University of South Carolina Upstate Foundation and Subsidiaries

Independent Auditor’s Report, Consolidated Financial Statements, and Supplementary Information

June 30, 2026 and 2025

University of South Carolina Upstate Foundation and Subsidiaries
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June 30, 2026 and 2025

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Independent Auditor's Report

Board of Directors
University of South Carolina Upstate Foundation and Subsidiaries
Spartanburg, South Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the University of South Carolina Upstate Foundation and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2026 and 2025, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated 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 consolidated 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 Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, 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 purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Organization's basic consolidated financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements.

The consolidating supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Forvis Mazars, LLP

Greenville, South Carolina
September 3, 2026

University of South Carolina Upstate Foundation and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 1,239,064	$ 502,458
Unconditional promises to give, net	985,506	1,462,335
Investments	23,311,505	21,280,146
Assets held under charitable remainder trusts	98,556	96,272
Building, net	197,094	211,698
Total Assets	$ 25,831,725	$ 23,552,909
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 92,897	$ 757
Deferred grant revenue	2,420,715	1,828,136
Liability under charitable remainder trusts	60,024	66,396
Total Liabilities	2,573,636	1,895,289
Net Assets		
Net assets without donor restrictions	2,856,602	2,448,541
Net assets with donor restrictions	20,401,487	19,209,079
Total Net Assets	23,258,089	21,657,620
Total Liabilities and Net Assets	$ 25,831,725	$ 23,552,909

University of South Carolina Upstate Foundation and Subsidiaries
Consolidated Statement of Activities
Year Ended June 30, 2026

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Contributions	$ 34,848	$ 1,420,304	$ 1,455,152
In-kind contributions	175,737	-	175,737
Grant income	-	1,210,801	1,210,801
Event revenues	-	230,377	230,377
Unrealized gains on investments, net	507,425	889,629	1,397,054
Investment income, net	147,908	840,605	988,513
Change in value of charitable remainder trust	-	8,656	8,656
Administrative fees	192,934	-	192,934
Other revenue	21,265	-	21,265
Satisfaction of program restrictions	3,407,964	(3,407,964)	-
Total Operating, Revenues, Gains, and Other Support	4,488,081	1,192,408	5,680,489
Operating Expenses			
Program expenses			
Scholarships	745,411	-	745,411
Supporting services to USC Upstate	2,681,211	-	2,681,211
In-kind expenses	175,737	-	175,737
Depreciation	14,604	-	14,604
Program operating expenses	238,916	-	238,916
Supporting expenses			
Administrative fees	195,012	-	195,012
Bank fees	3,145	-	3,145
Foundation operating expenses	25,984	-	25,984
Total Operating Expenses	4,080,020	-	4,080,020
Change in Net Assets	408,061	1,192,408	1,600,469
Net Assets, Beginning of Year	2,448,541	19,209,079	21,657,620
Net Assets, End of Year	$ 2,856,602	$ 20,401,487	$ 23,258,089

University of South Carolina Upstate Foundation and Subsidiaries
Consolidated Statement of Activities
Year Ended June 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Contributions	$ 36,795	$ 3,366,829	$ 3,403,624
In-kind contributions	174,663	-	174,663
Grant income	-	728,066	728,066
Event revenues	-	156,908	156,908
Unrealized gains on investments, net	372,356	901,544	1,273,900
Investment income, net	132,992	519,996	652,988
Change in value of charitable remainder trust	-	95,890	95,890
Administrative fees	191,840	-	191,840
Other revenue	23,645	-	23,645
Satisfaction of program restrictions	2,637,353	(2,637,353)	-
Total Operating, Revenues, Gains, and Other Support	3,569,644	3,131,880	6,701,524
Operating Expenses			
Program expenses			
Scholarships	383,500	-	383,500
Supporting services to USC Upstate	2,265,994	-	2,265,994
In-kind expenses	174,663	-	174,663
Depreciation	7,302	-	7,302
Program operating expenses	164,918	-	164,918
Supporting expenses			
Administrative fees	194,311	-	194,311
Bank fees	655	-	655
Foundation operating expenses	72,000	-	72,000
Total Operating Expenses	3,263,343	-	3,263,343
Change in Net Assets	306,301	3,131,880	3,438,181
Net Assets, Beginning of Year	2,142,240	16,077,199	18,219,439
Net Assets, End of Year	$ 2,448,541	$ 19,209,079	$ 21,657,620

