College of Charleston Foundation and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors
College of Charleston Foundation and Subsidiaries
Charleston, South Carolina

We have audited the accompanying consolidated financial statements of College of Charleston Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of College of Charleston Foundation and Subsidiaries as of June 30, 2016, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Report on Summarized Comparative Information

We have previously audited the College of Charleston Foundation and Subsidiary's 2015 consolidated financial statements, and our report dated September 8, 2015, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Foundation elected to early adopt FASB ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* in 2016. Our opinion is not modified with respect to this matter.

Dixon Hughes Goodman LLP

Charleston, South Carolina
September 6, 2016

College of Charleston Foundation and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 205,420	$ 874,136
Unconditional promises to give, net	9,026,325	8,120,825
Other assets	538,082	609,258
Investments	81,436,796	81,337,036
Property and equipment, net	6,459,540	6,153,817
Collections	8,743,162	7,693,400
Total assets	$ 106,409,325	$ 104,788,472
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 94,498	$ 127,955
Deferred revenue	119,682	170,175
Line of credit	850,032	600,000
Annuities payable	77,570	216,304
Marine genomics grant payable	1,170,981	1,289,251
Total liabilities	2,312,763	2,403,685
Net Assets:		
Unrestricted:		
Board-designated quasi-endowment	1,390,974	1,074,915
Undesignated	7,597,300	8,687,320
	8,988,274	9,762,235
Temporarily Restricted:		
Program expenses	33,970,222	32,975,142
Portion of endowment subject to restriction under UPMIFA	13,766,452	16,881,362
Investment in property	6,620,805	5,514,583
	54,357,479	55,371,087
Permanently Restricted:		
Donor-restricted permanent endowments	40,750,809	37,251,465
Total net assets	104,096,562	102,384,787
Total liabilities and net assets	$ 106,409,325	$ 104,788,472

See accompanying notes.

College of Charleston Foundation and Subsidiaries
Consolidated Statements of Activities
Years Ended June 30, 2016 and 2015
(with Comparative Totals for the Year Ended 2015)

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues, gains, (losses) and other support:					
Contributions	$ 1,261,041	$ 9,301,838	$ 3,044,325	$ 13,607,204	$ 11,009,338
Rental income	894,999	-	-	894,999	817,900
Interest and dividend income, net	404,699	415,300	-	819,999	1,219,558
Realized and unrealized loss on investments, net	(719,188)	(1,281,218)	-	(2,000,406)	(154,893)
Special events, net	-	53,424	-	53,424	84,247
Other income, net	34,529	435,219	-	469,748	258,730
Changes in value of split-interest agreements	-	130,152	-	130,152	(45,318)
	1,876,080	9,054,715	3,044,325	13,975,120	13,189,562
Net assets released from restrictions					
Program restrictions satisfied	8,782,383	(8,782,383)	-	-	-
Administration surcharges	1,028,430	(1,028,430)	-	-	-
Transfers based on changes in donor intent	(18,967)	(436,052)	455,019	-	-
	9,791,846	(10,246,865)	455,019	-	-
Total revenues, gains, (losses) and other support	11,667,926	(1,192,150)	3,499,344	13,975,120	13,189,562
Expenses:					
Program:					
Student aid and recognition	3,686,562	-	-	3,686,562	3,406,846
Programs of education, research, and student and faculty enrichment	6,283,193	-	-	6,283,193	6,909,465
Total program expenses	9,969,755	-	-	9,969,755	10,316,311
Supporting Services:					
General and administrative	756,837	-	-	756,837	707,312
Fundraising	1,536,753	-	-	1,536,753	1,576,233
Total supporting services	2,293,590	-	-	2,293,590	2,283,545
Total expenses	12,263,345	-	-	12,263,345	12,599,856
Change in net assets before other changes	(595,419)	(1,192,150)	3,499,344	1,711,775	589,706
Other changes:					
Transfer to temporarily restricted funds due to underwater endowments	(178,542)	178,542	-	-	-
Change in net assets	(773,961)	(1,013,608)	3,499,344	1,711,775	589,706
Net assets, beginning of year	9,762,235	55,371,087	37,251,465	102,384,787	101,795,081
Net assets, end of year	$ 8,988,274	$ 54,357,479	$ 40,750,809	$ 104,096,562	$ 102,384,787

