,276	1,112,533	-	1,112,533
Management and general	214,383	-	214,383	229,063	-	229,063
Fundraising	26,937	-	26,937	28,345	-	28,345
Total expenses	1,574,596	-	1,574,596	1,369,941	-	1,369,941
Change in net assets	1,381,472	2,341,723	3,723,195	194,666	(7,193)	187,473
Net assets, beginning of year	3,215,930	11,229,893	14,445,823	3,021,264	11,237,086	14,258,350
Net assets, end of year	<u>\$ 4,597,402</u>	<u>\$ 13,571,616</u>	<u>\$ 18,169,018</u>	<u>\$ 3,215,930</u>	<u>\$ 11,229,893</u>	<u>\$ 14,445,823</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.

Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 3,723,195	\$ 187,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(2,386,027)	(7,307)
Reinvestment of interest and dividends, net	(241,014)	(268,959)
Change in discount - unconditional promises to give	(131,247)	(115,803)
Change in allowance - unconditional promises to give	(458,333)	473,333
Cash contributions permanently restricted for endowments	(52,729)	(18,814)
Changes in accrued and deferred amounts:		
Unconditional promises to give	601,319	293,769
Prepaid expenses	643	(749)
Accounts payable and accrued expenses	63,060	16,735
Net cash provided by operating activities	<u>1,118,867</u>	<u>559,678</u>
Investing activities		
Proceeds from sale of investments	420,000	23,968
Purchases of investments	<u>(1,199,952)</u>	<u>(523,117)</u>
Net cash used for investing activities	<u>(779,952)</u>	<u>(499,149)</u>
Financing activities		
Cash contributions permanently restricted for endowments	<u>52,729</u>	<u>18,814</u>
Net cash provided by financing activities	<u>52,729</u>	<u>18,814</u>
Net increase in cash and cash equivalents	391,644	79,343
Cash and cash equivalents, beginning of year	355,409	276,066
Cash and cash equivalents, end of year	<u>\$ 747,053</u>	<u>\$ 355,409</u>

See Notes to Financial Statements

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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 434 and 342 scholarship awards totaling \$427,798 and \$339,473 in the years ended June 30, 2021 and 2020, 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, 2021, the Foundation administered a total of 135 scholarship funds, 37 of which are permanently restricted. As of June 30, 2020, the Foundation administered a total of 152 scholarship funds, 38 of which are permanently restricted.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, \$109,179 and \$140,223 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 year ended June 30, 2021, there were no mini-grants awarded. For the year ended June 30, 2020, a total of \$122,640 was awarded in mini-grant support from the Foundation.

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 a majority vote of approval from the selection committee, which is made up of College staff and Foundation representatives. 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. For the fiscal years ended June 30, 2021 and 2020, \$19,839 and \$9,662 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, 2021 and 2020, \$4,100 and \$2,364 in awards and prizes were provided from the Foundation, respectively.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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. Any payment received before the event (tickets and sponsorship) is recorded as advanced deposits and released at the time of the event.

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.

Availability of funds for general expenditures:

The Foundation has certain net assets that are available for general expenditures within one year of June 30, 2021 and 2020 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).

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Unconditional promises to give receivable:

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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. The allowance as of June 30, 2021 and 2020 is \$15,000 and \$473,333, respectively.

Unconditional promises to give 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 with restrictions based on original donation are reported as increases 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, 2021 or 2020.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

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, 2021 or 2020.

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

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.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Endowment funds, continued:

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 promises to give. Any transfers or releases are reported on the Statements of Activities when they occur.

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.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Income taxes, continued:

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, 2021 or 2020. 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, 2018.

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 11. 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:

<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

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Recently adopted and issued accounting pronouncements:

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The Foundation adopted this new standard on July 1, 2020. The new standard did not change or impact the Foundation's financial statements.

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

Risks and uncertainties:

The 2019 novel coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Foundation, its operations, and its donors. The extent of the adverse impact of the COVID-19 outbreak on the Foundation cannot be predicted at this time.

Subsequent events:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 21, 2021, the date the financial statements were available to be issued.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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 Statement of Financial Position date of June 30, 2021 and 2020, are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Assets at year end	\$ 18,273,766	\$ 14,487,511
Less amounts not available to be used within one year due to liquidity:		
Unconditional promises to give, net – due after one year	(3,647,933)	(3,995,346)
Prepaid assets	<u>(27,648)</u>	<u>(28,291)</u>
	<u>(3,675,581)</u>	<u>(4,023,637)</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>(5,396,472)</u>	<u>(4,305,182)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,201,713</u>	<u>\$ 6,158,692</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. Unconditional Promises to Give, Net

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

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 516,215	\$ 638,874
Receivable in one to five years	2,407,833	2,497,328
Receivable in more than five years	<u>1,965,000</u>	<u>2,354,167</u>
	4,889,048	5,490,369
Less: allowance	(15,000)	(473,333)
Less: discount to net present value	<u>(724,900)</u>	<u>(856,149)</u>
Net unconditional promises to give	<u>\$ 4,149,148</u>	<u>\$ 4,160,887</u>

The discount to net present value was calculated using the interest rate of 3.25% as of June 30, 2021 and 2020. There were no bad debts for the years ended June 30, 2021 and 2020.

