COASTAL EDUCATIONAL FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

COASTAL EDUCATIONAL FOUNDATION, INC.
Conway, South Carolina

June 30, 2023 and 2022

C O N T E N T S

Independent Auditor's Report

The Board of Directors
Coastal Educational Foundation, Inc.
Conway, South Carolina

Opinion

We have audited the accompanying financial statements of ***Coastal Educational Foundation, Inc.*** (the Foundation) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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 its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Members
SC Association of Certified Public Accountants
NC Association of Certified Public Accountants
Member
Division for CPA Firms, AICPA

AN INDEPENDENT MEMBER OF BDO ALLIANCE USA

Parkway Center
950 48th Avenue North, Suite 201 (29577)
Myrtle Beach, South Carolina
843-448-1500, Fax 843-497-2588
www.websterrogers.com

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 and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

WebsterRogers LLP

Myrtle Beach, South Carolina
September 25, 2023

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 2,635,511	$ 2,044,186
Accounts receivable and promises to give, net	5,013,447	5,284,275
Investments	61,151,770	54,499,126
Real estate held for investment	270,000	270,000
Cash value of life insurance	56,547	63,042
Property and equipment, net	5,286,441	4,552,107
TOTAL ASSETS	$ 74,413,716	$ 66,712,736
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable - related party	$ 2,104,652	$ 2,012,431
Accounts payable	34,741	21,537
Deferred revenue	28,333	28,333
Total liabilities	2,167,726	2,062,301
Net Assets		
Without donor restrictions	9,411,175	8,679,857
With donor restrictions	62,834,815	55,970,578
Total net assets	72,245,990	64,650,435
TOTAL LIABILITIES AND NET ASSETS	$ 74,413,716	$ 66,712,736

The accompanying Notes to Financial Statements are an integral part of these financial statements.

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	$ 1,915	$ 4,526,342	$ 4,528,257
Contributions - nonfinancial assets	530,346	-	530,346
Endowed and other investment income, net:			
Interest income	6,021	-	6,021
Net appreciation in fair value of investments	951,726	4,851,667	5,803,393
Change in cash value of life insurance	5,778	9,005	14,783
Lease income	351,510	-	351,510
Royalty income	-	18,412	18,412
Fundraising income	-	84,447	84,447
Miscellaneous income	1,877	150,000	151,877
Net assets released from restrictions	2,775,636	(2,775,636)	-
Total revenues, gains, and other support	4,624,809	6,864,237	11,489,046
Expenses			
Program services:			
Scholarships	880,039	-	880,039
University support	777,583	-	777,583
Facilities development and physical plant	32,072	-	32,072
Individual college support	1,072,207	-	1,072,207
Supporting services:			
Management and general	910,077	-	910,077
Fundraising expenses	221,513	-	221,513
Total expenses	3,893,491	-	3,893,491
Increase in net assets	731,318	6,864,237	7,595,555
Net assets, beginning of year	8,679,857	55,970,578	64,650,435
Net assets, end of year	$ 9,411,175	$ 62,834,815	$ 72,245,990

The accompanying Notes to Financial Statements are an integral part of these financial statements.

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	$ 2,814	$ 3,368,710	$ 3,371,524
Contributions - nonfinancial assets	428,564	-	428,564
Endowed and other investment income, net:			
Interest income	1,858	-	1,858
Net depreciation in fair value of investments	(1,205,244)	(7,137,560)	(8,342,804)
Change in cash value of life insurance	-	8,856	8,856
Lease income	388,510	-	388,510
Royalty income	-	7,568	7,568
Fundraising income	-	80,406	80,406
Gain on land donation	3,225,253	-	3,225,253
Miscellaneous income	303	25,756	26,059
Net assets released from restrictions	2,262,807	(2,262,807)	-
Total revenues, gains, and other support	5,104,865	(5,909,071)	(804,206)
Expenses			
Program services:			
Scholarships	876,360	-	876,360
University support	4,642,059	-	4,642,059
Facilities development and physical plant	11,416	-	11,416
Individual college support	754,011	-	754,011
Supporting services:			
Management and general	745,621	-	745,621
Fundraising expenses	124,880	-	124,880
Total expenses	7,154,347	-	7,154,347
Decrease in net assets	(2,049,482)	(5,909,071)	(7,958,553)
Net assets, beginning of year	10,729,339	61,879,649	72,608,988
Net assets, end of year	$ 8,679,857	$ 55,970,578	$ 64,650,435

The accompanying Notes to Financial Statements are an integral part of these financial statements.

