

UNIVERSITY OF SOUTH CAROLINA
EDUCATIONAL FOUNDATION

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEARS ENDED JUNE 30, 2011 AND 2010

WITH

REPORT OF INDEPENDENT AUDITORS

UNIVERSITY OF SOUTH CAROLINA
EDUCATIONAL FOUNDATION

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEARS ENDED JUNE 30, 2011 AND 2010

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of the University of South Carolina Educational Foundation (the "Foundation") as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of South Carolina Educational Foundation at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying other financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

DeLoach & Williamson, L.L.P.

September 27, 2011

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UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2011	2010
Assets		
Cash and cash equivalents	\$ 4,813,295	\$ 3,280,838
Accounts receivable:		
University of South Carolina	2,064,112	619,263
Other (net of allowance for doubtful accounts at \$14,241 at June 30, 2011 and 2010)	298,964	117,358
Note receivable	55,000	55,000
Investments	249,044,365	197,897,816
Accrued interest receivable	-	3,006
Assets held in trust by others	56,934,922	55,732,578
Assets held in trust by the Foundation	806,633	734,200
Contributions receivable, net	16,220,005	17,677,689
Fixed assets (net of accumulated depreciation of \$139,825 and \$127,815 in 2011 and 2010, respectively)	26,588	38,598
Total assets	<u>\$ 330,263,884</u>	<u>\$ 276,156,346</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable:		
University of South Carolina	\$ 391,448	\$ 1,068,127
Other	799,480	426,573
Accrued interest payable - University of South Carolina	3,451,197	3,391,505
Annuity obligations	3,166,312	2,810,623
Notes payable:		
University of South Carolina	19,943,910	19,943,910
Other	21,742	29,789
Total liabilities	<u>27,774,089</u>	<u>27,670,527</u>
Contingencies (<i>Note 8</i>)		
Net assets (deficit):		
Unrestricted:		
Undesignated	24,619,606	(1,030,889)
Designated - quasi-endowments	8,892,821	8,035,321
Temporarily restricted:		
Held by the Foundation	43,744,846	31,347,190
Held in trust by others	54,885,030	53,909,938
Permanently restricted:		
Held by the Foundation	168,390,595	154,496,635
Held in trust by others	1,956,897	1,727,624
Total net assets	<u>302,489,795</u>	<u>248,485,819</u>
Total liabilities and net assets	<u>\$ 330,263,884</u>	<u>\$ 276,156,346</u>

See accompanying notes.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support				
Contributions:				
Received	\$ 12,777,320	\$ 6,454,230	\$ 12,706,062	\$ 31,937,612
Change in pledges receivable	-	(1,430,076)	-	(1,430,076)
Other receipts	564,287			564,287
Income on investments	2,862,772	1,331,427	-	4,194,199
Net unrealized and realized gains (losses) on investments	26,265,950	14,985,953	7,122	41,259,025
Net assets released from restrictions:				
Satisfaction of program restrictions	7,520,672	(7,516,012)	(4,660)	-
Expiration of time restrictions	(961,935)	(452,774)	1,414,709	-
Total revenue, gains and other support	<u>49,029,066</u>	<u>13,372,748</u>	<u>14,123,233</u>	<u>76,525,047</u>
Expenses				
Scholarships, tuition reimbursements and awards	8,742,098	-	-	8,742,098
Salary, supplements and benefits	3,011,447	-	-	3,011,447
Support and operational costs	1,896,203	-	-	1,896,203
Fundraising and advancement	832,038	-	-	832,038
Other program services	8,039,285	-	-	8,039,285
Total expenses	<u>22,521,071</u>	<u>-</u>	<u>-</u>	<u>22,521,071</u>
Change in net assets	26,507,995	13,372,748	14,123,233	54,003,976
Net assets, beginning of year	7,004,432	85,257,128	156,224,259	248,485,819
Net assets, end of year	<u>\$ 33,512,427</u>	<u>\$ 98,629,876</u>	<u>\$ 170,347,492</u>	<u>\$ 302,489,795</u>