University of South Carolina Upstate Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	$ 1,600,469	$ 3,438,181
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	14,604	7,302
Unrealized gains on investments, net	(1,397,054)	(1,273,900)
Net changes in operating assets and liabilities		
Unconditional promises to give, net	476,829	(1,380,835)
Assets held in charitable remainder trusts	(2,284)	190,266
Accounts payable	92,140	393
Deferred grant revenue	592,579	984,832
Liability under charitable remainder trusts	(6,372)	(96,652)
Net Cash Provided by Operating Activities	1,370,911	1,869,587
Investing Activities		
Purchase of building	-	(219,000)
Sales of investments	607,250	985,575
Purchases of investments	(1,241,555)	(2,829,036)
Net Cash Used by Investing Activities	(634,305)	(2,062,461)
Increase (Decrease) in Cash and Cash Equivalents	736,606	(192,874)
Cash and Cash Equivalents, Beginning of Year	502,458	695,332
Cash and Cash Equivalents, End of Year	$ 1,239,064	$ 502,458

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

Nature of Operations

The University of South Carolina Upstate Foundation (the "Foundation") was incorporated under the laws of South Carolina to operate as a permanent foundation to accept gifts for charitable, benevolent, cultural, and educational purposes for the exclusive use and benefit of the University of South Carolina Upstate (the "University"). The University of South Carolina Upstate Capital Development Foundation ("CDF") was formed in 2011 to accept real property donated to the University, serve as the purchasing agent for property on behalf of the University that is integral to the growth of the campus, and to manage property under leasing agreements to the University. In 2020, CDF became a supporting organization of the Foundation. In 2026, the Foundation formed Advance Upstate, LLC ("Advance Upstate") for the purpose of supporting University student-athletes through Name, Image, Likeness ("NIL") opportunities and other initiatives that enhance and generate revenue for the University's athletics program. These entities are known collectively as the University of South Carolina Upstate Foundation and Subsidiaries (the "Organization"). The Organization's activities are overseen by a self-perpetuating, independent board of directors.

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of the Foundation, CDF, and Advance Upstate. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents.

The Organization maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC"). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. It is management's opinion that the Organization is not exposed to any significant credit risk related to cash.

Promises to Give

The Organization records unconditional promises to give as receivables and revenues within the appropriate net assets category. Revenues are considered to be available for use without donor restriction unless specifically restricted by the donor. Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at fair value at the date of the promise. The fair value is computed by using the present value of their estimated future cash flows, using a risk-free rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions. An allowance for uncollectible promises to give is determined based on collection experience in prior years and management's analysis of specific promises made. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments consist of money market funds, domestic equity securities, international equity securities, fixed income securities, real estate investments, and flexible capital investments (including hedge funds and offshore feeder funds), which are carried at fair value or net asset value. Cash and money market funds held in the investment portfolio are a part of the diversification strategies established by the investment policy. Management determines the portion of the investment portfolio to be held in money market funds based on projected cash needs by beneficiaries. Investment income or loss (including gains and losses on investments, interest, and dividends) is included on the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is specifically restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.

Assets and Liabilities Held Under Charitable Remainder Trusts

Charitable remainder trusts represent assets that are currently held in trust for the benefit of designated income beneficiaries. Upon the death of the beneficiaries, the assets held in trust will be distributed to the Organization based upon the provisions of the trust, principally for unrestricted use. The value of assets and liabilities of the charitable remainder trusts is computed using a 3.2% discount rate.

For those charitable remainder trusts for which the Organization is the trustee, an asset is recorded for the market value of the assets held in the trust, while a corresponding liability is recorded for the discounted value of future payments to the beneficiary.

Building, Net

The Organization purchased a building during the year ended June 30, 2025 for $219,000. Depreciation is charged to expense on the straight-line basis over the estimated useful life of the asset. The estimated useful life for the building is 15 years. Depreciation expense for the years ended June 30, 2026 and 2025 was $14,604 and $7,302, respectively.

Deferred Grant Revenue

The Organization receives payments for grants in advance of the related expenditures. Income is recognized during the periods grant expenditures are incurred.

In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation. During the years ended June 30, 2026 and 2025, the Organization received in-kind contributions of approximately $176,000 and $175,000, respectively, for payroll, fringe benefits, building occupancy, and technology costs contributed by the University. These contributions are classified as in-kind contributions and in-kind expenses on the accompanying consolidated statements of activities.