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2021 and 2020**

Note 4. Investments

Investments are comprised of the following at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 470,931	\$ 470,931
Fixed income		
Government obligations	280,376	288,369
Corporate obligations	486,758	494,451
Domestic mutual funds	833,988	857,783
International mutual funds	787,082	782,464
Equities		
Domestic mutual funds	753,673	1,076,419
International mutual funds	1,102,705	1,310,206
Other mutual funds	3,459,545	5,396,429
Alternative investment funds	787,644	951,883
Real estate asset funds	<u>1,646,855</u>	<u>1,720,982</u>
Total investments	<u>\$ 10,609,557</u>	<u>\$ 13,349,917</u>

Investments are comprised of the following at June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 813,108	\$ 813,108
Fixed income		
Government obligations	326,765	346,107
Corporate obligations	447,290	468,067
Domestic mutual funds	942,507	976,196
International mutual funds	564,129	538,647
Equities		
Domestic mutual funds	244,221	299,852
International mutual funds	651,882	601,861
Other mutual funds	3,277,230	3,782,914
Alternative investment funds	1,003,051	1,089,848
Real estate asset funds	<u>1,020,541</u>	<u>1,026,324</u>
Total investments	<u>\$ 9,290,724</u>	<u>\$ 9,942,924</u>

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 4. Investments, Continued

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

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 290,431	\$ 314,588
Investment fees	<u>(49,417)</u>	<u>(45,629)</u>
Interest and dividends, net	<u>241,014</u>	<u>268,959</u>
Realized gains (losses), net	297,869	(58,425)
Unrealized gains, net	<u>2,088,158</u>	<u>65,732</u>
Net unrealized and realized gains	<u>2,386,027</u>	<u>7,307</u>
Net investment gain	<u>\$ 2,627,041</u>	<u>\$ 276,266</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, 2021 and 2020

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, 2021 or 2020.

Money market funds - Valued at current market value.

Individual equities, mutual funds, real estate asset funds (level 1) - Valued at year end closing prices reported in an active market.

Real estate asset funds (level 2) and alternative investment funds (level 2) - Valued at the NAV of units held by the Foundation at year end using closing prices reported in the active market.

Fixed income funds - (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.

Alternative investment funds (level 3) and real estate asset funds (level 3) - Carried at the net asset value provided by the external investment managers.

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:

	2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 470,931	\$ -	\$ -	\$ 470,931
Fixed income				
Government obligations	-	288,369	-	288,369
Corporate obligations	-	494,451	-	494,451
Domestic mutual funds	857,783	-	-	857,783
International mutual funds	782,464	-	-	782,464
	<u>1,640,247</u>	<u>782,820</u>	<u>-</u>	<u>2,423,066</u>
Equities				
Domestic mutual funds	1,076,419	-	-	1,076,419
International mutual funds	1,310,206	-	-	1,310,206
Other individual equities	5,396,429	-	-	5,396,429
	<u>7,783,054</u>	<u>-</u>	<u>-</u>	<u>7,783,054</u>
Alternative investment funds	-	506,112	445,771	951,883
Real estate assets funds	858,949	212,229	649,805	1,720,983
Total	<u>\$ 10,753,181</u>	<u>\$ 1,501,160</u>	<u>\$ 1,095,576</u>	<u>\$ 13,349,917</u>

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 5. Fair Value of Financial Instruments, Continued

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 813,108	\$ -	\$ -	\$ 813,108
Fixed income				
Government obligations	-	346,107	-	346,107
Corporate obligations	-	468,067	-	468,067
Domestic mutual funds	976,196	-	-	976,196
International mutual funds	<u>538,647</u>	-	-	<u>538,647</u>
	<u>1,514,843</u>	<u>814,174</u>	-	<u>2,329,017</u>
Equities				
Domestic mutual funds	299,852	-	-	299,852
International mutual funds	601,861	-	-	601,861
Other individual equities	<u>3,782,914</u>	-	-	<u>3,782,914</u>
	<u>4,684,627</u>	-	-	<u>4,684,627</u>
Alternative investment funds	-	838,685	251,163	1,089,848
Real estate assets funds	<u>269,931</u>	<u>189,881</u>	<u>566,512</u>	<u>1,026,324</u>
Total	<u>\$ 7,282,509</u>	<u>\$ 1,842,740</u>	<u>\$ 817,675</u>	<u>\$ 9,942,924</u>

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

	<u>Alternative Investments</u>	<u>Real Estate Assets</u>
Fair value as of June 30, 2019	\$ 214,285	\$ 384,697
Purchases	-	293,211
Net realized/unrealized gains (losses)	<u>36,878</u>	<u>(111,396)</u>
Fair value as of June 30, 2020	251,163	566,512
Purchases	93,000	-
Net realized/unrealized gains	<u>101,608</u>	<u>83,292</u>
Fair value as of June 30, 2021	<u>\$ 445,771</u>	<u>\$ 649,805</u>

Note 6. 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 firms. 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, 2021 and 2020, the Foundation did not have additional coverage on amounts above the limits.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 6. Concentration of Credit Risk, Continued

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 7. 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, 2021 or 2020.