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services		
	Scholarships	University Support	Facilities Development and Physical Plant	Individual College Support	Management and General	Fundraising	Total
CCU program support	$ 880,039	$ 461,475	$ -	$ 1,072,207	$ -	$ 212,695	$ 2,626,416
Donated services and support	-	-	-	-	530,346	-	530,346
Academic support	-	274,352	-	-	-	-	274,352
Operational expenses	-	9,887	-	-	104,450	8,818	123,155
Professional services	-	-	25,089	-	45,775	-	70,864
Bad debt expense	-	-	-	-	219,300	-	219,300
Leases and taxes	-	11,537	1,545	-	-	-	13,082
Insurance	-	13,757	1,256	-	5,297	-	20,310
Depreciation	-	6,575	4,182	-	4,909	-	15,666
Total functional expenses	$ 880,039	$ 777,583	$ 32,072	$ 1,072,207	$ 910,077	$ 221,513	$ 3,893,491

The accompanying Notes to Financial Statements are an integral part of these financial statements.

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services		
	Scholarships	University Support	Facilities Development and Physical Plant	Individual College Support	Management and General	Fundraising	Total
CCU program support	$ 876,360	$ 4,433,663	$ -	$ 754,011	$ -	$ 112,634	$ 6,176,668
Donated services and support	-	-	-	-	428,564	-	428,564
Academic support	-	169,886	-	-	-	-	169,886
Operational expenses	-	7,008	-	-	179,395	12,246	198,649
Professional services	-	-	4,315	-	47,074	-	51,389
Bad debt expense	-	-	-	-	80,350	-	80,350
Leases and taxes	-	11,365	78	-	-	-	11,443
Insurance	-	13,562	2,841	-	5,327	-	21,730
Depreciation	-	6,575	4,182	-	4,911	-	15,668
Total functional expenses	$ 876,360	$ 4,642,059	$ 11,416	$ 754,011	$ 745,621	$ 124,880	$ 7,154,347

The accompanying Notes to Financial Statements are an integral part of these financial statements.

COASTAL EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	**$ 7,595,555**	$ (7,958,553)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	**15,666**	15,668
Fair value of property contributed to the University	**-**	3,960,000
Gain on property contributed to the University	**-**	(3,225,253)
Gain on sale of real estate held for investment	**-**	(5,478)
Net (appreciation) depreciation in fair value of investments	**(5,595,193)**	8,548,922
Bad debt expense	**219,300**	80,350
Change in allowance for accounts and pledges receivable	**67,300**	42,849
Change in discount on pledges receivable	**(9,486)**	122,804
Changes in operating assets and liabilities:		
Accounts and pledges receivable	**(6,286)**	(1,279,861)
Cash value of life insurance	**6,495**	(8,856)
Accounts payable - related party	**92,221**	508,744
Accounts payable	**13,204**	5,317
Net cash provided by operating activities	**2,398,776**	806,653
Cash Flows From Investing Activities		
Purchases of investments	**(4,303,928)**	(5,688,612)
Purchases of property	**(750,000)**	-
Proceeds from sale of real estate held for investment	**-**	23,478
Proceeds from sales of investments	**3,246,477**	4,491,439
Net cash used in investing activities	**(1,807,451)**	(1,173,695)
Net increase (decrease) in cash and cash equivalents	**591,325**	(367,042)
Cash and Cash Equivalents at Beginning of Year	**2,044,186**	2,411,228
Cash and Cash Equivalents at End of Year	**$ 2,635,511**	$ 2,044,186

Supplemental Disclosure of Non-Cash Investing and Financing Activities

	2023	2022
Fair value of property contributed to the University	**$ -**	$ 3,960,000
Gain on property contributed to the University	**-**	(3,225,253)
Basis of property contributed to the University	**$ -**	$ 734,747

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

The Coastal Educational Foundation, Inc. (the "Foundation") is a non-profit organization which was organized and chartered in the State of South Carolina on October 19, 1954, for the purpose of soliciting, receiving, managing, and distributing gifts in support of Coastal Carolina University (the "University"). The Foundation's support comes primarily through alumni, individuals, and local business donor contributions. Although the University does not control the timing or amount of support from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, are restricted to supporting the activities of the University. Because these restricted resources held by the Foundation are for the benefit of the University, the Foundation is considered a component unit of the University and is included in the University's financial statements. The Foundation fulfills its mission by focusing its efforts in four primary service areas.

