

*The Winthrop University Foundation*

*Financial Statements*

*Year Ended December 31, 2024*

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# THE WINTHROP UNIVERSITY FOUNDATION

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December 31, 2024

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Winthrop University Foundation  
Rock Hill, South Carolina

### Opinion

We have audited the accompanying consolidated financial statements of The Winthrop University Foundation (the "Foundation" - a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Winthrop University Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Winthrop University 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Winthrop University 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The Winthrop University Foundation  
Rock Hill, South Carolina

Misstatements, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of The Winthrop University 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Winthrop University Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Foard & Company, P.A.*  
April 7, 2025

# THE WINTHROP UNIVERSITY FOUNDATION

## Consolidated Statement of Financial Position

December 31, 2024, with prior year comparative totals

	December 31,			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024 Total	2023 Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,936,255	\$ -	\$ 1,936,255	\$ 1,982,800
Pledges Receivable	216,278	1,337,915	1,554,193	1,564,814
Less: Present Value Discount	(41,159)	(100,486)	(141,645)	(144,217)
Less: Allowance for Doubtful Accounts	(2,609)	(139,737)	(142,346)	(146,322)
Pooled Investments, at Fair Value	85,968,515	-	85,968,515	77,528,652
Split Interest Investments, at Fair Value	-	1,983,566	1,983,566	1,903,613
Cash Value of Life Insurance	-	55,366	55,366	55,593
Property Held for Resale	2,000	5,000	7,000	2,000
Prepaid Expenses	43,184	-	43,184	11,244
Security deposits	13,587	-	13,587	-
Property and Equipment, at Cost	128,279	-	128,279	92,679
Less: Accumulated Depreciation	(110,479)	-	(110,479)	(92,679)
Operating right of use asset, at cost	1,357,988	-	1,357,988	-
Less: Accumulated Amortization	(22,633)	-	(22,633)	-
Due (From)/To Other Funds	(82,695,894)	82,695,894	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,793,312</b>	<b>\$ 85,837,518</b>	<b>\$ 92,630,830</b>	<b>\$ 82,758,177</b>
<b>LIABILITIES AND NET ASSETS</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 27,380	\$ 315,992	\$ 343,372	\$ 301,249
Payroll Liabilities	18,804	-	18,804	13,684
Actuarial Liability of Annuities Payable	-	1,079,392	1,079,392	1,036,261
Guaranteed Lease Liability	191,000	-	191,000	10,000
Operating Lease Liability	1,336,167	-	1,336,167	-
<b>Total Liabilities</b>	<b>1,573,351</b>	<b>1,395,384</b>	<b>2,968,735</b>	<b>1,361,194</b>
<i>Net Assets:</i>				
Without Donor Restrictions				
Board Designated	3,765,509	-	3,765,509	2,258,489
Agency	544,742	-	544,742	425,469
Undesignated	909,710	-	909,710	490,789
With Donor Restrictions:				
Restricted for time and purpose	-	6,678,123	6,678,123	6,506,259
Held in perpetuity	-	77,764,011	77,764,011	71,715,977
<b>Total Net Assets</b>	<b>5,219,961</b>	<b>84,442,134</b>	<b>89,662,095</b>	<b>81,396,983</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,793,312</b>	<b>\$ 85,837,518</b>	<b>\$ 92,630,830</b>	<b>\$ 82,758,177</b>

**THE WINTHROP UNIVERSITY FOUNDATION**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2024, with prior year comparative totals**

