

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
University of South Carolina Beaufort Education Foundation
Bluffton, South Carolina

Opinion

We have audited the accompanying financial statements of the University of South Carolina Beaufort Education Foundation (a nonprofit organization), which comprise the statement of financial position - modified cash basis as of June 30, 2025, and the related statement of activities and changes in net assets - modified cash basis, functional expenses - modified cash basis and cash flows - modified cash basis for the year 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 University of South Carolina Beaufort Education Foundation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity with the modified cash basis of accounting as described in Note A.

Basis for Opinion

We conducted our audit 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 University of South Carolina Beaufort Education Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note A, 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 University of South Carolina Beaufort Education Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

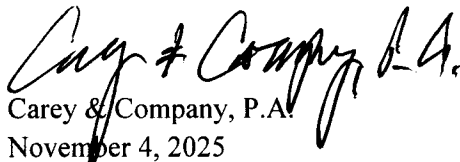
Auditor's Responsibilities for the Audit of the Financial Statements

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 University of South Carolina Beaufort Education 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 University of South Carolina Beaufort Education Foundation's ability to continue as a going concern for a reasonable period of time.

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


Carey & Company, P.A.
November 4, 2025

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
As of June 30, 2025

Assets

Cash and equivalents	\$	104,006
Investments		<u>3,670,840</u>
Total Assets	\$	<u><u>3,774,846</u></u>

Net Assets

Without donor restrictions	\$	105,511
With donor restrictions		<u>3,669,335</u>
Total Net Assets		<u>3,774,846</u>
Total Liabilities And Net Assets	\$	<u><u>3,774,846</u></u>

See accompanying notes and independent auditor's report.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 43,314	\$ 2,995,949	\$ 3,039,263
Investment income, net	43,548	122,848	166,396
Net assets released from restrictions	379,910	(379,910)	-
Total Revenue and Support	<u>466,772</u>	<u>2,738,887</u>	<u>3,205,659</u>
Expenses			
Program services	379,910	-	379,910
Management and general	56,330	-	56,330
Total Expense	<u>436,240</u>	<u>-</u>	<u>436,240</u>
Increase In Net Assets	30,532	2,738,887	2,769,419
Net Assets At Beginning Of Year	<u>74,979</u>	<u>930,448</u>	<u>1,005,427</u>
Net Assets At End Of Year	<u>\$ 105,511</u>	<u>\$ 3,669,335</u>	<u>\$ 3,774,846</u>

See accompanying notes and independent auditor's report.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
 STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
 Year Ended June 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Grants and scholarships	\$ 379,910	\$ -	\$ 379,910
Dues and fees	-	52	52
Professional fees	-	12,415	12,415
Software and subscriptions	-	43,548	43,548
Administrative	-	315	315
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 379,910</u>	<u>\$ 56,330</u>	<u>\$ 436,240</u>

See accompanying notes and independent auditor's report.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,769,419
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gains on investments	<u>(90,843)</u>
Net Cash Provided By Operating Activities	<u>2,678,576</u>

CASH FLOWS TO INVESTING ACTIVITIES

Net purchases and sales of investments	<u>(2,576,723)</u>
Net Cash Used By Investing Activities	<u>(2,576,723)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 101,853

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 2,153

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 104,006

SUPPLEMENTAL DISCLOSURES

Cash payments for:	
Interest	\$ -
Income taxes	\$ -

See accompanying notes and independent auditor's report

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the University of South Carolina Beaufort Education Foundation (the "Foundation"), a non-profit organization, is to support the University of South Carolina Beaufort in all of its educational, instructional, scientific, literary, research, service, charitable, and outreach endeavors and to maximize private-sector opportunities and support, thereby, empowering the university to provide a margin of excellence beyond what is achievable with state, county, and municipal funds alone.

Basis of Accounting

The Foundation prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include the recording of investments at fair value.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

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 organization. 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 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. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributed Services

Contributed services are only recorded if they meet the requirements for recognition, such as if they require specialized skills and would otherwise have been purchased by the Foundation. While many individuals volunteer significant amounts of time and perform a variety of tasks for the Foundation, their services do not meet the criteria for recognition and are, therefore, not reflected in the financial statements.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position based upon quoted market prices.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a not-for-profit corporation that is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose. There is no unrelated business income for the year ending June 30, 2025. The Foundation evaluated all tax positions that could have a significant effect on the financial statements and determined that there are no uncertain tax positions at June 30, 2025.

Fair Value Estimates

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles require a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Those tiers include:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of functional activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based upon an analysis of personnel cost.

NOTE B - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at banks and financial institutions. Bank balances are insured by the FDIC up to \$250,000. As of June 30, 2025, the Foundation had no uninsured cash balances.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets, consist of cash and investments which totaled \$3,774,846 at June 30, 2025. All without donor financial assets of \$105,511 are available for general expenditure within one year.

NOTE D - FOUNDATION ENDOWMENT AND OPERATING FUNDS

The Foundation maintains funds established by donor contributions that are designated for the benefit of the Foundation as long as the Foundation, or its purpose, continues to serve the public interest. The annual withdrawal rate is determined using a formula that limits annual withdrawals to 4.25% of the endowment's principal value. Disbursements from the operating fund are determined by the board of directors based on funds available and designated for intended purposes.

In January 2025, the fund previously held at the Community Foundation of the Lowcountry, Inc. ("CFL") for the benefit of the Foundation was closed. The assets of the donor-established fund, totaling \$1,228,463, were transferred to the Foundation's Endowment fund. The transfer was non-reciprocal in nature and has been accounted for as an increase in net assets with donor restrictions in accordance with ASC 958-605, Not-for-Profit Entities - Revenue Recognition. Following this transaction, the assets are held and administered directly by the Foundation within its endowment investment portfolio.

At June 30, 2025, the fair market values of the Endowment and Operating funds were \$1,887,787 and \$1,783,053, respectively.

NOTE E - INVESTMENTS

A summary of investments at June 30, 2025 is as follows:

	Cost	Fair Value Level 1
Cash and US Treasury money market	\$ 2,119,124	\$ 2,119,124
Exchange Traded Funds	1,416,634	1,551,616
	<u>\$ 3,535,758</u>	<u>\$ 3,670,740</u>

Investments in marketable securities are reported at fair market value based upon quoted prices in active markets and are categorized as Level 1 under the fair value measurement hierarchy. Investments include the Foundation Endowment and Operating Funds disclosed in Note D with a combined balances of \$3,670,840 at June 30, 2025.

Investments are professionally managed by a wealth management firm subject to the guidance and oversight of the Foundation's Board of Directors

NOTE F - NET ASSETS

At June 30, 2025, net assets without donor restrictions totaled \$105,511 and \$3,669,335, respectively. Net assets with donor restrictions consist of \$1,781,548 for use in program accomplishments which are temporary in nature, and \$1,887,787 which is considered permanently restricted in the endowment fund.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE G - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Foundation has evaluated all tax positions that could have a significant effect on the financial statements, and determined that there were no uncertain tax positions as of June 30, 2025.

NOTE H - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 4, 2025, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.