Revenue, Gains, and Other Support, and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets with and without donor restrictions.

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

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Expense Allocation

The Organization allocates expenses on a functional basis among its various programs and supporting services and uses a direct allocation of expenses.

Income Taxes

The Organization has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income tax is recorded in the accompanying consolidated financial statements. The Organization has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2026.

Risk and Uncertainties

The Organization maintains investments in various equities, flexible capital, fixed income, real assets, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the Organization’s investment balance reported on the consolidated statements of financial position.

Revision

Certain immaterial revisions have been made to the 2025 consolidated financial statements for the purpose restriction on net assets included in Note 6 and the endowment activities included in Note 7. These revisions did not have a significant impact on the consolidated financial statement line items impacted.

Note 2. Unconditional Promises to Give

Unconditional promises to give are included on the consolidated financial statements as receivables and revenue of the appropriate net asset category. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. The discount for unconditional promises to give as of June 30, 2026 and 2025 was 8.0% and 8.2%, respectively.

Unconditional promises to give include the following at June 30:

	2026	2025
Due in one year or less	$ 522,500	$ 549,500
Due in one to five years	500,000	1,025,000
	1,022,500	1,574,500
Discount for time value of money	(36,994)	(112,165)
Unconditional promises to give	$ 985,506	$ 1,462,335

Note 3. Conditional Promises to Give

The Organization has received the following conditional promises to give at June 30, 2026 and 2025 that are not recognized in the consolidated financial statements:

	2026	2025
Conditional promises to give upon expenditures related to the strengthening of the nursing pipeline program	$ -	$ 40,000
Conditional promises to give upon establishment of a Free application for Federal Student Aid (FAFSA) support program	237,778	237,778
Conditional promises to give upon expenditures related to expanding the University's medical-legal partnership to Spartanburg, Cherokee, and Union counties	1,015,140	-
Conditional promises to give upon establishment and development of Project INSPIRE NextGen, a STEM program for blind and/or visually impaired students	61,000	-
Conditional promises to give upon establishment and development of a Humanities program including a matching portion	2,302,000	3,604,000
Conditional promises to give	$ 3,615,918	$ 3,881,778

Note 4. Investments

Investments are stated at fair value. Realized and unrealized gains and losses are reflected on the consolidated statements of activities. Investments consist of the following at June 30:

	2026	2025
Cash	$ 1,832,393	$ 1,916,638
Domestic equity	9,139,103	8,374,874
International equity	4,455,718	3,764,007
Flexible capital	2,287,691	2,196,734
Fixed income	5,458,231	4,900,064
Real assets	138,369	127,829
	$ 23,311,505	$ 21,280,146

Note 5. Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The recorded market price for alternative investments is at the fund’s NAV estimated by the individual investment manager of the fund taking into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent arm’s-length transactions involving the securities of the investee, the value of similar securities issued by companies in the same or similar businesses, the underlying investments held by the fund and limited marketability of the portfolio. The fair value in such investments is subject to review by the Organization and independent annual financial statement audits of these investments.

The Organization's investment charitable remainder trusts are valued at the fair value of the trust's underlying assets as reported by the trust's fund managers. These are classified within Level 3 of the valuation hierarchy.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

	June 30, 2026			
		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv-able Inputs (Level 3)
ASSETS				
Investments				
Domestic equity	$ 9,139,103	$ 9,139,103	$ -	$ -
International equity	4,455,718	4,455,718	-	-
Fixed income	5,458,231	5,347,860	110,371	-
Real assets	138,369	138,369	-	-
	19,191,421	19,081,050	110,371	-
Investments measured at NAV [(A)]	2,287,691			
Total investments	21,479,112			
Assets held under charitable remainder trusts	98,556	-	-	98,556
	$ 21,577,668	$ 19,081,050	$ 110,371	$ 98,556
LIABILITIES				
Liabilities under charitable remainder trusts	$ 60,024	$ -	$ -	$ 60,024

	June 30, 2025			
		Fair Value Measurements Using		
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
ASSETS				
Investments				
Domestic equity	$ 8,374,874	$ 8,374,874	$ -	$ -
International equity	3,764,007	3,764,007	-	-
Fixed income	4,900,064	4,610,430	289,634	-
Real assets	127,829	127,829	-	-
	17,166,774	16,877,140	289,634	-
Investments measured at NAV (A)	2,196,734			
Total investments	19,363,508			
Assets held under charitable remainder trusts	96,272	-	-	96,272
	$ 19,459,780	$ 16,877,140	$ 289,634	$ 96,272
LIABILITIES				
Liabilities under charitable remainder trusts	$ 66,396	$ -	$ -	$ 66,396

(A) In accordance with Topic 820, certain investments that were measured at net asset value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented on the consolidated statements of financial position.