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Year Ended December 31,	
					2024	2023
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Contributions:	\$	1,199,427	\$	3,970,704	\$	5,170,131
Provision for Doubtful Accounts		8,326	#	(4,350)		3,976
Provision for Pledge Discounts		(38,950)		41,523		2,573
Gifts in-kind		19,591		-		19,591
Investment Earnings		1,219,811		7,944,603		9,164,414
Change in Value of Split-Interest Trusts		-		(43,131)		(43,131)
Change in Cash Surrender Value		-		(227)		(227)
Program Income		-		66,132		66,132
Other Revenue		-		103,725		103,725
<b>Total</b>		<b>2,408,205</b>		<b>12,078,979</b>		<b>14,487,184</b>
Net Assets Released from Restrictions		4,713,141		(4,713,141)		-
<b>TOTAL</b>	<b>\$</b>	<b>7,121,346</b>	<b>\$</b>	<b>7,365,838</b>	<b>\$</b>	<b>14,487,184</b>
					<b>\$</b>	<b>13,939,443</b>
<b>EXPENSES</b>						
<b>Management and General Operating:</b>						
Salaries and Benefits	\$	150,289	\$	-	\$	150,289
Professional Fees		22,653		-		22,653
Office Expenses, Postage and Printing		45,826		-		45,826
Software		28,855		-		28,855
Rent, Utilities, and Overhead		13,323		-		13,323
Professional Development		1,671		-		1,671
Dues and fees		-		-		-
Credit Card and Bank Fees		14,548		-		14,548
Insurance		5,754		-		5,754
Travel and Meetings		2,769		-		2,769
Stewardship and Recognition		278		-		278
Directors' Expenses		21,533		-		21,533
<b>Total Operating</b>		<b>307,499</b>		<b>-</b>		<b>307,499</b>
						<b>222,054</b>
<b>Fund Raising:</b>						
Salaries and Benefits		17,892		-		17,892
Salary Reimbursements - Advancement Support		214,784		-		214,784
Professional Fees		16,478		-		16,478
Office Expenses, Postage and Printing		87,338		-		87,338
Software		33,748		-		33,748
Rent, Utilities, and Overhead		1,083		-		1,083
Stewardship and Recognition		23,524		-		23,524
Travel and Meetings		28,051		-		28,051
<b>Total Fund Raising</b>		<b>422,898</b>		<b>-</b>		<b>422,898</b>
						<b>386,053</b>
<b>Program:</b>						
Salaries and Benefits		189,651		-		189,651
President's Salary Supplement and Benefits		210,174		-		210,174
Rent, Utilities, and Overhead		21,609		-		21,609
Professional Development		6,005		-		6,005
Dues and Fees		315		-		315
Travel and Meetings		7,003		-		7,003
Donated Goods		19,591		-		19,591
General Scholarships		160,000		-		160,000
Restricted Scholarships and Other University Support		4,754,549		-		4,754,549
Alumni Association Support		29,000		-		29,000
President and Vice President's Discretionary Support		93,778		-		93,778
<b>Total Program</b>		<b>5,491,675</b>		<b>-</b>		<b>5,491,675</b>
						<b>4,425,888</b>
<b>TOTAL</b>		<b>6,222,072</b>		<b>-</b>		<b>6,222,072</b>
						<b>5,033,995</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND ADJUSTMENTS</b>		<b>899,274</b>		<b>7,365,838</b>		<b>8,265,112</b>
						<b>8,905,448</b>
<b>Transfers and Adjustments</b>						
Management Fee		1,132,277		(1,132,277)		-
Other Transfers		13,663		(13,663)		-
<b>Total Transfers and Adjustments</b>		<b>1,145,940</b>		<b>(1,145,940)</b>		<b>-</b>
<b>NET ASSETS, BEGINNING</b>		<b>3,174,747</b>		<b>78,222,236</b>		<b>81,396,983</b>
						<b>72,491,535</b>
<b>NET ASSETS, ENDING</b>	<b>\$</b>	<b>5,219,961</b>	<b>\$</b>	<b>84,442,134</b>	<b>\$</b>	<b>89,662,095</b>
					<b>\$</b>	<b>81,396,983</b>

**THE WINTHROP UNIVERSITY FOUNDATION**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2024, with prior year comparative totals**