See accompanying notes.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support				
Contributions:				
Received	\$ 9,464,679	\$ 5,011,631	\$ 6,992,426	\$ 21,468,736
Change in pledges receivable	-	4,598,306	-	4,598,306
Other receipts	586,796	1,295	-	588,091
Income on investments	3,319,821	740,021	-	4,059,842
Net unrealized and realized gains (losses) on investments	16,619,376	2,989,013	-	19,608,389
Net assets released from restrictions:				
Satisfaction of program restrictions	6,352,861	(6,324,893)	(27,968)	-
Expiration of time restrictions	(605,660)	(2,101,095)	2,706,755	-
Total revenue, gains and other support	35,737,873	4,914,278	9,671,213	50,323,364
Expenses				
Scholarships, tuition reimbursements and awards	9,251,363	-	-	9,251,363
Salary, supplements and benefits	2,650,414	-	-	2,650,414
Support and operational costs	1,894,195	-	-	1,894,195
Fundraising and advancement	980,868	-	-	980,868
Other program services	10,251,508	-	-	10,251,508
Total expenses	25,028,348	-	-	25,028,348
Change in net assets	10,709,525	4,914,278	9,671,213	25,295,016
Net assets (deficit), beginning of year	(3,705,093)	80,342,850	146,553,046	223,190,803
Net assets, end of year	\$ 7,004,432	\$ 85,257,128	\$ 156,224,259	\$ 248,485,819

See accompanying notes.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 54,003,976	\$ 25,295,016
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net unrealized and realized (gains) losses on investments	(41,259,025)	(19,608,389)
Interest expense not paid	60,393	1,248,973
Actuarial (gain) loss on annuity obligations	217,397	160,955
Payments under annuity and trust obligations	568,385	510,062
Depreciation	12,010	14,689
Contributions restricted to endowment:		
Temporarily restricted	(687,193)	(436,544)
Permanently restricted	(12,436,189)	(6,847,841)
Changes in certain assets and liabilities:		
Accounts receivable	(1,626,455)	(675,172)
Note receivable	-	(25,000)
Accrued investment income receivable	3,006	24,769
Contributions receivable	1,457,684	(4,597,981)
Accounts payable	(303,772)	396,546
Net cash provided by (used in) operating activities	<u>10,217</u>	<u>(4,539,917)</u>
Cash flows from investing activities:		
Purchases of fixed assets	-	(10,290)
Proceeds from sale of investments	35,122,624	20,399,602
Purchase of investments	(45,440,942)	(25,839,575)
Net cash used in investing activities	<u>(10,318,318)</u>	<u>(5,450,263)</u>

(CONTINUED)

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

STATEMENTS OF CASH FLOWS

(CONTINUED)

	<u>2011</u>	<u>2010</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in endowment:		
Temporarily restricted	687,193	436,544
Permanently restricted	12,436,189	6,847,841
Other financing activities:		
Payments on notes payable	(8,047)	(7,834)
Change in split interest agreements	(1,202,344)	(1,354,931)
Change in annuity and trust obligations	(72,433)	(44,118)
Net cash provided by financing activities	<u>11,840,558</u>	<u>5,877,502</u>
Net increase (decrease) in cash and cash equivalents	1,532,457	(4,112,678)
Cash and cash equivalents at beginning of year	<u>3,280,838</u>	<u>7,393,516</u>
Cash and cash equivalents at end of year	<u>\$ 4,813,295</u>	<u>\$ 3,280,838</u>
Supplemental data for noncash investing and financing activities:		
Gifts of real estate and equipment	\$ 85,015	\$ -
Interest expense to be paid (accrued)	\$ 59,693	\$ 1,248,060
Interest paid	\$ 1,100,700	\$ 914

See accompanying notes.

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UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. Summary of Significant Accounting Policies

The University of South Carolina Educational Foundation (the "Foundation") is a South Carolina eleemosynary corporation operating for the benefit and support of the University of South Carolina (the "University"). Its objectives include the establishment and implementation of long range fund raising programs to assist in the expansion and improvement of the educational functions of the University.

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported in the following three classifications:

Unrestricted

The Foundation reports that part of its net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations as unrestricted net assets. The Foundation's governing board has internally earmarked portions of its unrestricted net assets as designated for quasi (board designated) endowments. The principal of such funds is invested to provide income for operations.

Temporarily Restricted

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets or permanently restricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. All contributions receivable are considered temporarily restricted until received by the Foundation. Once the funds have been received, they are then reclassified to other net asset classifications.

Permanently Restricted

Permanently restricted net assets consist of that part of the Foundation's net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Foundation. Presently, these net assets represent the permanent endowed funds established by donors for the benefit of the Foundation's programs. Gifts and contributions designated by such trust agreements are permanently invested, with the income derived therefrom being accumulated or expended in accordance with the donor-imposed restrictions. Accordingly, investment earnings available for unrestricted use have been reported in unrestricted net assets.