Scholarships

The mission of the Foundation is to support the University and be advocates for its donors. One of the areas that the Foundation is able to support the University is by providing scholarships to students. Annual and endowed scholarships are available to students who meet qualifications as specified by donors.

University Support

The Foundation provides general support to the University annually for operations based on budgeted funding and other needs.

Facilities Development and Physical Plant

The Foundation provides funding to the University to assist in building projects, property acquisitions, renovations, and other facility specific needs.

Individual College Support

Annually, the Foundation has funding available from donor restricted funds to be utilized by the specific colleges within the University as part of their annual budgets. These funds are made available after requests from the specific colleges on an as needed as available basis.

<u>Basis of accounting</u>

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") which involves the application of accrual accounting.

<u>Basis of presentation</u>

The Foundation prepares its financial statements in accordance with generally accepted accounting principles applicable to nonprofit organizations. Under generally accepted accounting principles for nonprofit organizations, the Foundation is required to report 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 Foundation. These net assets may be used at the discretion of management and the board of directors.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

- *Net assets with donor restrictions* - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by passage of time or other events as specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

For purposes of reporting cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents with the exception of cash and other highly liquid investments held for reinvestment which are included in investments.

Contributions and promises to give

Contributions are recognized as net assets without donor restrictions when payments received from the donor have no conditions or restrictions or stipulated purpose. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a condition or restriction expires or is satisfied, net assets with donor restrictions are released to net assets without donor restrictions.

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are estimated by discounting the future cash flows based on the applicable federal rate of return. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The allowance for uncollectible promises to give is based on historical experience and other circumstances which may affect the ability of the donor to meet their obligation.

Unconditional promises to give with payments due in future years are recorded as revenue in the current year. Conditional promises to give are recognized as revenue in the period in which the condition restrictions expire.

Contributions of nonfinancial assets received by the Foundation are reported at fair value in the period received.

Investments

Investments in marketable equity securities with readily determinable fair market values and all debt securities are carried at fair market value. Cash balances held in investment accounts are classified as investments on the accompanying statements of financial position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the accompanying statements of activities. Donated investments are valued at fair market value at the date of donation.

Investments in non-publicly traded closely held companies with no readily determinable market value are carried at their established fair value at the date of donation or distribution to the Foundation except for certain liquidating distributions which reduce the value of the investment and certain events which trigger a valuation from which fair value can be derived.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Leases

Effective July 1, 2022, the Foundation accounts for its lease agreements in accordance with Financial Accounting Standards Board (FASB) ASU 2016-02 *Leases* (Topic 842).

Lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease and are recognized as of the lease commencement date at the present value of the future minimum lease payments over the lease term.

Right-of-use (ROU) assets represent the Foundation’s right to use an underlying asset for the lease term and are recognized as of the lease commencement date at the present value of the future minimum lease payments over the term of the lease, plus any initial direct costs incurred and lease payments made, less any lease incentives received.

The Foundation’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Foundation determines if an arrangement contains a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if the Foundation has obtained substantially all of the rights to the underlying asset through exclusivity, if the Foundation can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. The evaluation may require significant judgment.

If an arrangement is considered a lease, the Foundation determines at the commencement date whether the lease is an operating lease or finance lease. Under ASC 842, finance leases are leases that meet any of the following criteria: the lease transfers ownership of the underlying asset at the end of the lease term; the lessee is reasonably certain to exercise an option to purchase the underlying asset; the lease term is for the major part of the remaining economic life of the underlying asset (except when the commencement date falls at or near the end of such economic life); the present value of the sum of the lease payments and any additional residual value guarantee by the lessee equals or exceeds substantially all of the fair value of the underlying asset; or the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease that does not meet any of these criteria is considered an operating lease under ASC 842. After the commencement date, lease cost for an operating lease is recognized over the remaining lease term on a straight-line basis, while lease cost for a finance lease is based on the amortization of the lease asset and interest on the lease liability.