	Year Ended December 31,	
	2024	2023
<b><u>OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 8,265,112	\$ 8,905,448
<b>Adjustments to Reconcile Change in Net Assets to Cash Flows from Operating Activities:</b>		
Depreciation	17,800	-
Realized and Unrealized (Gains) Losses on Investments	(6,996,189)	(8,623,575)
Change in Value of Split Interest Investments	(193,712)	(262,716)
Contributions Restricted for Permanent Investment	(1,676,892)	(1,063,499)
Change in Operating Assets:		
Contributions Receivable	4,073	(397,122)
Split Interest Agreements	113,759	103,448
Cash Value of Life Insurance	227	(6,807)
Prepaid Expenses	(31,940)	5,933
Security Deposit	(13,587)	-
Operating Right of Use Asset	(1,335,355)	-
Change in Operating Liabilities:		
Accounts Payable	42,123	103,671
Payroll Liabilities	5,120	(7,499)
Guaranteed Lease Liability	181,000	(10,000)
Operating Right of Use Liability	1,336,167	-
<b><i>Cash Flows from Operating Activities</i></b>	<b>(282,294)</b>	<b>(1,252,718)</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Proceeds from the Sale of Investments	4,790,674	4,815,191
Purchases of Investments	(6,236,348)	(5,629,039)
(Purchase)/Disposition of Fixed Assets	(38,600)	-
<b><i>Cash Flows from Investing Activities</i></b>	<b>(1,484,274)</b>	<b>(813,848)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Contributions Restricted for Permanent Investment	1,676,892	1,063,499
Increase in Actuarial Liability Payable	43,131	(67,370)
<b><i>Cash Flows from Financing Activities</i></b>	<b>1,720,023</b>	<b>996,129</b>
<b>CHANGE IN CASH AND EQUIVALENTS</b>	<b>(46,545)</b>	<b>(1,070,437)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>1,982,800</b>	<b>3,053,237</b>
<b>CASH AND EQUIVALENTS, ENDING</b>	<b>\$ 1,936,255</b>	<b>\$ 1,982,800</b>

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

### December 31, 2024

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#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Nature of Organization**

###### The Winthrop University Foundation

The Winthrop University Foundation (the "Foundation") is an independent not-for-profit tax-exempt public charity incorporated under the laws of South Carolina on November 8, 1973, and organized to foster, cooperate, and assist in the growth, development, and advancement of Winthrop University. The Foundation is governed by an independent Board of Directors and is exclusively a charitable and educational corporation within the meaning of section 501(c) (3) of the IRS Code of 1954.

###### The Winthrop University Foundation Land and Real Estate Subsidiary, LLC

In March 2018, the Foundation formed a wholly owned subsidiary, The Winthrop University Foundation Land and Real Estate Subsidiary, LLC (LLC). The purpose of the LLC is to hold donated real estate held for the benefit of the University. It is the Foundation's intent to liquidate held assets and transfer proceeds to the Foundation.

###### Principles of Consolidation

Due to common control, as described above, the accompanying consolidated financial statements include the activities of the Foundation and LLC. All significant inter-company accounts and transactions have been eliminated. The concept of consolidation for financial statement purposes ignores the legal concept of separate entities. In the year ended December 31, 2024, the LLC received no gifts of real property. The LLC currently holds a small parcel of vacant land with a historical value of \$2,000 which was discovered during a title search in 2020. The property was conveyed to the Foundation in 1986 by a donor, however the gift was never recorded in the Foundation's financial statements. Foundation leadership is currently working through some potential environmental issues in an effort to market the property for sale.

The Foundation's more significant accounting policies are described below:

##### **Basis of Accounting**

The Foundation uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles (GAAP).

##### **Financial Presentation**

Under GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restrictions** are comprised of both undesignated and designated net assets. Undesignated net assets are those that are currently available for use in the day-to-day operations of the Foundation and those resources invested in property and equipment. Designated net assets represent board-restricted funds held in a reserve fund, funds held in a quasi-endowment, and funds that are designated by the Board of Directors for operations and other purposes, including serving priority needs of Winthrop University. Designated net assets also include an agency fund held for the benefit of the Alumni Association of Winthrop University.

**Net assets with donor restrictions** are those which are stipulated by donors for specific operating purposes or programs, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the net assets with restrictions are released to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Net assets subject to donor-imposed stipulations that they be maintained permanently are also included as a component of net assets with restrictions.

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2024

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### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by donor for specific purposes are reported as net assets with donor restriction support.

Contributions are recorded as revenue when unconditional promises (pledges) to give are received. Pledges to give that are due in the next year are recorded at their net realizable value. Pledges to give that are due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Amortization of discounts is reported as additional contribution revenue according to donor-imposed restrictions, if any.

