



Watch Live via YouTube at:

https://www.youtube.com/channel/UCBmloqX05cKAsHm_ggXCjIA

Pursuant to Ordinance #08-17, Any citizen of the County may sign to speak in person at the Council Meeting (before the Council Meeting's Regular Meeting start time) on the **Public Comments Sign in Sheet** on the Podium to address Council on matters pertaining to County Services and Operations. Presentations will be limited to three (3) minutes per person and total public input will be limited to 30 minutes. Written Public Comments may also be submitted by 1PM on the date of the Council Meeting by emailing your comment to: comments@jaspercountysc.gov.

To participate in a **Public Hearing for a specific agenda item**, you may either email written public comments to comments@jaspercountysc.gov by **1:00PM on Monday, May 1, 2023**; or you can speak in person at the Council Meeting by signing in on the **Public Hearing Sign In Sheet** located outside the Council Chambers Doors prior to the start of the meeting.

Instructions may also be found at the Jasper County website www.jaspercountysc.gov

FOR MORE INFORMATION, PLEASE CALL (843) 717-3696



JASPER COUNTY COUNCIL
**WORKSHOP AND
COUNCIL MEETING**

Jasper County Clementa C. Pinckney Government Bldg.
358 3rd Avenue Ridgeland, SC 29936
Monday, May 1, 2023
AGENDA

4:30PM

Budget Workshop:

AHJ Regional Library – Carolyn Fortson, Director
Technical College of the Lowcountry – Dr. Richard Gough, President
Boys and Girls Club of the Lowcountry – Chris Protz, Executive Director
Coastal Empire Community MHC – Judith Birchenough, Asst. Director of Administration
Hopeful Horizons – Kristan Dubrowski, Chief Executive Director
Jasper County Neighbors United – Tedd Moyd

5:30PM

1. Call to Order by Chairman Sauls

Clerk's Report of Compliance with the Freedom of Information Act.

In compliance with the Freedom of Information Act, notice of meetings and agendas were posted and furnished to all news media and persons requesting notification

2. Executive Session SECTION 30-4-70.

(a) A public body may hold a meeting closed to the public for one or more of the following reasons:

(2) Discussion of negotiations incident to proposed contract arrangements and proposed purchase or sale of property, the receipt of legal advice where the legal advice related to pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim – Professional Services—Pratt Memorial Library; Cypress Ridge Spec Building #1

(5) Discussion of matters relating to the proposed location, expansion, or the provision of services encouraging location or expansion of industries or other businesses in the area served by a public body –Jasper Ocean Terminal

Agenda -

ANY EXECUTIVE SESSION MATTER ON WHICH DISCUSSION HAS NOT BEEN COMPLETED MAY HAVE DISCUSSION SUSPENDED FOR PURPOSES OF BEGINNING THE OPEN SESSION AT ITS SCHEDULED TIME, AND COUNCIL MAY RETURN TO EXECUTIVE SESSION DISCUSSION AFTER THE CONCLUSION OF THE OPEN SESSION AGENDA ITEMS. **PLEASE BE ADVISED THERE MAY BE VOTES BASED ON ITEMS FROM THE EXECUTIVE SESSION.**

- 3: Return to Open Session at 6:30PM
 - 3.1 Action coming out of Executive Session
4. Pledge of Allegiance and Invocation:
5. Discussion of Consent Agenda and Agenda Items:
6. Approval of Agenda:

PRESENTATIONS AND PROCLAMATIONS

7. Proclamations:

Chairman Sauls – Recognizing National Correctional Officers Appreciation Week May 7 – May 13, 2023.

8. Presentations:

Smittie Cooler – Broad River Task Force Update and Recommendations.

PUBLIC HEARINGS AND ACTION ITEMS

9. **Andrew Fulghum** – Discussion and consideration of the **2nd reading** of Ordinance **#O-2023-08** to amend the Jasper Ocean Terminal Multi County Industrial / Business Park MCIP Agreement.