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 7. Endowments, Continued

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,445,942	\$ 4,445,942
Investment returns:			
Investment income, net	-	52,952	52,952
Realized/unrealized losses	-	<u>1,052,011</u>	<u>1,052,011</u>
Total investment returns	-	<u>1,104,963</u>	<u>1,104,963</u>
Contributions, net cash basis	-	70,794	70,794
Transfers	-	57,913	57,913
Release of restrictions	132,500	(132,500)	-
Board approved withdrawals, net	<u>(132,500)</u>	-	<u>(132,500)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,557,112</u>	<u>\$ 5,557,112</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,364,948	\$ 4,364,948
Investment returns:			
Investment income, net	-	70,086	70,086
Realized/unrealized losses	-	<u>(10,893)</u>	<u>(10,893)</u>
Total investment returns	-	<u>59,193</u>	<u>59,193</u>
Contributions, net cash basis	-	19,114	19,114
Transfers	-	103,237	103,237
Release of restrictions	90,550	(90,550)	-
Board approved withdrawals, net	<u>(90,550)</u>	-	<u>(90,550)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,445,942</u>	<u>\$ 4,455,942</u>

Trident Technical College Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 7. 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>2021</u>	<u>2020</u>
Investments held outside the endowment for funds with or without donor restrictions	\$ 7,792,8005	\$ 5,486,982
Investments held for the endowment	<u>5,557,112</u>	<u>4,455,942</u>
	<u>\$ 13,349,917</u>	<u>\$ 9,942,924</u>

Note 8. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purpose: Scholarships and grants	\$ 6,694,607	\$ 3,935,330
Subject to passage of time: For periods after June 30, 2021	333,027	412,833
Subject to passage of time and specific purposes: Scholarships and grants for periods after June 30	343,197	373,419
Aeronautical training center fund for periods after June 30	3,487,674	3,847,968
Subject to perpetual restrictions: Scholarships and grants	<u>2,713,111</u>	<u>2,660,343</u>
Total net assets with donor restrictions	<u>\$ 13,571,616</u>	<u>\$ 11,229,893</u>

Note 9. Related Parties

The Foundation received \$214,429 and \$389,792 in contributions and pledge payments from members of its Board of Trustees for years ended June 30, 2021 and 2020, respectively. The outstanding balance of promises to give from its Board members at June 30, 2021 and 2020 was \$625,500 and \$635,000, respectively.

At June 30, 2021 and 2020, the Foundation owed the College \$84,332 and \$15,495, 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, 2021 and 2020

Note 10. 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 \$77,942 and \$82,078 in the years ended June 30, 2021 and 2020, respectively. The Foundation also provides a stipend to supplement the salary of the President of the College. In fiscal years ended 2021 and 2020, stipends totaled \$122,694 in each year.

Note 11. 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.

	<u>For the year ended June 30, 2021</u>			
	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Other program expenses	\$ 652,265	\$ -	\$ -	\$ 652,265
Scholarships and grants	539,832	-	-	539,832
Stipend	122,694	-	-	122,694
Professional services	-	105,125	-	105,125
Administrative services and facilities reimbursements	18,485	34,919	24,538	77,942
Meals and meeting expenses	-	34,378	-	34,378
Other expenses	-	15,397	2,399	17,793
Lobbying expenses	-	12,001	-	12,001
Director/officer liability insurance	-	7,557	-	7,557
Bank charges	-	5,006	-	5,006
Total	<u>\$ 1,333,276</u>	<u>\$ 214,383</u>	<u>\$ 26,937</u>	<u>\$ 1,574,596</u>

Trident Technical College Foundation, Inc.**Notes to Financial Statements****June 30, 2021 and 2020**

Note 11. Expense Allocation, Continued

	For the year ended June 30, 2021			
	Programs	General and Administrative	Fundraising	Total
Other program expenses	\$ 584,672	\$ -	\$ -	\$ 584,672
Scholarships and grants	384,359	-	-	384,359
Stipend	122,694	-	-	122,694
Professional services	-	107,700	-	107,700
Administrative services and facilities reimbursements	20,808	34,457	26,813	82,078
Meals and meeting expenses	-	41,913	-	41,913
Other expenses	-	19,065	1,532	20,597
Lobbying expenses	-	12,001	-	12,001
Director/officer liability insurance	-	7,910	-	7,910
Bank charges	-	3,987	-	3,987
President's meeting	-	2,030	-	2,030
Total	<u>\$ 1,112,533</u>	<u>\$ 229,063</u>	<u>\$ 28,345</u>	<u>\$ 1,369,941</u>