Investments, described in Note 4, are held at fair value and included in the table above except cash totaling $1,832,393 and $1,916,638 at June 30, 2026 and 2025, respectively, which are held by the investment manager for investment.

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

	Fair Value at June 30, 2026	Fair Value at June 30, 2025	Redemption Frequency	Redemption Period
Graham Absolute Return LTD Class B (a)	$ 495,789	$ 479,195	Quarterly	30 days
Alkeon Growth Offshore Fund II LTD Class 3 (b)	639,837	529,487	Quarterly	20 days
O'Connor Global Multi-Strategy Alpha II LTD (c)	764,374	829,695	Quarterly	30 days
O'Connor Global Merger Arbitrage LTD (d)	387,691	358,357	Monthly	15 days
Total investments at net asset value	$ 2,287,691	$ 2,196,734		

(a) The Organization has committed a total of $320,000 and has no unfunded commitment as of June 30, 2026. The investment objective of the fund is to achieve long-term capital appreciation through professionally managed trading in both U.S. and foreign markets primarily in futures contracts, forward contracts, spot currency contracts, and associated derivative instruments, such as options and swaps as well as equity and fixed income securities.

(b) The Organization has committed a total of $500,000 and has no unfunded commitment as of June 30, 2026. The investment objective of the fund is to achieve capital appreciation by investing primarily in long and short positions of publicly-traded companies globally, including technology stocks.

(c) The Organization has committed a total of $800,000 and has no unfunded commitment as of June 30, 2026. The investment objective of the fund is to realize consistently high risk-adjusted appreciation in the value of its assets. The Fund seeks to achieve its investment objective primarily through a combination of strategies, including, but not limited to, fundamental equity market neutral long/short, fundamental long/short equity, energy transition long/short equity, China long/short equity, convertible arbitrage, merger arbitrage, credit, special purpose acquisition company ("SPAC") investing, supply chain finance, currency and rates and opportunistic. This investment was formerly Nineteen77 Global Multi-Strategy Alpha II LTD.

(d) The Organization has committed a total of $320,000 and has no unfunded commitment as of June 30, 2026. The investment objective of the Fund is to realize consistently high risk-adjusted appreciation in the value of its assets. The Fund primarily invests in the securities of entities involved in announced mergers, acquisitions or contests for control. This investment was formerly Nineteen77 Global Merger Arbitrage LTD.

Note 6. Restrictions on Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2026	2025
Scholarships	$ 2,008,735	$ 1,572,421
Unconditional promises to give – time restriction	985,506	1,462,335
Other activities of the Organization	6,493,658	5,446,850
Perpetual endowment	10,913,588	10,727,473
	$ 20,401,487	$ 19,209,079

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2026	2025
Satisfaction of purpose restrictions		
Educational programs	$ 3,208,043	$ 2,393,815
General use	199,921	243,538
	$ 3,407,964	$ 2,637,353

Note 7. Endowment Funds

The Organization's endowment funds consist of ninety-six individual donor-restricted funds established for a variety of purposes, which include perpetual endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management has interpreted South Carolina's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization has classified as perpetual endowment (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction in the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Organization 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. The investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2026 or 2025.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. 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 allow for growth of the corpus while minimizing the fluctuations in the value of the portfolio to meet the payout obligations as approved by the Board of Directors.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The amount of funds allocated for expenditure for the purposes for which the endowed funds were established are reviewed annually and calculated based on the prior 12-quarter rolling average Unitized Market Value of the primary management investment portfolio multiplied by the number of units held by each endowed fund on the calculation date. The current rate as of the date of adoption of this policy ranging from 3% to 5%. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. There is also an endowment administrative fee that is assessed annually at a rate of 1.25%.