College of Charleston Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ **1,711,775**	$ 589,706
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized loss on investments	**2,000,406**	154,893
Depreciation	**304,384**	316,111
Contributions restricted for long-term investment	**(3,044,325)**	(1,824,302)
Recovery of uncollectible promises to give	**(32,416)**	(59,703)
(Gain) loss on disposal of property and equipment	**(27,363)**	9,892
Noncash contributions of securities and property and equipment	**(1,900,165)**	(592,589)
Change in operating assets and liabilities:		
Other assets	**71,176**	531,618
Unconditional promises to give	**(873,084)**	(738,920)
Accounts payable and accrued liabilities	**(33,457)**	(503,428)
Deferred revenue	**(50,493)**	170,175
Net cash used by operating activities	**(1,873,562)**	(1,946,547)
Cash flows from investing activities:		
Purchases of property and equipment	**(510,315)**	(741,972)
Proceeds from sale of property and equipment	**50,400**	-
Purchases of investments	**(9,584,021)**	(4,281,936)
Proceeds from sale of investments	**7,954,425**	5,810,717
Net cash (used) provided by investing activities	**(2,089,511)**	786,809
Cash flows from financing activities:		
Contributions restricted for long-term investment	**3,044,325**	1,824,302
Borrowings (repayments) on line of credit, net	**250,032**	(300,000)
Net cash provided by financing activities	**3,294,357**	1,524,302
Net change in cash	**(668,716)**	364,564
Cash and cash equivalents, beginning of year	**874,136**	509,572
Cash and cash equivalents, end of year	$ **205,420**	$ 874,136
Supplemental disclosures:		
Receipt of donated securities	$ **727,574**	$ 228,655
Receipt of donated property	$ **1,172,591**	$ 363,934
Receipt of donated program items	$ **1,229,701**	$ 1,150,307

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of activities

The College of Charleston Foundation is an eleemosynary corporation that was organized in 1970 to accept, solicit, invest and manage private donations given on behalf of the College of Charleston (the "College"). Gifts to the Foundation qualify for deductibility for income, gift, and estate tax purposes. The Foundation provides support to the College for student scholarships, programs of education, research, student development and faculty enrichment. Major sources of income consist primarily of donor contributions and investment income.

Basis of consolidation

The consolidated financial statements include the accounts of the College of Charleston Foundation and its wholly owned subsidiaries, Dixie Plantation Educational Holdings, LLC (formed July 1, 2013); Blacklock House Educational Holding, LLC (formed July 1, 2014); Bull Street Student Housing, LLC (formed July 1, 2014); Coming Wentworth and King Educational Holdings, LLC (formed July 1, 2014); Bull and Wentworth Student Housing LLC (formed July 1, 2014); and The College of Charleston Foundation Publishing Company, LLC (formed March 26, 2015). These entities are collectively referred to herein as the College of Charleston Foundation and Subsidiaries ("the Foundation"). All intercompany transactions and balances have been eliminated in consolidation.

Comparative information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Basis of presentation

In accordance with guidance from the Financial Accounting Standards Board ("FASB") relating to financial statements of not-for-profit organizations, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets

Unrestricted net assets are unrestricted in their use by the Foundation. The Board may designate certain net assets for a particular use.

Temporarily restricted net assets are donor restricted for the purpose of student aid and recognition (primarily in the form of scholarships and grants), programs of education, research, faculty enrichment, and investment in property and equipment. Temporarily restricted net assets are released from restriction when the Foundation satisfies the donor-imposed restriction or by the passage of time.

Permanently restricted net assets consist of endowment assets to be held in perpetuity as required by donor stipulations. The income and gains from these assets are generally temporarily restricted for the purpose of student aid and recognition, programs of education and research, and faculty enrichment.

Contributions

Contributions are recognized as revenue when they are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted contributions in which the donor imposed restrictions are met in the same period are recorded as unrestricted.

Cash and cash equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents, except cash held in its long-term investment portfolio. For purposes of the statements of cash flows, cash and cash equivalents included in investments functioning as endowment investments are not considered cash and cash equivalents.

Promises to give

Unconditional promises to give are recognized as revenue when the donor commits the gift. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. The discount rate for determining net present value ranges from 3.00% to 3.25% depending on the date of the gift. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions.