In-kind contributions are recognized according to generally accepted accounting principles when material to the financial statement presentation. These are nonfinancial assets, including goods and services received at no cost or below market cost which supplement cash resources and defray expenses. Nonfinancial assets include tangible items such as supplies, furniture and fixtures and intangible items such as services, voluntary labor, or facilities. In-kind gifts of goods can be used by the Foundation or may be received for the benefit of Winthrop University. In 2024, the Foundation received four in-kind contributions, a vacation rental, business clothing, basketball holiday-themed performance, and a grand piano. The total value of these gifts was \$19,591.

### Cash and Cash Equivalents

The Foundation considers all interest-bearing money market accounts and short-term investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation provides coverage for certain qualifying and participating non-interest-bearing accounts up to an aggregate of \$250,000 per taxpayer.

As of December 31, 2024, the cash balances in a commercial banking institution exceeded the FDIC insurance limit by \$113,545 for the operating account, in addition to a money market account which had a year-end balance of \$131,655. The balance was over limit due to a large sum of outstanding payables at year end and an influx of incoming gifts.

### Investments

The Foundation maintains an Investment Policy to guide the long-term growth of its invested assets. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the accompanying financial statements of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Investments in limited partnerships are carried at fair value based on financial information provided by external investment partners. Because the limited partnership interests are not readily marketable, the estimated value is subject to uncertainty and, therefore may differ from the value that would have been used had a ready market for the investments existed.

Investment earnings, which include dividends and interest and realized and unrealized gains and losses from pooled investments are allocated according to the Foundation's board-approved Endowment Management Policy. First, a management fee is calculated using 1.5% of the 3-year average trailing balance of the invested funds. This fee is applied to the operating budget as unrestricted revenue by deducting a proportionate share of the calculated fee from the balances of endowed funds. The fee is used to offset investment and administrative expenses and to provide a source of scholarships and other support for the University. Second, investment income is allocated to funds based on their proportionate share of the sum of the fund balances. Allocated earnings for endowed funds are added to the balances of those funds, while allocated earnings for non-endowed funds are added to the board reserve account. Finally, a spending rule is allocated to endowed funds using 4% of the 5-year average trailing balance of each fund. The spendable amount of each endowed fund is disbursed according to the purpose of the endowment, providing scholarships and other support to Winthrop University.

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2024

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The spendable amounts are transferred to net assets with donor restrictions until expended. If the spendable amount for an endowed fund is not fully spent in the academic year for which it was made available, the unspent funds carried forward to the following year.

### Fund Transfers

The Foundation transfers assets between donor restricted funds as needed to satisfy donor intent.

### Property, Plant, and Equipment

Property, plant and equipment are carried at cost. The Foundation reports depreciation using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of furniture and equipment are generally five years.

The Foundation has an asset capitalization policy that sets a minimum threshold of \$5,000 for capitalizing purchases of property, plant and equipment. Purchases below the minimum threshold are generally expensed in the year of purchase.

### Public Support, Revenue and Expenses

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The Foundation recognizes contributions and investment income on the accrual basis. Contribution income is recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2024, the Foundation recognized all promises to give as unconditional.

Income earned on pooled investments is allocated to the endowments within the classification of net assets with donor restrictions. All other income is recorded as an increase in net assets without donor restrictions. Revenue is recorded when earned and expenses are recorded when incurred in accordance with the accrual basis of accounting.

### In-Kind Contributions

The Foundation receives occasional contributions of goods and supplies for use in its programs or in support of Winthrop University. Contributed goods are recognized as in-kind gifts and recorded at their fair value as of the date of receipt. In 2024, the Foundation received in-kind contributions of \$19,291 which were utilized for Foundation programs and fundraising.

In-kind services are only recorded on the Foundation's financial statements if they meet specified criteria as determined by generally accepted accounting principles, which require services contributed to be performed by professionals and tradesmen with a specialized skill. In 2024, the Foundation received an in-kind services of \$300 for a fundraising performance..