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UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

Other significant accounting policies are as follows:

Revenue, Gains and Other Support and Expenses and Losses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

A contribution is deemed to have been received when the cash or other assets including securities, land, buildings, use of facilities, materials and supplies, intangible assets, services or unconditional promise to give such items in the future is received. An unconditional promise to give is a promise which is not dependent on the occurrence of a specified future and uncertain event to bind the promisor.

The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods, and Facilities

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit, money market, and other deposit accounts with financial institutions. The Foundation considers all cash and highly liquid debt securities with an initial maturity of three months or less not held in its investment pools to be cash equivalents.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions. At June 30, 2011, the bank balance of cash and cash equivalents totaled \$5,555,131, of which \$5,054,492 was not covered by federal deposit insurance. The Foundation has not experienced any losses on its cash equivalents. Management monitors the risk of exposure to loss through monitoring the performance of the financial institutions through publicly available rating agencies.

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

Investments

Investments consist of money market funds, certificates of deposits, marketable equity and debt securities carried at fair value and alternative investments (including venture capital funds and funds of funds), which are carried at capital account value. Cash and money market funds held in the investment portfolio are a part of the diversification strategies established by the investment policy. Management determines the portion of the investment portfolio to be held in money market funds based on projected cash needs by beneficiaries. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is specifically restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift. Donated life insurance policies are carried at their current respective cash surrender values. Property held for sale is measured at the lower of cost or market.

Assets Held in Trust

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

By the Foundation

Trust agreements that name the Foundation as trustee are held in trust accounts that are measured at fair value in the statement of financial position. Changes in fair value are included in the statement of activities as investment income in the temporarily restricted net assets unless the income or loss is permanently restricted by the donor. Distributions from the trust accounts are recognized as expenses in the statement of activities. Distributions to the Foundation during the life of the agreement are recognized as reductions in the investment earnings in the appropriate net asset classification in accordance with the donor's wishes.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

By Others

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

Annuity Obligations

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

Other information relating to these split-interest agreements is as follows:

	<u>2011</u>	<u>2010</u>
Contributions	\$ 1,462,982	\$ 998,378
Actuarial gain (loss)	\$ 217,397	\$ 160,955
Payments made	\$ (568,385)	\$ (510,062)

Fixed Assets

Fixed asset purchases are recorded at cost. Donated fixed assets are recorded at fair value on the date of the gift. Assets are capitalized if the value at acquisition exceeds \$5,000 and the estimated useful life exceeds three years. Depreciation is provided over the estimated useful life computed on the straight-line method.

Income Taxes

The Foundation has received a determination from the Internal Revenue Service that it is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities. Certain shared costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain items have been reclassified from prior year amounts to be conformed to the current year presentation.

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 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. Significant estimates are used in the determination of allowance for doubtful accounts, discount rates used in net present value calculations, and the useful lives of property and equipment. Present value calculations are used in the valuation of contributions receivable, funds held in trust, and annuity liabilities.

2. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each classification within the financial statements:

- Cash, accounts receivable, accounts payable, notes receivable, notes payable and accrued interest receivable - Fair value approximates carrying value due to the short maturity of these financial instruments.
- Contributions receivable - The fair value of promises to give that are due in one year or more is estimated by discounting the estimated future cash flows using an estimate of the Foundation's earnings rate.
- Investments - The fair value of debt and equity security investments are estimated based on quoted market prices. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. It was not practical to estimate the fair value of the alternative investments. These investments are carried at the capital account value.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Fair Value of Financial Instruments

- Assets Held in Trust – The fair value is estimated using multiple methods. The CLAT's held by others are valued using the present value of future cash flows. The CRUT's held by others (majority of Held by Others) are valued at the fair value of the investments held as reported by the custodian.
- Cash value of life insurance – The carrying amounts approximate fair value.
- Annuity obligations - These liabilities are carried at actuarially determined present value, which approximate fair value.

When quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instrument.