The Foundation reports promises to give net of an allowance for uncollectible accounts. The allowance is based on historical collection experience and management's assessment of individual donor circumstances.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments in limited partnerships are stated at fair values based upon financial information provided by external investment partners. Because limited partnership interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investments existed. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by the donor or law.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

Investment pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the fair value of the master investment accounts, adjusted for additions to or deductions from those accounts.

Administrative fees

The Foundation charges an administrative fee to restricted funds and transfers this amount to unrestricted net assets to cover management, custody, and administration expenses. For the year ended June 30, 2016, the Foundation charged administrative fees on endowed and non-endowed restricted funds of $862,720 and $165,710 respectively, for a total of $1,028,430. For the year ended June 30, 2015, the Foundation charged administrative fees on endowed and non-endowed restricted funds of $879,331 and $116,988 respectively, for a total of $996,329. There are two separate administrative fees, but only one type will be assessed to a fund: non-endowed fee or endowed fee. The non-endowed fee is set at 5% and is a one-time assessment applied to revenues in the month deposited to a non-endowed fund. This non-endowed fee is not applied to gifts to scholarships funds. The endowed fee is a maximum of 1.25% annually and is calculated based on the weighted average daily balance of an endowed fund.

Property and equipment

Property and equipment is recorded at cost or, if donated, at its fair value on the date donated. Depreciable assets are depreciated by the straight-line method over the assets' estimated useful lives. The Foundation generally capitalizes expenditures for property and equipment in excess of $5,000.

Donations of property and equipment that are not restricted as to their use by the donor are recorded as increases in unrestricted net assets. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to restricted donated property and equipment.

Collections

Collection items include cultural and historical treasures. Such items are carried at cost, if purchased or at fair value at the date of the contribution, if donated. Depreciation is not recorded for collection items.

Deferred revenue

Certain grants received by the Foundation and paid in advance are deferred until the College submits a reimbursement request which includes documentation of actual expenditures incurred under the grant.

Donated services

The Foundation does not generally record revenue for donated services. The Foundation generally pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with campaign solicitations and various committee assignments.

Fair value of financial instruments

The carrying values of cash and cash equivalents, other assets, accounts payable and accrued liabilities, deferred revenue and line of credit approximate fair value because of the terms and relative short maturity of these financial instruments. The carrying values, which are the fair values of investments, are based on values provided by external investment managers or comparison to quoted market values. Unconditional promises to give and annuities payable are reported at the discounted present value, which approximates fair value.

Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Significant estimates include the estimated fair value of investments in limited partnerships and the allowance for uncollectable promises to give. It is at least reasonably possible that the significant estimates used will change within the next year.

Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and allocable expenses. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income tax status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2016.

Contributions made to the Foundation qualify for the charitable contribution deduction under Section 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

Change in accounting principle

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize investments for which fair value is measured using the net asset value of the investment as a practical expedient within the fair value hierarchy. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value as a practical expedient. Investments for which the practical expedient is not applied will continue to be included in the fair value hierarchy. The requirements of ASU 2015-07 are effective for non-public business entities for fiscal years beginning after December 15, 2016 with early adoption permitted. The Foundation has adopted ASU 2015-07 for the year ended June 30, 2016.

New accounting pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, ("ASU 2016-14"). The provisions of ASU 2016-14 are intended to simplify and improve the presentation of net assets, as well as information regarding liquidity, financial performance and cash flows. The most significant changes in the new standard include:

- Revises the net asset classification scheme to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three.
- Enhances disclosures for self-imposed limits on the use of resources without donor-imposed restrictions and the composition of net assets with donor restrictions.
- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.
- Requires qualitative disclosures on how a not-for-profit manages its available liquid resources.
- Requires quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.
- Allows for a choice between the direct and indirect method of reporting operating cash flows; presentation of the indirect reconciliation is no longer required if using the direct method.

This guidance will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. The Foundation is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through September 6, 2016, the date the consolidated financial statements were available to be issued.

2. Credit Risk

The Foundation places its cash and cash equivalents on deposit with commercial banks. The Federal Deposit Insurance Corporation (“FDIC”) covers $250,000 for each interest bearing account. At times, the Foundation may maintain bank account balances in excess of the FDIC insured limit. The Foundation has not experienced losses in such deposit accounts and believes it is not exposed to any significant credit risk in this regard.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses predominantly located in the State of South Carolina. At June 30, 2016, promises to give from three donors accounted for approximately 26% of the total unconditional promises to give balance. At June 30, 2015, promises to give from three donors accounted for approximately 35% of the total unconditional promises to give balance.