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2024

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### Leases

November 1, 2024, the Foundation entered into a ten-year lease of office space for an interior design classroom referred to as the Thread Lease on behalf of Winthrop University. The Foundation determines if an arrangement is a lease at inception. Operating leases are included as Right of Use (ROU) assets, other current liabilities and other long-term liabilities on our statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation uses the 2024 Annual Federal Rate (AFR) of 4.528% based on information available at commencement date in determining the present value of the lease payments. The operating lease ROU asset also includes any lease payments made, common area maintenance costs (CAM) and excludes lease incentives. The lease term includes an option to extend it for an additional five years. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

The Foundation has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as the Thread Lease, the Foundation accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

### Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates. The estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Functional Allocation of Expenses

The costs of program and support services have been categorized by function in the statement of activities. The Foundation is able to directly apply most expenses to their respective functions (program, fundraising or management and general), and accordingly, there is no need to allocate those direct expenses among program and support services. Foundation staff salaries and benefits, as well as the annual rent and facilities overhead costs are allocated based on management's estimate of the time spent in each of the functional areas.

### Comparative Data

The financial statements include certain prior year, summarized comparative information in total but not by net asset class. Such information does not include enough information to be a presentation in conformity with generally accepted accounting principles, and should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2023, from which it was summarized.

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2024

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### Concentration of Credit Risk and Market Risk

The Foundation's concentration of potential credit and market risk lies primarily with its investments. This exposure is limited by the Foundation's investment objectives and policies that require the investment portfolio to be adequately diversified among types, issuers, industries and geographic regions and utilizes multiple investment managers. The Foundation also holds cash for operating needs and disbursements in a commercial banking institution. These deposits are in a high credit, quality institution and to date, there have been no losses associated with these accounts.

### NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. Management has reviewed its receivables and determined an allowance for doubtful accounts based on historical knowledge of the accounts and current economic conditions. The discount for present value calculation is computed using the Applicable Federal Rate, with discount rates ranging from 4.30 to 4.18 percent. Pledges are expected to be collected as follows:

2025	\$	585,145
2026		456,195
2027		213,211
2028		113,178
2029		51,130
2030 and future years		<u>135,334</u>
Total Pledges Receivable		1,554,193
Less		
Allowance for doubtful accounts		(142,346)
Present value discount		<u>(141,645)</u>
NET PLEDGES RECEIVABLE	\$	<u><u>1,270,202</u></u>

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### NOTE 3 – PROPERTY AND EQUIPMENT

The Foundation shows \$128,729 of property and equipment as December 31, 2024, consisting of \$92,679 in fully depreciated office furniture and equipment and \$36,050 of leasehold improvements. Depreciation will begin on the leasehold improvements once the Foundation completes the lease renovations and occupies the space.

### NOTE 4 - SPLIT-INTEREST AGREEMENTS

Split-interest agreements on the statement of financial position comprise the following:

(a) Irrevocable Charitable Remainder Trusts

The Foundation is named as beneficiary on various irrevocable charitable remainder trusts which are controlled by the management of the Foundation. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. Some charitable remainder trusts also call for distribution of trust income or a fixed annuity payment to the donor/beneficiary. The liability for these payment obligations is reflected in the statement of financial position as actuarial liability of annuities payable.

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# THE WINTHROP UNIVERSITY FOUNDATION

## Notes to Consolidated Financial Statements

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(b) Charitable Gift Annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and are an obligation of the Foundation. The assets are held in the Foundation's investment pool and revenue is allocated according to the asset's percentage of the pool. The present value of future annuity payments is calculated using present value techniques and life expectancy tables. The discount is calculated using the Applicable Federal Rate (AFR) at December 31, 2024, which was 5.0%.

### NOTE 5 - CASH VALUE OF LIFE INSURANCE

Cash value of life insurance is the cash value of life insurance policies of which the Foundation is owner and beneficiary. Upon the death of the insured donors, the proceeds of the policies will be paid to the Foundation to be used as previously specified by the donors. The increase or decrease in cash value at each policy anniversary date is recorded as other revenue in the accompanying statement of activities.

### NOTE 6 - INVESTMENTS

The Foundation's pooled assets were managed by JP Morgan in 2024, after they were awarded the business in mid-2022. In addition to the pooled assets, their firm manages the trust accounts, reserve funds and quasi-endowment assets. Assets had previously been managed by Vanguard since 2016. The pooled investment portfolio is comprised of net assets with donor restrictions. Pooling these assets serves to maximize the earning potential of the funds. A portion of the assets was moved to private investments to maximum earnings potential.