The terms of the Foundation’s lease arrangements vary and may be impacted if one or more of the following exist: renewal option(s), a cancellation option, a residual value guarantee, a purchase option, or an escalation clause. An option to extend or terminate a lease is accounted for when assessing a lease term when it is reasonably certain that the Foundation will exercise such option. The Foundation has made a policy election to classify leases with an initial lease term of 12 months or less as short-term leases, and these leases are not recorded in the accompanying statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease cost related to short-term leases is recognized on a straight-line basis over the lease term.

Determinations with respect to lease terms (including any extension thereof), discount rate, variable lease cost, and future minimum lease payments require the use of judgment based on facts and circumstances related to each lease. The Foundation considers various factors, including economic incentives and penalties and business need, to determine the likelihood that a renewal option will be exercised. Unless a renewal option is reasonably certain to be exercised, which is typically at the Foundation’s sole discretion, the initial non-cancelable lease term is used.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In determining the discount rate used to measure the right-of-use asset and lease liability, the Foundation uses the rates implicit in the lease, or if not readily available, the Foundation has elected to use a risk-free rate. The risk-free rate is considered to equal the rate of a zero-coupon U.S. Treasury instrument for the same period as the term of the lease and is used for all major classes of underlying assets.

Leases (prior to adoption of ASU 2016-02 *Leases* (Topic 842))

Prior to the adoption of Topic 842, the Foundation accounted for its lease agreements in accordance with Topic 840 under which each lease was classified as either operating or capital depending on the specifics in the underlying lease agreement.

Recently adopted accounting standards

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the standard using the optional, alternative transition method effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption), through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Foundation elected the available practical expedients to account for the existing operating lease(s) as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under Topic 842, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Foundation determined that it did not have any leases that, individually or in the aggregate, were material to the financial statements during the process of implementing Topic 842. Therefore, no ROU assets or lease liabilities were recorded upon adoption of Topic 842. As of June 30, 2023, the Foundation did not have any leases management deemed material to the financial statements, individually or in the aggregate.

Property and equipment

Real estate and other property and equipment are recorded at cost at the date of purchase or fair value at the date of donation to the Foundation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets ranging from 10 to 40 years. Restrictions on donated assets and gifts for the purchase of assets expire when the asset is placed in service unless the donor instructs otherwise.

Impairment of long-lived assets

The Foundation reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If this review indicates that the asset’s carrying value will not be recoverable based on expected undiscounted net cash flows of the related asset, an impairment loss is recognized, and the asset’s carrying value is reduced. No impairment loss was recorded for fiscal years ending June 30, 2023 or 2022.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income taxes

The Foundation is exempt from federal and state income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

The Foundation is not aware of any material uncertain tax positions at June 30, 2023 or 2022. Interest and penalties associated with unrecognized tax benefits are classified as income taxes when incurred. The Foundation did not recognize any interest or penalties during 2023 or 2022.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Revenue recognition

The Financial Accounting Standards Board (FASB) issued ASC 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The Foundation recognizes revenues from contracts with customers in accordance with ASU Topic 606 which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the performance obligations are satisfied

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and those differences could be material.

Reclassifications

Certain reclassifications were made to the 2022 financial statements in order to conform with the 2023 presentation. These reclassifications had no effect on net assets or the change in net assets as previously reported.

Note 2. Liquidity and Availability

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal including cash and cash equivalents, investments, and accounts receivable. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates under an approved budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. For the years ended June 30, 2023 and 2022, approximately 1.25% of the endowment balance (calculated annually on a calendar year basis) is available to be used for general expenditures. Refer to the statements of cash flows which identifies the sources and uses of the Foundation's cash.

Financial assets available for general expenditure (including management and general and fundraising expenses), that is, without donor restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2023	2022
Cash and cash equivalents	**$ 2,635,511**	$ 2,044,186
Investments	**61,151,770**	54,499,126
Accounts receivable	**1,715**	10,601
	63,788,996	56,553,913
Restricted balances included above	**58,938,330**	51,671,494
Financial assets available for general expenditure within one year	**$ 4,850,666**	$ 4,882,419

The Foundation's endowments consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

As part of the liquidity management plan, the Foundation put in place an overnight investment feature with the financial institution holding its cash accounts. This allows for additional earnings to maximize funds available for supporting the Foundation's mission.

Note 3. Cash and Concentrations of Credit Risks

As of June 30, 2023, and 2022, the Federal Deposit Insurance Corporation (FDIC) insured accounts up to $250,000 in aggregate per institution. From time to time, cash balances may exceed FDIC limits. The Foundation may become an unsecured creditor of the bank to the extent the market value of the Foundation's security interest in the collateral falls below the amount of funds invested. The Foundation does not believe it is subject to any unusual risk with respect to these accounts as all are with high quality institutions.