3. Promises to Give

Unconditional promises to give at June 30, 2016 and 2015 are as follows:

	2016	2015
Receivable in less than one year	**$ 3,889,922**	$ 3,844,572
Receivable in one to five years	**5,888,355**	4,907,030
Receivable in more than five years	**342,717**	298,004
	10,120,994	9,049,606
Allowance for uncollectible promises receivable	**(551,152)**	(583,568)
Discount to present value	**(543,517)**	(345,213)
Unconditional promises to give, net	**$ 9,026,325**	$ 8,120,825

Unconditional promises to give based on donors’ intent at June 30, 2016 and 2015 are as follows:

	2016	2015
Unrestricted	**$ 475,445**	$ 281,257
Awards	**392,146**	203,730
Buildings	**175,000**	262,000
Capital project	**475,475**	-
Chair	**363,492**	499,802
Programs	**5,191,819**	5,222,572
Scholarships	**3,046,542**	2,580,245
Special events	**1,075**	-
Unconditional promises to give	**$ 10,120,994**	$ 9,049,606

4. Investments

A summary of investments held by the Foundation as of June 30, 2016 and 2015 are as follows:

	2016		2015	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash and cash equivalents	**$ 343,301**	**$ 343,301**	$ 197,530	$ 197,530
Equity securities	**422,728**	**428,045**	141,057	143,218
Fixed income and multi-asset funds	**18,890,743**	**17,449,475**	17,462,744	17,135,024
Limited partnership interest	**60,419,971**	**63,215,975**	57,776,236	63,861,264
Total	**$ 80,076,743**	**$ 81,436,796**	$ 75,577,567	$ 81,337,036

Investment return is summarized as follows for the years ended June 30, 2016 and 2015:

	2016	2015
Interest and dividends	**$ 791,080**	$ 1,193,385
Investment agent fee rebate, net	**28,919**	26,173
Net realized and unrealized losses, net	**(2,000,406)**	(154,893)
Total	**$ (1,180,407)**	$ 1,064,665

5. Fair Value Measurements of Assets and Liabilities (as adjusted)

Fair value as defined under accounting principles generally accepted in the United States of America (GAAP) is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

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

The Foundations policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between fair value levels for the years ended June 30, 2016 and 2015.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include cash and cash equivalents, which are temporarily held in the Foundation's long-term investment portfolio and equity securities.

As disclosed in Note 1, the Foundation adopted ASU 2015-07 which resulted in certain investments that are valued at the net asset value per share as a practical expedient are no longer categorized within the fair value hierarchy. As a result, the Foundation's investments held in the short-term fixed income, multi-asset, and the limited partnership funds managed by The Investment Fund for Foundations (TIFF) are not categorized within the fair value hierarchy.

The following table sets forth a summary of the Foundation's investments with a reported estimated fair value using net asset value per share at June 30, 2016:

	2016			
	Fair Value	Redemption Frequency	Redemption Notice Period	Redemption Terms and Restrictions
Fixed income fund [a]	**$ 1,363,848**	daily	none	none
Multi-asset fund [b]	**16,085,627**	daily	none	.50% entry/exit fee
Multi-strategy limited partnership [c]	**63,215,975**	quarterly	180 days	12 month initial
Total assets at fair value	**$ 80,665,450**			

The following table sets forth a summary of the Foundation's investments with a reported estimated fair value using net asset value per share at June 30, 2015:

	2015			
	Fair Value	Redemption Frequency	Redemption Notice Period	Redemption Terms and Restrictions
Fixed income fund [a]	$ 869,060	daily	none	none
Multi-asset fund [b]	16,265,964	daily	none	50% entry/exit fee
Multi-strategy limited partnership [c]	63,861,264	quarterly	180 days	12 month initial
Total assets at fair value	$ 80,996,288			

There were no unfunded commitments outstanding as of years ended June 30, 2016 and 2015.

(a) The fund invests in short-term debt instruments, primarily in treasury bills.

(b) The fund invests primarily in global stocks, high yield bonds, commodities, real estate interest trusts, inflation-linked bonds, and cash equivalents, and seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index (CPI) plus 5% per annum.