Pooled investments at December 31, 2024, are summarized as follows:

Equity	\$ 59,332,973
Mutual funds	21,064,819
Alternative investments	<u>5,570,723</u>
Total Investments	<u>\$ 85,968,515</u>

The Foundation's brokerage account had a pending stock gift valued at \$283 as of December 31, 2024.

### 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 to be classified and disclosed in one of the following three categories (Fair Value Hierarchy):

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# THE WINTHROP UNIVERSITY FOUNDATION

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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 and 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.

An 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Most of the Foundation's investments measured at fair value at December 31, 2024 were all considered Level 1. The following is a description of the valuation methodologies used for the Foundation's assets measured at fair value at December 31, 2024.

***EFTs, Mutual Funds, US and Non-US Equity Funds, US Fixed Income Funds:***

Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded (Level 1).

***Equities:*** Valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

***Private Investments:*** Certain inputs for these investments are unobservable and significant to their resulting fair value measurement. Unobservable inputs reflect the Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date (Level 3).

### **NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Foundation's net assets without donor restrictions are comprised of both undesignated and designated net assets. Undesignated net assets include cash available for operations (see Note 16 for Liquidity Management) and property and equipment.

Designated net assets include a board designated reserve account, a board designated quasi-endowment, and other funds designated by the board. The board reserve is maintained in an investment account separate from the pooled investments and can be used for any purpose deemed appropriate by the Foundation board, typically requests to meet University priority needs. The balance of the board reserve was \$1,323,914 on December 31, 2024. According to a board resolution adopted in 2019, investment earnings on non-endowed funds are added to the reserve account at year end.

The quasi-endowment assets are also held in an account separate from pooled investments. The balance of the quasi-endowment was \$2,441,595 on December 31, 2024. Investment income may be appropriated for general expenditures and amounts from its corpus can be made available with board approval. In 2024, investment income in the amount of \$86,465 was allocated to the Alumni Association of Winthrop University to assist in funding an agency endowment per an agreement between the Association and the Foundation. The final payment of \$22,302 will be made in 2025 utilizing a portion of the available earnings. The balance of the Alumni Association Agency Endowment at December 31, 2024 was \$544,742 (see Note 12).

Going forward, through 2035, earnings from the quasi-endowment are committed to funding a 10-year lease for space at The Thread for the University's use. See Note 15.

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### NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions include amounts that are held for specified times and/or purposes and those that are held in perpetuity for an indefinite period of time.

#### **Temporary in Nature**

Net assets with donor restrictions that are temporary in nature in the amount of \$6,678,123 are available for use by Winthrop University for student scholarships, academic support or physical facilities. During the year ended December 31, 2024, \$2,299,539 in net assets with donor restrictions were released from restriction for expenses satisfying the restricted purpose of the donors.

#### **Perpetual in Nature**

##### Split Interest Agreements

Net assets with donor restrictions that are to be held in perpetuity in the form of split-interest agreements are planned gifts in the form of charitable gift annuities, charitable remainder trusts and beneficial interests in trusts held by others. When realized, these remainder gifts will be available for use by Winthrop University for student scholarships, academic support and physical facilities. At December 31, 2024, the estimated available value of these remainder gifts is \$1,160,194. Net assets released in 2024 for annuity payments to donors was \$128,229.

Fair value of securities held	\$ 1,983,566
Less annuity obligations	<u>(1,079,392)</u>
Net assets with Donor Restrictions from Split Interest Agreements	<u>\$ 904,174</u>

##### Cash Value of Life Insurance

Proceeds from life insurance policies are to be held in perpetuity in accordance with the donor's specifications. The cash value of these policies as of December 31, 2024 was \$55,366 and is reflected as net assets with donor restrictions in the accompanying financial statements.