Note 4. Conditional Promises and Indications to Give

At June 30, 2023 and 2022, the Foundation had conditional promises to give and indications of intentions to give aggregating approximately $15,293,000 and $15,229,000, respectively, which are not recognized in the financial statements. These potential contributions consist primarily of conditional pledges, bequests, and life insurance policies which, if received, would generate unrestricted and restricted funds for specific purposes stipulated by the donor, including scholarships and the funding of a University chair.

Note 5. Accounts Receivable and Promises to Give, Net

At June 30, 2023 and 2022, the Foundation had gross accounts receivable and promises to give totaling $5,428,718 and $5,643,378, respectively. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted at the applicable federal interest rate in effect for the month of the gift (ranging from .56% to 4.02%) for the appropriate promised payment schedule. The allowance for uncollectible promises to give is based on historical experience and other circumstances which may affect the ability of the donor to meet their obligation. Net accounts receivable and promises to give are summarized as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Accounts receivable - related party and miscellaneous	$ 1,715	$ 10,601
Promises to give less than one year	1,363,649	1,707,269
Promises to give one to five years	4,010,000	3,368,008
Promises to give in more than five years	55,000	557,500
Total accounts receivable and promises to give	5,430,364	5,643,378
Less unamortized discounts	234,666	244,152
Less allowance for uncollectible promises to give	182,251	114,951
Accounts receivable and promises to give, net	$ 5,013,447	$ 5,284,275

Note 6. Investments

As of June 30, 2023 and 2022, investments consist of privately managed funds and closely held investments. Investments as shown on the accompanying statements of financial position at June 30, 2023 and 2022, consist of the following:

	2023	2022
Fixed income mutual fund	$ 14,013,272	$ 14,481,553
Money market funds	5,855,706	4,497,576
US Treasury obligations	595,998	-
Equity mutual funds	37,338,244	32,275,547
Total privately managed funds	57,803,220	51,254,676
Closely held investments		
Common stock	3,348,550	3,244,450
Total investments	$ 61,151,770	$ 54,499,126

The Foundation can hold and intends to hold investments in order to handle market fluctuations.

Note 7. Fair Value Measurements

The Foundation is required to present its financial instruments using a framework that measures fair value under accounting principles generally accepted in the United States of America. Fair value is defined as 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. This statement requires fair value measurements be classified and disclosed in one of the following three categories (i.e., the fair value hierarchy):

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The asset's 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.

The following is a description of the valuation methodologies used for the Foundation's assets measured at fair value at June 30, 2023 and 2022:

Equity mutual funds	Valued at the closing price reported on the active market on which the funds are traded.
Closely held stock	Investments in non-publicly traded closely held companies with no readily determinable market value are carried on the books at their established fair value at the date of donation or distribution to the Foundation except for certain liquidating distributions which reduce the value of the investment and certain events which trigger a valuation from which fair value can be derived.
Fixed income mutual funds	Valued at the closing price reported on the active market on which the funds are traded.
Money market funds	Valued at the closing price reported on the active market on which the funds are traded.
US Treasury obligations	Valued at the closing price reported on the active market on which the funds are traded.
Real estate held for investment	The Real Estate Land Use Committee of the Foundation's Board (the "Committee") monitors the value of real estate held for investment and considers the best course of action for disposal. The Committee has members knowledgeable about real estate in the area and considers, among other things, comparable property, the overall real estate market, and the best use of the property. When considered necessary, the Committee obtains appraisals on its real estate investments.