(c) The fund's investment objective is to maximize annualized returns net of all costs over rolling 10 year periods while adhering to the fund's risk parameters which seek to limit to not greater than 10% the probability of a 25% or greater decline in the fund's inflation-adjusted value measured over any rolling three year period. The fund invests globally in multiple asset classes and in both publicly traded and privately placed securities, properties, and other assets, either directly or through commingled investment vehicles, including private equity funds, private realty funds, natural resources funds, and hedge funds. Additional redemption terms: the Partnership will endeavor to distribute 50% of withdrawal proceeds within 30 days of an applicable withdrawal request; however, proceeds expected from any intermediate or long-term assets may take significantly longer to liquidate.

6. Property and Equipment

Major classifications of property and equipment consist of the following as of June 30, 2016 and 2015:

	Estimated Useful Life In Years	2016	2015
Land		**$ 3,677,104**	$ 3,427,073
Land improvements	15 – 20	**1,029,615**	1,010,802
Building and building improvements	5 – 27	**2,961,585**	2,882,135
Equipment and furnishings	5 – 20	**865,912**	826,076
Boats	10	**941,343**	884,806
Horses	10	**711,250**	658,750
		10,186,809	9,689,642
Less: accumulated depreciation		**(3,727,269)**	(3,535,825)
Property and equipment, net		**$ 6,459,540**	$ 6,153,817

Depreciation expense for the years ended June 30, 2016 and 2015 was $304,384 and $316,111, respectively.

7. Line of Credit

The Foundation has an unsecured line of credit with a financial institution. Total availability on the line of credit is $5,000,000 with a maturity date of November 30, 2017. Interest is payable monthly based on the one month LIBOR rate plus 1.2% (1.65% at June 30, 2016). At June 30, 2016 and 2015, the Foundation had a line of credit balance of $850,032 and $600,000, respectively. The agreement contains certain affirmative covenants and requires the maintenance of a depository account with the financial institution with specified balances to be maintained based on the type of account held.

8. Marine Genomics Grant Payable

The College and the Medical University of South Carolina (“MUSC”) have joined together to raise non-state matching funds for collaborative research in Applied Marine Genomics. The South Carolina General Assembly passed the South Carolina Research Centers of Excellence Act in 2002, to provide a competitive grants program to the State’s research universities. The grants program provides funding to endow professorships and requires a dollar-for-dollar match. The College requested assistance from the Foundation to secure $1,000,000 in unrestricted funds to use as a match in its collaboration with MUSC. The College and MUSC entered into an agreement to have the College accept $1,000,000 to be held and invested by the Foundation, along with the $1,000,000 match to endow the Research Center Professorship in Applied Marine Genomics. The Foundation and College entered into an agreement under South Carolina Code of Laws Section 59-101-410, whereby the College desired to lend endowment funds to the Foundation to maximize the College’s investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation would be required to return the grant funds plus any earnings less any authorized program spending and customary administrative fees. Changes in the endowment value are recorded as a faculty enrichment expense on the statement of activities. During the years ended June 30, 2016 and 2015, $81,176 and $88,731 of funds were disbursed to support the professorship. The marine genomics grant payable was $1,170,981 and $1,289,251 at June 30, 2016 and 2015, respectively.

9. Split-Interest Agreements

The Foundation holds assets related to charitable gift annuities. Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designated beneficiary. Assets held for the charitable gift annuities totaled $91,349 and $167,161 at June 30, 2016 and 2015, respectively, and are reported as investments in the accompanying statements of financial position.

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using various credit risk adjusted discount rates and applicable mortality tables. The annuities payable balance for the unitrusts and charitable gift annuities totaled $77,570 and $216,304 at June 30, 2016 and 2015, respectively.

10. Endowment Funds

The Foundation's endowment consists of approximately 480 individual funds established for a variety of purposes including both donor-restricted perpetual endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and the Foundation's interpretation of relevant law.

Interpretation of Relevant Law

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds. 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.