##### Endowment Funds

The Foundation's net assets classification adheres to regulations under the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA). The Foundation's spending and investment policies, described in Note 1, are designed to maintain the historical cost of all endowment gifts as permanent net assets and to appreciate those assets at a rate above inflation over the long-term for preservation of capital value. As of December 31, 2024, the Foundation had \$76,804,471 in net assets designated to be held in perpetuity, of which \$2,756,270 was available for spending in accordance with the Foundation's spending policy as described in Note 1. During the year ended December 31, 2024, \$2,285,373 in spendable funds were released from restriction, satisfying their restricted purposes.

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### NOTE 10 - MANAGEMENT OF UNDERWATER FUNDS

Per the Endowment Spending Policy (Note 1), the Foundation annually distributes up to 4% of the 5-year average trailing balance of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return on investment. However, the basis for calculating spending is sanctioned by the Uniform Prudent Management of Institutional Funds Act. Under these guidelines, the Foundation is permitted to invade the corpus to the extent that the value of the corpus exceeds 85% of the original gift value, with the stipulation that donors must agree to the invasion of their corpus. In practice, invading the corpus for any amount below 100% of corpus is only done in very rare circumstances where withholding funds might prevent a student from returning to Winthrop. The Investment Committee monitors policies of peer institutions as well as industry best practices. The Investment Policy and spending rule are reviewed on an annual basis.

Additionally, the Foundation reduced its annual endowment management fee to 1.5% in 2020, which aligns with the industry average. Investment management fees are expected to increase slightly as assets are more strategically managed by JP Morgan. From 2016-2022 fees averaged approximately .6% as only half of the portfolio's assets were under active management. At December 31, 2024, none of the Foundation's 520 endowments were underwater.

### NOTE 11 - INCOME TAXES

The Foundation is exempt from federal and South Carolina income tax under Section 501(c)(3) of the Internal Revenue Code which has also been adopted by the State. The Foundation has no uncertain tax positions for which reserves would be required. The Foundation files income tax returns in the United States and South Carolina.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for fiscal years prior to 2018.

### NOTE 12 - COMMITMENT TO THE ALUMNI ASSOCIATION OF WINTHROP UNIVERSITY

In 1992, the Foundation entered into an agreement with the Alumni Association of Winthrop University (Alumni Association) to manage certain funds on behalf of the association. The Alumni Association transferred scholarship funds, unrestricted funds, and the proceeds from certain fund-raising activities to the Foundation. In exchange, the Foundation established and agreed to fund an agency endowment account of \$500,000 for the benefit and use of the Alumni Association.

On December 3, 2021, the Foundation Board replaced the 1992 agreement with two new agreements pertaining to the relationship between the Foundation and the Alumni Association. The first agreement is a Memorandum of Understanding between the two parties outlining their mutual goal of being working partners to encourage the full participation and financial support of alumni and friends in advancing Winthrop University. The second agreement is a financial agreement that requires the Foundation to complete the funding of the Alumni Association Agency Endowment by 2027, with annual payments of at least \$57,000 per year. As of December 31, 2024, the Foundation had paid a total of \$477,698 toward the \$500,000 obligation.

The Foundation also agreed to provide the Alumni Association with an annual contribution through 2026. In 2024, the Foundation provided the Alumni Association with \$29,000 in operating support.

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## Notes to Consolidated Financial Statements

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### **NOTE 13 - RELATED PARTY TRANSACTIONS**

As a supporting Foundation of Winthrop University, the Foundation collects and manages private funds for the benefit and support of the University.

In 2024, payments to the University for scholarships and departmental support totaled \$4,605,640, not including the support to the Alumni Association. The University employs individuals within the Division of Institutional Advancement who perform services on behalf of the Foundation. The Foundation reimbursed the University \$453,126 in 2024 for these staff services and related fundraising expenses. The University also supports the administrative needs of the Foundation with services such as printing, postage, telephone, office supplies, IT and space rent. In 2024, the Foundation reimbursed the University \$10,425 for administrative support and \$7,896 for facility usage. At December 31, 2024, the Foundation had outstanding payables to the University totaling \$506,992.