The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

- | | |
|---------|--|
| Level 1 | Quoted prices in an active market for identical assets or liabilities. |
| Level 2 | Other quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active for transactions or availability of information, other observable sources of information, and information derived principally from or corroborated from observable sources of information. |
| Level 3 | Unobservable sources of information, primarily management's assumptions about potential market participants. |

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Fair Value of Financial Instruments (Continued)

The estimated fair values of the Foundation's financial instruments are as follows and are included in the statement of financial position under similar descriptions:

Description	June 30, 2011	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Financial assets requiring fair value disclosure:				
Cash and cash equivalents	\$ 4,813,295	\$ 4,813,295	\$ -	\$ -
Accounts receivable	2,363,076	2,363,076	-	-
Note receivable	55,000	55,000	-	-
Investments	249,044,365	212,413,825	-	36,630,540
Assets held in trust by others	56,934,922	4,576,935	52,357,987	-
Assets held in trust by the Foundation	806,633	806,633	-	-
Contributions receivable	16,220,005		16,220,005	-
Total	<u>\$ 330,237,296</u>	<u>\$ 225,028,764</u>	<u>\$ 68,577,992</u>	<u>\$ 36,630,540</u>
Financial liabilities requiring fair value disclosure:				
Accounts payable	\$ 1,190,928	\$ 1,190,928	\$ -	\$ -
Accrued interest payable	3,451,197	3,451,197	-	-
Annuity obligations	3,166,312	3,166,312	-	-
Notes payable	19,965,652	19,965,652	-	-
Total	<u>\$ 27,774,089</u>	<u>\$ 27,774,089</u>	<u>\$ -</u>	<u>\$ -</u>

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Fair Value of Financial Instruments (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			Total
	Hedge Funds	Hedge Fund of Funds	Private Equity	
Beginning balance - July 1, 2010	\$ 10,835,243	\$ 15,110,751	\$ 6,555,123	\$ 32,501,117
Total dividends				
Included in changes in net assets	-	-	97,008	97,008
Total gains or losses (realized/unrealized)				
Included in changes in net assets	1,380,685	1,907,641	848,377	4,136,703
Purchases, issuances, and settlements	-	-	317,484	317,484
Return of capital	-	-	(257,281)	(257,281)
Cash out of dividend/realized gain	-	-	(164,491)	(164,491)
Ending balance - June 30, 2011	<u>\$ 12,215,928</u>	<u>\$ 17,018,392</u>	<u>\$ 7,396,220</u>	<u>\$ 36,630,540</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ 1,380,685</u>	<u>\$ 1,907,641</u>	<u>\$ 780,894</u>	<u>\$ 4,069,220</u>

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Fair Value of Financial Instruments (Continued)

The investments reported as level 3 methods for determining fair value consist of Partnerships and Hedge Funds for which the ownership terms and conditions restrict the marketability of the investments resulting in the valuation method previously described. The following describes the restrictions to assist in the assessment of the investment holdings:

Private Equity (Partnerships) – The Foundation holds ownership positions in one partnership with an investment strategy of investing in private equity – distressed companies. The Foundation cannot redeem from its investment in the fund until the final liquidation of the partnership. This fund is in the early stage of its life and has an estimated 10 years left until the majority of any of the capital has been returned. This partnership is valued at \$7,396,220 at June 30, 2011. The amount of unfunded commitments related to this investment is \$2,063,647.

Hedge Funds/Hedge Fund of Funds – The Foundation holds ownership shares in several hedge funds with investment strategies including fund to fund long/short equity managers. The funds' requirements for liquidity/withdrawals range from 15 days written notice for monthly liquidation to 45 days written notice for quarterly liquidation and contributions/purchases are accepted either monthly, quarterly, or annually with some having a minimum deposit/withdrawal up to \$250,000. Management believes that the investment strategies employed and availability of other Foundation resources allow the Foundation to be unaffected by the liquidity restrictions.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Investments

The following summarizes the cost and fair values of investments by investment pool at June 30, 2011 and 2010:

	June 30, 2011		June 30, 2010	
	Cost	Fair Value	Cost	Fair Value
Readily Marketable	\$ 12,712,972	\$ 13,633,798	\$ 9,504,920	\$ 9,539,999
University Foundations Pool	212,626,366	231,861,964	184,134,043	184,497,242
Other Donor-Restricted Endowments - Not Readily Marketable	3,548,603	3,548,603	3,860,575	3,860,575
	<u>\$ 228,887,941</u>	<u>\$ 249,044,365</u>	<u>\$ 197,499,538</u>	<u>\$ 197,897,816</u>

Investments are composed of the following:

	June 30, 2011		June 30, 2010	
	Cost	Fair Value	Cost	Fair Value
Money Funds	\$ 5,758,439	\$ 5,758,439	\$ 3,674,891	\$ 3,674,891
Certificate of Deposit	-	-	1,283,913	1,283,913
Bonds and Notes	18,531,012	21,775,999	20,575,993	23,226,320
Stocks	118,583,981	135,495,418	107,595,690	105,343,641
Real Estate	1,582,411	1,582,411	2,133,953	2,133,953
Other	84,432,098	84,432,098	62,235,098	62,235,098
	<u>\$ 228,887,941</u>	<u>\$ 249,044,365</u>	<u>\$ 197,499,538</u>	<u>\$ 197,897,816</u>

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Investments (Continued)

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

	June 30, 2011			
	University Foundations Pooled Investments		Portion Owned by USC Educational Foundation	
	Cost	Fair Value	Cost	Fair Value
Investment Pools:				
Cash	\$ 2,172,482	\$ 2,172,482	\$ 1,673,359	\$ 1,673,359
Equities	64,636,218	72,930,680	49,123,105	56,328,471
Equity Mutual Funds	80,173,083	91,352,819	65,747,144	74,532,390
Fixed Income Mutual Funds	15,947,059	19,673,670	13,616,852	16,861,838
Other/Alternative Investments	106,517,119	106,517,119	82,465,906	82,465,906
Total Investment Pools	<u>\$ 269,445,961</u>	<u>\$ 292,646,770</u>	<u>\$ 212,626,366</u>	<u>\$ 231,861,964</u>

	June 30, 2010			
	University Foundations Pooled Investments		Portion Owned by USC Educational Foundation	
	Cost	Fair Value	Cost	Fair Value
Investment Pools:				
Cash	\$ 1,161,735	\$ 1,161,735	\$ 900,954	\$ 900,954
Equities	63,007,439	56,068,313	48,678,546	43,402,599
Equity Mutual Funds	68,332,805	72,165,789	55,299,701	58,288,520
Fixed Income Mutual Funds	22,255,768	25,292,893	18,747,609	21,397,937
Other/Alternative Investments	78,670,948	78,670,948	60,507,233	60,507,232
Total Investment Pools	<u>\$ 233,428,695</u>	<u>\$ 233,359,678</u>	<u>\$ 184,134,043</u>	<u>\$ 184,497,242</u>

As of June 30, 2011 and 2010, the Foundation had initial investments in its portion of Investment Pools – Other of \$65,964,988 and \$53,798,753, respectively, with reinvested earnings of \$16,500,918 and \$6,258,480, respectively, resulting in the cost basis reported above.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Investments (Continued)

Investment income from cash equivalents and investments is comprised of the following for the years ended June 30, 2011 and 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
Dividends and interest	\$ 2,862,772	\$ 1,331,427	\$ -	\$ 4,194,199	\$ 4,059,842
Realized gains (loss)	7,685,335	4,772,318	7,122	12,464,775	5,190,212
Unrealized gains (loss)	18,580,615	10,213,635	-	28,794,250	14,418,177
	<u>\$ 29,128,722</u>	<u>\$ 16,317,380</u>	<u>\$ 7,122</u>	<u>\$ 45,453,224</u>	<u>\$ 23,668,231</u>

4. Assets Held in Trust

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

	June 30,	
	2011	2010
Held by others:		
Temporarily restricted	\$ 54,978,025	\$ 54,004,954
Permanently restricted	1,956,897	1,727,624
	<u>56,934,922</u>	<u>55,732,578</u>
Held by the Foundation:		
Unrestricted	63,106	61,890
Temporarily restricted	743,527	672,310
	<u>806,633</u>	<u>734,200</u>
Total assets held in trust	<u>\$ 57,741,555</u>	<u>\$ 56,466,778</u>

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Assets Held in Trust (Continued)

For the most part changes in funds held in trust is comprised of the following for the years ended June 30, 2011 and 2010, respectively and is reported as increases/decreases in contributions received.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
Held by Foundation	\$ 7,124	\$ 177,573	\$ -	\$ 184,697	\$ 135,125
Held by others	-	5,078,668	270,372	5,349,040	3,934,997
	<u>\$ 7,124</u>	<u>\$ 5,256,241</u>	<u>\$ 270,372</u>	<u>\$ 5,533,737</u>	<u>\$ 4,070,122</u>

Distributions from funds held in trust held by others were recognized as temporarily restricted gifts in the amount of \$4,144,677 and \$2,562,748 for the years ended June 30, 2011 and 2010, respectively.

Distributions and other expenses from funds held in trust by the Foundation are included as expenses on the financial statements and totaled \$133,591 and \$108,486 for the years ended June 30, 2011 and 2010, respectively.