Earnings from donor-restricted endowment funds are 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 UPMIFA. In accordance with UPMIFA, 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 net asset composition by type of fund consists of the following as of June 30, 2016:

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-designated endowment funds	**$ -**	**$ 13,766,452**	**$ 40,750,809**	**$ 54,517,261**
Board-designated endowment funds	**1,390,974**	**-**	**-**	**1,390,974**
Total funds	**$ 1,390,974**	**$ 13,766,452**	**$ 40,750,809**	**$ 55,908,235**

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, June 30, 2015	**$ 1,074,915**	**$ 16,881,362**	**$ 37,251,465**	**$ 55,207,742**
Investment return:				
Investment income	**69,944**	**14,652**	**-**	**84,596**
Net depreciation	**(109,068)**	**(622,127)**	**-**	**(731,195)**
Transfers to temporarily restricted funds due to underwater endowments	**-**	**178,542**	**-**	**178,542**
	(39,124)	**(428,933)**	**-**	**(468,057)**
Contributions	**-**	**-**	**3,044,325**	**3,044,325**
Transfers of additions to Board-designated endowment funds	**389,000**	**-**	**-**	**389,000**
Appropriation of endowment assets for expenditure	**(33,817)**	**(2,528,617)**	**-**	**(2,562,434)**
Changes in donor designations and transfers to the endowment pool	**-**	**(157,360)**	**455,019**	**297,659**
Endowment net assets, June 30, 2016	**$ 1,390,974**	**$ 13,766,452**	**$ 40,750,809**	**$ 55,908,235**

Endowment net asset composition by type of fund consists of the following as of June 30, 2015:

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-designated endowment funds	$ -	$ 16,881,362	$ 37,251,465	$ 54,132,827
Board-designated endowment funds	1,074,915	-	-	1,074,915
Total funds	$ 1,074,915	$ 16,881,362	$ 37,251,465	$ 55,207,742

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2014	$ 1,159,417	$ 18,346,018	$ 35,192,319	$ 54,697,754
Investment return:				
Investment income	91,390	33,300	-	124,690
Net appreciation	(107,388)	995,037	-	877,649
	(15,998)	1,028,337	-	1,012,339
Contributions	-	15,834	1,824,302	1,840,136
Appropriation of endowment assets for expenditure	(68,504)	(2,507,730)	-	(2,576,234)
Changes in donor designations and transfers to the endowment pool	-	(1,097)	234,844	233,747
Endowment net assets, June 30, 2015	$ 1,074,915	$ 16,881,362	$ 37,251,465	$ 55,207,742

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 the state UPMIFA 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 $178,542 as of June 30, 2016. There were no deficiencies of this nature that reported in unrestricted net assets as of June 30, 2015. These deficiencies resulted from unfavorable market fluctuations related to permanently restricted contributions. Management believes these declines are temporary, and the Foundation has sufficient unrestricted resources to replenish the deficiencies if the market performance of investments does not fully recover in the funds.

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 a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Investment Policy benchmark index, over short and long term periods, while assuming a moderate level of investment risk.

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximating the Consumer Price Index plus 5%, net of fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places 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 expenditure each year up to 4.5% of its endowment funds' average fair value using the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing these policies, the Foundation considered the 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 3.75% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return.

11. Rental Income

Rental income for years ended June 30, 2016 and 2015 was approximately $895,000 and $818,000, respectively. Property is leased to the College for parking, student housing, office space, and use of the Blacklock House. In 2015, the Foundation and College executed five year agreements, expiring in 2020, for each of the properties leased to the College with the exception of Trujillo Spain and Dixie Plantation. These five year leases are subject to renewal by the College. The Trujillo Spain lease was renewed in 2014 and expires in 2019, subject to annual renewal by the College. The Dixie Plantation lease was renegotiated in 2015 and expires in 2038. Renewal options are not included in the future minimum lease payments in the table below.

Future minimum lease payments to be received at June 30, 2016 are as follows:

Year Ending June 30,	
2017	$ 895,000
2018	712,000
2019	695,000
2020	635,000
Thereafter	1,800,000
	$ 4,737,000

12. Lease Assignment

In August 2014, the Foundation purchased an assignment of a building lease for $479,835. Monthly lease payments are due from the Foundation under this lease to the building's owner of $6,738 from the date of assignment through October 2021, when the original lease expires. The lease contains a sublease and the Foundation was granted assignment to receive the rental payments under the sublease. The sublease entitles the Foundation to receive payments of $10,500 from the date of assignment through December 2016 and $10,875 from January 2017 through December 2017, the sublease expiration date. A lease receivable, recorded in the statement of financial position as a component of other assets, was recorded for an initial amount of $414,864 which represents the present value of the assigned sub-lessee's future contractual payments.