The Foundation provided a salary supplement to the University President which included a 9.55% contribution to the Foundation's 401k plan. The total cost of compensation and benefits to the President was \$210,174. Discretionary funds in the amount of \$45,000 were provided to the President for donor cultivation and related fundraising activities, of which \$34,781 was used. The President's Cabinet received an additional \$78,107 in discretionary funds. The Foundation board approved five additional requests in 2024: unrestricted scholarships of \$160,000, faculty awards of \$6,000, President's office of \$15,000, Enrollment Management of \$10,000, and Thread Lease Renovations of \$350,000. (See Note 15).

### **NOTE 14 - CONTINGENCIES/COMMITMENTS**

Due to the nature of the Foundation's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities. Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. Loss contingencies may result in litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. Such situations are loss contingencies if the related liability has not been recorded, yet a loss is reasonably possible. Guarantees of others' debts are loss contingencies, however, even if the probability of loss is remote. The Foundation maintains insurance against certain loss contingencies with liability policies and physical damage coverage.

The Foundation has a binding contract with a construction company that was agreed to in November 2024. This binding contract relates to leasehold improvements for the Foundation's Thread lease. The committed contract amount is \$658,777 as of December 31, 2024. Construction began in early 2025.

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# THE WINTHROP UNIVERSITY FOUNDATION

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### NOTE 15 - LEASES

The Foundation has an operating lease of office space for an interior design classroom referred to as the Thread Lease on behalf of Winthrop University. The lease has a remaining term of 10 years with an option to extend the lease for an additional five years. As of December 31, 2024, assets recorded under the lease was \$1,733,515 and accumulated amortization associated with the lease was \$28,892.

The components of lease expense was as follows:

<b>Year Ended December 31,</b>	<b>2024</b>
Amortization of right-of-use assets	\$22,633
Interest on lease liabilities	<u>\$ 5,006</u>
Total lease cost	\$27,639

Other information related to leases was as follows:

<b>Year Ended December 31,</b>	<b>2024</b>
Right-of-use assets obtained in exchange for lease obligations:	
Operating lease	\$1,357,988
Remaining Lease Term	
Operating lease	10 years
Discount Rate	4.528%

Future minimum lease payments under non-cancellable lease as of December 31, 2024 were as follows:

<b>Year Ending December 31,</b>	<b>Lease</b>
2025	\$ 155,584
2026	159,351
2027	163,232
2028	167,229
2029	171,346
Thereafter	<u>889,947</u>
Total future minimum lease payments	\$1,706,689
Less imputed interest	<u>(\$ 370,522)</u>
Total	\$1,336,167

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# THE WINTHROP UNIVERSITY FOUNDATION

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### NOTE 16 - LIQUIDITY MANAGEMENT

The Foundation manages the liquidity of both unrestricted net assets for operating expenses and restricted net assets for disbursement of support to Winthrop University. The financial assets available within one year of the balance sheet date for expenditures are as follows:

Cash and equivalents	\$	1,936,255
Uncommitted board restricted reserve		1,323,914
Contributions receivable, current net		<u>13,167</u>
Financial assets available within one year	\$	<u>3,273,336</u>

The Foundation strives to maintain cash and short-term investment balances on hand to meet 60 days of ordinary business expenses. Budgeted operating expenses for the coming year are estimated at \$246,231 per 60-day period. The Foundation also receives monthly requests from the University to provide funding for scholarships and other support from its restricted net assets. The two largest requests are when the majority of scholarships are awarded, typically in January and August of each year. In addition to cash on hand in the operating account, the Foundation's Investment Policy requires at least 75% of the portfolio to be allocated to liquid investments with conversion to cash of no more than three days. When support requests are received, the Foundation liquidates investments as needed to supplement cash already available in the operating account.

The Board also maintains a board restricted reserve fund. At year-end, the reserve account had an uncommitted balance of \$1,323,914 which was derived from market earnings on non-endowed funds. The Foundation does not maintain a line of credit.

### NOTE 17 - SUBSEQUENT EVENTS –

There were no subsequent events from the date of the consolidated statement of financial position through the date of the independent auditors' report which would adversely affect the Foundation's financial position except for the resignation of the Executive Director. The Executive Director announced their retirement date of June 30, 2025. The Executive Director held the position for ten years and served as Finance Director for three years prior. The search for a new Executive Director was in progress at the date of the independent auditors' report.