Note 7. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of June 30, 2023 and 2022:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income mutual fund	**$ 14,013,272**	**$ -**	**$ -**	**$ 14,013,272**
Money market funds	**5,855,706**	**-**	**-**	**5,855,706**
US Treasury obligations	**595,998**	**-**	**-**	**595,998**
Equity mutual funds	**37,338,244**	**-**	**-**	**37,338,244**
Closely held stock	**-**	**-**	**3,348,550**	**3,348,550**
Total investments	**57,803,220**	**-**	**3,348,550**	**61,151,770**
Real estate held for investment	**-**	**-**	**270,000**	**270,000**
Total investments held at fair value	**$ 57,803,220**	**$ -**	**$ 3,618,550**	**$ 61,421,770**

	2022			
	Level 1	Level 2	Level 3	Total
Fixed income mutual fund	$ 14,481,553	$ -	$ -	$ 14,481,553
Money market funds	4,497,576	-	-	4,497,576
Equity mutual funds	32,275,547	-	-	32,275,547
Closely held stock	-	-	3,244,450	3,244,450
Total investments	51,254,676	-	3,244,450	54,499,126
Real estate held for investment	-	-	270,000	270,000
Total investments held at fair value	$ 51,254,676	$ -	$ 3,514,450	$ 54,769,126

Donor imposed restrictions limit the use of proceeds from the disposition of real estate held for investment to funding of scholarships, developing a mentoring program, and the ongoing maintenance of Waties Island.

Note 7. Fair Value Measurements (Continued)

The tables below set forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2023 and 2022:

The net gains for the period attributable to the unrealized gains relating to assets still held at June 30, 2023:	**$ 104,100**

	Closely held stock	**Real estate held for investment**
Balance, beginning of year	**$ 3,244,450**	**$ 270,000**
Market appreciation	**104,100**	**-**
	$ 3,348,550	**$ 270,000**

The net gains for the period attributable to the unrealized gains relating to assets still held at June 30, 2022:	$ 355,675

	Closely held stock	Real estate held for investment
Balance, beginning of year	$ 2,888,775	$ 288,000
Property sold	-	(18,000)
Market appreciation	355,675	-
	$ 3,244,450	$ 270,000

The Foundation did not hold any investments reported at NAV as a practical expedient to estimate fair value as of June 30, 2023 or 2022.

Note 8. Property and Equipment, Net

Property and equipment at June 30, 2023 and 2022, consisted of the following property used in campus operation for the benefit of Coastal Carolina University:

	2023	2022
Land - campus property	**$ 4,842,586**	$ 4,092,586
Buildings	**626,667**	626,667
Furniture and fixtures	**15,161**	15,161
Land improvements	**21,985**	21,985
	5,506,399	4,756,399
Less accumulated depreciation	**219,958**	204,292
	$ 5,286,441	$ 4,552,107

Note 8. Property and Equipment, Net (Continued)

Depreciation expense for years ended June 30, 2023 and 2022, was $15,666 and $15,668, respectively. A portion of land included in campus property known as Waties Island, with a carrying value of $500,000, is required to be held in its natural state for use in marine and scientific studies.

Note 9. Endowments

The Foundation's endowments consist of 231 individual funds established for a variety of purposes. The endowments include permanent endowments and term endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, when applicable, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Directors of the Foundation has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity in net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence described by SCUPMIFA. In accordance with SCUPMIFA, 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

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such significant deficiencies as of June 30, 2023 or 2022.

Return objectives and risk parameters – The purpose of the endowment is to support the current and future operations of the University. In pursuit of this objective, the endowment should be invested to achieve growth in value over time in order to preserve and enhance its purchasing power thereby protecting the endowment against inflation. The absolute objective of the endowment is to seek an average total annual return that exceeds the spending rate plus inflation as measured by the Consumer Price Index. The objective shall be measured over annualized rolling 5-year and 10-year periods. The intent of this objective is to preserve, over time, the principal value of the endowment as measured in real inflation-adjusted terms. The relative objective of the endowment is to equal or exceed the average return of appropriate capital market indices weighted by the asset allocation target percentages over rolling 3-year and 5-year periods. The comparative performance objective of the endowment is to equal or exceed the average return of a universe of similarly sized endowments.

Note 9. Endowments (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 which places emphasis on equity-based and debt-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy – The Foundation has a policy of appropriating for distribution each year 4% of the endowment fund's average fair value over the 12 quarters ending with the calendar year prior to 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 plus inflation will not normally exceed the total return from investment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment activity for the years ended June 30, 2023 and 2022, is as follows:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, July 1, 2022	**$ -**	**$ 44,415,545**	**$ 44,415,545**
Investment income	**-**	**112,200**	**112,200**
Increase in market value	**-**	**4,743,047**	**4,743,047**
Contributions	**-**	**1,608,411**	**1,608,411**
Miscellaneous income	**-**	**5,633**	**5,633**
Paid/released from restriction	**-**	**(1,318,352)**	**(1,318,352)**
Transfers to other funds	**-**	**1,663,755**	**1,663,755**
Endowment net assets, June 30, 2023	**$ -**	**$ 51,230,239**	**$ 51,230,239**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	$ -	$ 50,836,785	$ 50,836,785
Investment income	-	111,078	111,078
Decrease in market value	-	(7,230,472)	(7,230,472)
Contributions	-	2,151,358	2,151,358
Miscellaneous Income	-	10,707	10,707
Paid/released from restriction	-	(1,196,477)	(1,196,477)
Transfers to other funds	-	(267,434)	(267,434)
Endowment net assets, June 30, 2022	$ -	$ 44,415,545	$ 44,415,545