The present value of the minimum lease payments to be received under this sublease, which will reduce the lease receivable, as of June 30, 2016 are as follows:

Year Ending June 30,	
2017	$ 126,520
2018	64,996
	$ 191,516

13. Functional Expenses

Program expenses include support to the College for student scholarships, programs of education, research, student development and faculty enrichment. General and administrative expenses include those expenses that are not identifiable with any other specific function but provide for the overall support and direction of the Foundation. Fundraising expenses include personnel costs for development and institutional advancement functions and other fundraising activity costs.

Expense allocation for the year ended June 30, 2016 is as follows:

	2016			
	Program	**General & Administrative**	**Fundraising**	**Total**
Support on behalf of the College	**$ 6,027,987**	**$ 29,695**	**$ 7,536**	**$ 6,065,218**
Scholarships and awards for the College	**3,686,562**	**-**	**-**	**3,686,562**
Personnel	**-**	**279,221**	**991,001**	**1,270,222**
Occupancy	**846**	**196,526**	**-**	**197,372**
Supplies and materials	**-**	**75,841**	**56,705**	**132,546**
Professional development	**-**	**34,174**	**18,842**	**53,016**
Professional services	**-**	**75,051**	**101,125**	**176,176**
Depreciation	**254,360**	**43,130**	**6,894**	**304,384**
Computer expenses	**-**	**21,461**	**17,063**	**38,524**
Printing and stationery	**-**	**217**	**87,176**	**87,393**
Postage and shipping	**-**	**1,521**	**50,573**	**52,094**
Donor cultivation/stewardship	**-**	**-**	**199,838**	**199,838**
Total	**$ 9,969,755**	**$ 756,837**	**$ 1,536,753**	**$ 12,263,345**

Expense allocation for the year ended June 30, 2015 is as follows:

	2015			
	Program	**General & Administrative**	**Fundraising**	**Total**
Support on behalf of the College	$ 6,632,466	$ 14,988	$ -	$ 6,647,454
Scholarships and awards for the College	3,406,846	-	-	3,406,846
Personnel	-	263,685	892,455	1,156,140
Occupancy	898	207,066	-	207,964
Supplies and materials	-	56,526	64,827	121,353
Professional development	-	29,935	20,733	50,668
Professional services	8,915	81,871	163,814	254,600
Depreciation	267,161	42,056	6,894	316,111
Computer expenses	-	9,719	90,930	100,649
Printing and stationery	-	413	76,495	76,908
Postage and shipping	25	1,053	50,709	51,787
Donor cultivation/stewardship	-	-	209,376	209,376
Total	$ 10,316,311	$ 707,312	$ 1,576,233	$ 12,599,856

14. Related Party Transactions

The Foundation is discretely presented as a component unit of the College's financial statements in accordance with standards established by the Governmental Accounting Standards Board.

The Foundation exists solely to provide financial assistance and other support to the College. The College operates on a fiscal year ended June 30. The Foundation has reimbursed the College $6,970,353 and $7,858,279 for the years ended June 30, 2016 and 2015, respectively, for personnel and other operating expenses. The Foundation has accrued expenses of approximately $112,695 and $110,000 due to the College as of June 30, 2016 and 2015, respectively.

The Foundation has unconditional promises to give due from Board members, faculty and staff of $1,378,372 and $784,206 at June 30, 2016 and 2015, respectively.

The Foundation uses a facility owned by the College of Charleston in connection with its operations.

15. Commitments

The Foundation renewed the memorandum of understanding ("MOU") with the Alumni Association on May 29, 2015, for another three year period. Under the terms of the MOU, the Foundation has agreed to pay the Alumni Association $125,000 in each fiscal year from 2016 to 2018 from the Annual Fund (unrestricted) proceeds. This agreement can be cancelled with a 60 days' notice by either party, therefore this commitment is not recorded as a liability in the statement of financial position at June 30, 2016.

The Foundation has committed to provide funding to certain programs and projects for the College of Charleston. As of June 30, 2016, the Foundation has committed to provide funding for the following: Addlestone Library Adaption - $500,000; ICAT Program Beatty and Berry renovation - $98,932; Jewish Studies Center Expansion - $1,000,000; Jewish Heritage Center - $100,000; and Arnold Hall Kitchen Renovation - $111,950.

In June 2016, the Foundation entered into a computer consulting contract for a three year term requiring annual payments of $69,550.

In August 2016, the Foundation agreed to fund up to $500,000 for a Squash Center at the College of Charleston subject to certain conditions.