5. Contributions Receivable

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

	June 30,	
	2011	2010
Receivable in less than one year	\$ 2,967,633	\$ 2,185,523
Receivable in one to five years	16,470,932	20,963,593
Receivable in six to ten years	6,450,500	1,028,284
Receivable in more than ten years	190,945	249,595
	<u>26,080,010</u>	<u>24,426,995</u>
Less, allowance for uncollectible pledges	(3,088,882)	(2,538,901)
Less, discount for time value of money	(6,771,123)	(4,210,405)
Contributions receivable, net	<u>\$ 16,220,005</u>	<u>\$ 17,677,689</u>

The discount to net present value was calculated using the estimated earnings rate of 8.32% as of June 30, 2011 and 2010.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Fixed Assets

Fixed assets consisted of the following as of:

	June 30,	
	2011	2010
Vehicles	\$ 43,363	\$ 43,363
Software	100,389	100,389
Computer equipment	22,661	22,661
	<u>166,413</u>	<u>166,413</u>
Less, accumulated depreciation	(139,825)	(127,815)
Net fixed assets	<u>\$ 26,588</u>	<u>\$ 38,598</u>
Depreciation expense	<u>\$ 12,010</u>	<u>\$ 14,689</u>

7. Notes Payable

During fiscal year 1998/99, the Foundation entered into an agreement with the University of South Carolina. The agreement calls for the University to loan a portion of its endowment funds to the Foundation whereby the Foundation will invest these funds. The agreement stipulates that the Foundation is to pay the University a required return equal to the amount that could have been earned at the South Carolina State Treasurers Office. Principal amounts and accrued interest are payable to the University upon demand with not less than 30 days notice. Any excess earnings over the required return are restricted to be used by the Foundation for scholarships. The principal balance on this note was \$19,943,910 at both June 30, 2011 and June 30, 2010. Accrued interest payable totaled \$3,451,197 and \$3,391,505 at June 30, 2011 and 2010, respectively, and is included in accrued interest payable on the Statement of Financial Position.

In September 2008, the Foundation purchased a vehicle. Payments are due in the middle of each month in the amount of \$729. The interest rate is 2.68%. At the end of thirty-six months, there is a balloon payment of \$19,695. The total principal and interest due for fiscal year 2012 is \$21,742 and \$141, respectively.

The Foundation recognized interest expense of \$1,160,393 and \$1,248,974 for the years ended June 30, 2011 and 2010, respectively.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Debt Guaranties/Contingencies/Commitments

The Foundation has guaranteed the repayment of a total of \$19,135,000 of bonds issued by the University of South Carolina Development Foundation (the Development Foundation). At June 30, 2011 the outstanding balance on these bonds was \$19,135,000.

The Foundation has guaranteed under a guaranty agreement the repayment of a \$15,000,000 line of credit taken out by the Development Foundation. As of June 30, 2011, the outstanding principal balance was \$14,871,533.

The Foundation has guaranteed under a guaranty agreement the repayment of a \$2,000,000 line of credit taken out by the Development Foundation. As of June 30, 2011, the outstanding principal balance was \$1,279,875.

As reported in Note 2, the Foundation has committed to invest an additional \$2,063,647 in one of its Private Equity Holdings. This money is payable upon demand.

9. Board Designated Funds

Quasi-Endowments have been designated totaling \$8,892,821 at June 30, 2011 and \$8,035,321 at June 30, 2010. Quasi-endowments are established from time to time in an effort to manage the use of funds received without donor restrictions. The quasi-endowments may be created to fund an established program or project of one of the Colleges or Departments. Additionally, quasi-endowments may be established to provide funding for new and/or changing initiatives.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Temporarily Restricted Net Assets

At June 30, 2011, temporarily restricted net assets are available for the following specific program services:

Contributions receivable	\$ 16,220,005
Awaiting full endowment level and temporary investment earnings	21,954,903
Annuity and Life Trust Agreements	<u>60,454,968</u>
	<u>\$ 98,629,876</u>

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$7,968,786 and \$8,425,988 for the years ended June 30, 2011 and 2010, respectively.

11. Permanently Restricted Assets

Permanently restricted net assets of \$170,347,492 at June 30, 2011 are restricted to investment in perpetuity, the income from which is expendable to support the Foundation's objectives.