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

Endowment net assets, June 30, 2024	$ 13,883,361
New gifts	221,042
Appropriations	(679,064)
Investment gains	1,421,540
Endowment net assets, June 30, 2025	14,846,879
New gifts	186,115
Appropriations	(699,806)
Investment gains	1,730,234
Endowment net assets, June 30, 2026	$ 16,063,422

Note 8. Related-Party Transactions

The following support was contributed by the University, included in in-kind contributions on the consolidated statements of activities for the years ended June 30:

	2026	2025
Salaries and fringe benefits	$ 158,342	$ 157,268
Occupancy	14,395	14,395
Technology and software	3,000	3,000
	$ 175,737	$ 174,663

The Organization provided the University support totaling $2,681,211 and $2,265,994 during the years ended June 30, 2026 and 2025, respectively. During the year ended June 30, 2026, the Organization entered into a short-term lease agreement with the University for one year. The Organization recognized revenue of $33,184 related to this lease as of June 30, 2026.

Note 9. Contingencies

Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. The Organization maintains insurance against certain loss contingencies with liability policies and physical damage coverage.

Note 10. Liquidity and Availability

The Organization's liquidity management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2026	2025
Cash and cash equivalents	$ 1,239,064	$ 502,458
Investments	23,311,505	21,280,146
Unconditional promises to give	985,506	1,462,335
Net assets with donor restrictions	(20,401,487)	(19,209,079)
	$ 5,134,588	$, 4,035,860

The Organization is primarily funded by contributions from donors that can impose restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Note 11. Subsequent Events

Subsequent events have been evaluated through September 3, 2026, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

University of South Carolina Upstate Foundation and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2026

	University of South Carolina Upstate Foundation	University of South Carolina Upstate Capital Development Foundation	Advance Upstate, LLC	Consolidated
ASSETS				
Cash and cash equivalents	$ 1,197,381	$ 41,183	$ 500	$ 1,239,064
Unconditional promises to give, net	985,506	-	-	985,506
Investments	23,311,505	-	-	23,311,505
Assets held in charitable remainder trust	98,556	-	-	98,556
Building, net	197,094	-	-	197,094
Total Assets	$ 25,790,042	$ 41,183	$ 500	$ 25,831,725
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	$ 92,897	$ -	$ -	$ 92,897
Deferred grant revenue	2,420,715	-	-	2,420,715
Liability under charitable remainder trusts	60,024	-	-	60,024
Due to/from related parties	(2,505)	-	2,505	-
Total Liabilities	2,571,131	-	2,505	2,573,636
Net Assets (Deficit)				
Net assets (deficit) without donor restrictions	2,817,424	41,183	(2,005)	2,856,602
Net assets with donor restrictions	20,401,487	-	-	20,401,487
Total Net Assets (Deficit)	23,218,911	41,183	(2,005)	23,258,089
Total Liabilities and Net Assets	$ 25,790,042	$ 41,183	$ 500	$ 25,831,725

University of South Carolina Upstate Foundation and Subsidiaries
Consolidating Statement of Activities
Year Ended June 30, 2026

	University of South Carolina Upstate Foundation	University of South Carolina Upstate Capital Development Foundation	Advance Upstate, LLC	Consolidated
Operating Revenues, Gains, and Other Support				
Contributions	$ 1,455,152	$ -	$ -	$ 1,455,152
In-kind contributions	175,737	-	-	175,737
Grant income	1,210,801	-	-	1,210,801
Event revenues	230,377	-	-	230,377
Unrealized gains on investments, net	1,397,054	-	-	1,397,054
Investment income, net	987,266	1,247	-	988,513
Change in value of charitable remainder trust	8,656	-	-	8,656
Administrative fees	192,934	-	-	192,934
Other revenue	20,765	-	500	21,265
Total Operating, Revenues, Gains, and Other Support	5,678,742	1,247	500	5,680,489
Operating Expenses				
Program expenses				
Scholarships	745,411	-	-	745,411
Supporting services to USC Upstate	2,681,211	-	-	2,681,211
In-kind expenses	175,737	-	-	175,737
Depreciation	14,604	-	-	14,604
Program operating expenses	236,411	-	2,505	238,916
Supporting expenses				
Administrative fees	195,012	-	-	195,012
Bank fees	3,145	-	-	3,145
Foundation operating expenses	25,984	-	-	25,984
Total Operating Expenses	4,077,515	-	2,505	4,080,020
Change in Net Assets	1,601,227	1,247	(2,005)	1,600,469
Net Assets, Beginning of Year	21,617,684	39,936	-	21,657,620
Net Assets (Deficit), End of Year	$ 23,218,911	$ 41,183	$ (2,005)	$ 23,258,089