There were no board-designated endowment funds at June 30, 2023 or 2022.

Note 10. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Foundation uses specific identification of expenses to allocate among the various programs and supporting services.

Note 11. Individual College Support

Detail of expenses for individual college support as shown in the statements of activities and statements of functional expenses for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Edwards College of Humanities and Fine Arts	$ 334,919	$ 180,588
Wall College of Business	286,336	243,412
College of Graduate and Continuing Studies	201,837	113,396
Gupta College of Science	121,783	150,808
Spadoni College of Education and Social Sciences	96,484	61,234
HTC Honors College	16,759	4,573
Conway Medical Center College of Health and Human Performance	14,089	-
	$ 1,072,207	$ 754,011

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Endowed scholarships	$ 25,797,091	$ 20,961,996
Endowed programs	25,433,148	23,453,549
	51,230,239	44,415,545
Subject to expenditure for a specified purpose:		
Capital projects	6,227,213	6,280,365
Annual programs	4,630,403	4,475,848
Annual scholarships	687,450	764,736
Other	59,510	34,084
	11,604,576	11,555,033
	$ 62,834,815	$ 55,970,578

Note 12. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Restricted-purpose spending-rate distributions and appropriations:		
Endowed scholarships	**$ 864,930**	$ 809,937
Endowed programs	**453,422**	386,540
Satisfaction of purpose restrictions:		
Annual programs	**1,025,575**	847,568
Annual scholarships	**239,964**	218,762
Other	**191,745**	-
	$ 2,775,636	$ 2,262,807

Note 13. Donated Goods and Services

The Foundation receives contributions of time and services from Coastal Carolina University related to operations. Donated services are recognized as contributions 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 recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation.

During the year ended June 30, 2023, the Foundation received donated services for accounting and financial management in the amount of $510,508. The Foundation also received contributions of use of facilities in the amount of $19,838.

During the year ended June 30, 2022, the Foundation received donated services for accounting and financial management in the amount of $408,726. The Foundation also received contributions of use of facilities in the amount of $19,838.

All donated services and nonfinancial assets were utilized by the Foundation’s management and general supporting service. There were no donor-imposed restrictions associated with the donated services and nonfinancial assets. Donated space is valued at the fair value of similar properties available in similar circumstances (office space on public university property) in the Foundation’s geographic operating area. Donated accounting and financial management services are valued at standard wage rates for state employees in accounting and financial management of a state supported university in the Foundation’s geographic operating area.

Note 14. Related-Party Transactions

Coastal Carolina University provides certain support such as use of software, accounting, fundraising, and general administration for the benefit of the Foundation as detailed in the note above. These amounts have been included in contribution revenue and management and general expense in the statement of activities.

Note 14. Related-Party Transactions (Continued)

The Foundation provided $2,761,901 and $6,283,846 during fiscal years 2023 and 2022, respectively, in program service support to the University. Included in program service support for fiscal year 2022 is the fair value of property contributed to the University of $3,960,000.

The Foundation leases to the University various parcels of land. Annual lease income for these leases totaled $351,510 and $388,010 for the years ended June 30, 2023 and 2022, respectively, and is included in lease income in the accompanying statements of activities. Under terms of the leases, the University has cancellation clauses allowing termination with 30 days' notice.

At June 30, 2023 and 2022, the Foundation had accounts payable to the University for program service support totaling $2,104,652 and $2,012,431, respectively. At June 30, 2023 and 2022, the Foundation had accounts receivable from the University of $1,646 and $9,524, respectively. These amounts have been included in accounts receivable and promises to give, net in the accompanying statements of financial position.

Note 15. Subsequent Events

Subsequent events have been evaluated through September 25, 2023, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure as of this date.