Investment losses incurred during the decline in the market in the Fall and Winter of 2008/2009 resulted in the invasion of corpus for certain permanently restricted endowments. These net assets amounted to \$1,879,141 and \$10,916,532 in 2011 and 2010, respectively. Management believes that these declines are temporary and investment strategies have already seen improvement in the investment performance.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Endowments

The Foundation's endowment consists of more than 2,000 individual funds established for various purposes. It includes donor-restricted contributions and other amounts as required by GAAP. Net assets associated with the endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SCUPMIFA. In accordance with SCUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 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.

Endowment composition by type of net asset consists of the following as of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Total net assets	\$ 33,512,427	\$ 98,629,876	\$ 170,347,492	\$ 302,489,795
less, Board designated quasi endowments	(8,892,821)	-	-	(8,892,821)
less, other funds not meeting endowment definition	(16,568,268)	(81,665,576)	(2,111,682)	(100,345,526)
Total endowment	<u>\$ 8,051,338</u>	<u>\$ 16,964,300</u>	<u>\$ 168,235,810</u>	<u>\$ 193,251,448</u>

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2011 and June 30, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Beginning endowment net asset balance - July 1, 2009	\$ (11,750,617)	\$ 8,833,887	\$ 144,863,858	\$ 141,947,128
Investment return	9,983,470	4,340,876	-	14,324,346
Contributions	539,619	436,544	6,847,842	7,824,005
Other revenue	150,995	-	-	150,995
Net assets released from restrictions	1,633,984	(5,678,121)	2,715,837	(1,328,300)
Appropriation of endowment assets for expenditures	(5,996,842)	-	-	(5,996,842)
Ending net asset balance - June 30, 2010	(5,439,391)	7,933,186	154,427,537	156,921,332
Investment return	18,959,547	10,615,071	7,122	29,581,740
Contributions	788,278	687,193	12,436,188	13,911,659
Other revenue	137,662	-	-	137,662
Net assets released from restrictions	(153,358)	(2,271,150)	1,364,963	(1,059,545)
Appropriation of endowment assets for expenditures	(6,241,400)	-	-	(6,241,400)
Ending net asset balance - June 30, 2011	<u>\$ 8,051,338</u>	<u>\$ 16,964,300</u>	<u>\$ 168,235,810</u>	<u>\$ 193,251,448</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were (\$8,832,162) and (\$23,055,062) as of June 30, 2011 and June 30, 2010, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were previously approved and were critical initiatives deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns at least equal to inflation as measured by the Consumer Price Index plus a 4.5% pay out and 1.5% for associated fees while assuming a moderate level of investment risk.

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. 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 gains and losses) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4.5 percent of its endowment fund's average fair value over the prior 5 quarters through the calendar year-end proceeding 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 8 to 10 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

13. Related Party Transactions

The Foundation provided support to the University of South Carolina for general, departmental expenditures, scholarships, equipment purchases, and construction of buildings which totaled \$17,828,232 and \$17,249,471 for the years ended June 30, 2011 and 2010, respectively. The Foundation had accounts payable to USC in the amount of \$391,448 and \$1,068,127 for the years ended June 30, 2011 and 2010, respectively.

The Foundation has entered into the following agreements with USC:

USC Loan Fund

The provisions of the USC Loan Fund are described in *Note 7*.

Short-term Library Loan

Under this agreement, the Foundation has agreed to loan up to \$3,000,000 to the USC Library for construction costs and interior furnishing with an interest rate of 2%. The library owed \$2,064,112 and \$619,263 to the Foundation for the years ended June 30, 2011 and 2010, respectively. These funds will be repaid over time by the USC Library.

14. Subsequent events

Subsequent events were evaluated through September 27, 2011, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

OTHER FINANCIAL INFORMATION

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

	Scholarships, Tuition Reimbursements and Awards	Salary, Supplements and Benefits	Support and Operational Costs	Fundraising and Advancement	Other Program Services	Total
Scholarships and tuition reimbursements	\$ 8,704,770	\$ -	\$ -	\$ -	\$ -	\$ 8,704,770
Salary, supplements and benefits	-	2,976,362	1,090,335	1,008	-	4,067,705
Contributions	-	-	-	1,000	550,571	551,571
Contractual services and professional fees	-	-	704,453	693,845	1,027,979	2,426,277
Rent (office, telephone, copier)	-	-	4,997	14,267	326,731	345,995
Food supplies	-	-	4,012	37,953	763,159	805,124
Printing and advertising	-	-	-	4,533	165,979	170,512
Fund raising	-	-	-	3,081	-	3,081
Construction costs, office equipment and maintenance	-	-	48,898	1,764	2,011,012	2,061,674
Office supplies	-	-	8,185	937	89,396	98,518
Postage and freight	-	-	1,797	4,510	24,255	30,562
Telephone	-	-	9,558	-	7,081	16,639
Insurance	-	-	4,013	1,427	114,732	120,172
Travel	-	-	2,993	16,211	419,796	439,000
Other program supplies and sundries	-	-	241	20,249	37,917	58,407
Plaques, engraving and framing	-	-	-	176	19,551	19,727
Grants, awards and honoraria	37,328	35,085	591	6,565	356,641	436,210
Conferences	-	-	6,050	1,609	48,107	55,766

(CONTINUED)

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

(CONTINUED)

	Scholarships, Tuition Reimbursements and Awards	Salary, Supplements and Benefits	Support and Operational Costs	Fundraising and Advancement	Other Program Services	Total
Property and use tax	-	-	-	2,211	56,707	58,918
Subscription and dues	-	-	6,446	6,395	232,173	245,014
Instructional materials	-	-	-	-	53,039	53,039
Housing, room costs and moving expenses	-	-	297	14,297	214,405	228,999
Payments under trust agreements	-	-	-	-	126,314	126,314
Payments under annuity agreements	-	-	-	-	442,071	442,071
Annuity adjustment	-	-	-	-	(217,397)	(217,397)
Interest expense - auto loan	-	-	-	-	701	701
Interest expense - USC Endowment funds loan	-	-	-	-	1,159,692	1,159,692
Depreciation expense	-	-	3,337	-	8,673	12,010
Total Expenditures	\$ 8,742,098	\$ 3,011,447	\$ 1,896,203	\$ 832,038	\$ 8,039,285	\$ 22,521,071

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

	Scholarships, Tuition Reimbursements and Awards	Salary, Supplements and Benefits	Support and Operational Costs	Fundraising and Advancement	Other Program Services	Total
Scholarships and tuition reimbursements	\$ 9,057,647	\$ -	\$ -	\$ -	\$ -	\$ 9,057,647
Salary, supplements and benefits	-	2,589,414	1,125,466	-	-	3,714,880
Contributions	-	-	800	1,500	1,362,654	1,364,954
Contractual services and professional fees	-	-	661,102	849,019	917,223	2,427,344
Rent (office, telephone, copier)	-	-	5,808	8,390	228,453	242,651
Food supplies	-	-	6,961	15,708	808,523	831,192
Printing and advertising	-	-	-	27,162	138,836	165,998
Fund raising	-	-	-	2,801	-	2,801
Construction costs, office equipment and maintenance	-	-	23,698	3,010	3,667,598	3,694,306
Office supplies	-	-	8,595	547	89,720	98,862
Postage and freight	-	-	1,843	7,120	23,488	32,451
Telephone	-	-	8,886	-	2,789	11,675
Insurance	-	-	11,628	2,439	106,194	120,261
Travel	-	-	11,112	26,946	332,597	370,655
Other program supplies and sundries	-	-	220	315	95,070	95,605
Plaques, engraving and framing	-	-	55	-	15,547	15,602
Grants, awards and honoraria	193,716	61,000	409	8,324	239,283	502,732
Conferences	-	-	4,560	1,450	28,878	34,888

(CONTINUED)

UNIVERSITY OF SOUTH CAROLINA EDUCATIONAL FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

(CONTINUED)

	Scholarships, Tuition Reimbursements and Awards	Salary, Supplements and Benefits	Support and Operational Costs	Fundraising and Advancement	Other Program Services	Total
Property and use tax	-	-	879	483	37,563	38,925
Subscription and dues	-	-	11,678	12,777	360,012	384,467
Instructional materials	-	-	-	-	19,476	19,476
Housing, room costs and moving expenses	-	-	4,478	12,877	170,850	188,205
Payments under trust agreements	-	-	-	-	50,203	50,203
Payments under annuity agreements	-	-	-	-	459,859	459,859
Annuity adjustment	-	-	-	-	(160,955)	(160,955)
Interest expense - auto loan	-	-	-	-	914	914
Interest expense - USC Endowment funds loan	-	-	-	-	1,248,060	1,248,060
Depreciation expense	-	-	6,017	-	8,673	14,690
Total Expenditures	\$ 9,251,363	\$ 2,650,414	\$ 1,894,195	\$ 980,868	\$ 10,251,508	\$ 25,028,348