10. **Lisa Wagner** – Discussion and consideration of **1st reading** to amend the Official Zoning Map of Jasper County so as to transfer a property located at 323 School Road, bearing Jasper County Tax Map Numbers 015-01-00-012 from the Residential Zone to the Community Commercial Zone on the Jasper County Official Zoning Map.

11. **Kimberly Burgess** – Presentation, discussion and consideration of **1st reading** to provide for the levy of tax for public purposes in Jasper County for the fiscal year beginning July 1st, 2023 and ending June 30th 2024 and to make appropriations for said purposes; to adopt and approve the Jasper County capital and operations budget for fiscal year 2023-2024, to adopt and approve the Jasper County School District capital and operations budget for fiscal year 2023–2024; to provide for the levy of taxation for fiscal year 2023–2024; and matters thereto.

CITIZEN COMMENTS

12. Open Floor to the Public per Ordinance 08-17 Any citizen of the County may sign to speak in person at the Council Meeting (before the Council Meeting's 6:30PM start time on the Sign In Sheet on the Podium), to address Council on matters pertaining to County Services and Operations. Presentations will be limited to three (3) minutes per person and total public input will be limited to 30 minutes.

13. Administrator's Report

CONSENT AGENDA

14. David Tedder – Consideration of the **2nd reading** of Ordinance **#O-2023-07** to amend Chapter 6 of the County Code of Ordinances (Buildings and Building Regulations) to Update References, Fees and Matters Related Thereto (*1st reading 04.21.2023; Public Hearing held 04.17.2023*).

15. Kimberly Burgess – Consideration of Resolution **#R-2023-05** to approve the State Accommodations Tax Committee recommendations for FY23-24.

16. Kimberly Burgess – Consideration of Resolution **#R-2023-06** to authorize the award of funds for requests for Local Accommodations and Hospitality Taxes for FY23-24.

17. Rose Dobson-Elliott – Consideration of bid proposal for a prefabricated steel building and slab for the County Maintenance Building.

18. Approval of the minutes of March 20, 2023:

END OF CONSENT AGENDA

19. Council Members Comments

20. Possible Return to Executive Session to Continue Discussion on Matters Regarding Agenda Item II.

21. Adjournment:

***Council may act on any item appearing on the agenda including items discussed in executive session.**

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, notification of the meeting was posted on the County Council Building at a publicly accessible place and on the county website at least 24 hours prior to the meeting. A copy of the agenda was given to the local news media and posted at the meeting location twenty-four hours prior to the meeting.

Special Accommodations Available Upon Request to Individuals with Disabilities
(843) 717-3696

AGENDA ITEM: Budget Workshop

AHL Regional Library

Jasper County Budget Worksheet Report

Budget Year 2024

Account Description	2023 Amended Budget	2023 Actual Budget	2024 Agency Request
3000 AHJ REGIONAL LIBRARY	\$262,500.00	\$262,500.00	\$274,500.00

EXPLANATION:

Thank you for your continued support for the Hardeeville Community Library, the Pratt Memorial Library, and the AHJ Regional Library system. Funding from Jasper County is required to assure continued Personnel staffing for both libraries.

We request an additional \$12,000 for a new part-time position at the Pratt Memorial Library. \$12,000 would cover the salary and this position would provide additional personnel as needed for staffing once the new Pratt Library reopens after renovation. This additional position will allow staffing to be aligned with the new services, programs, and advanced technologies that will require additional staffing for the updated facility. In past years, the norm was that staff worked 7-hour days alone in the library with no additional staff. This occurred when there were staff absences due to emergencies or SL, etc. With current times and safety concerns, we try to avoid having staff working alone in the building for any time frame. This position would provide adequate staffing and coverage at all times.

We thank you in advance for your continued support for the Hardeeville and Pratt libraries.

Requested by: Carolyn Fortson, Regional Director

Date: March 10, 2023

Email Address: cfortson@ahjlibrary.org

Best Contact Phone Number: 803-584-3513, ext. 1

ALLENDALE HAMPTON JASPER REGIONAL LIBRARY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
ANNUAL FINANCIAL REPORT
JUNE 30, 2022**

TABLE OF CONTENTS

	<u>PAGE</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
<i>BASIC FINANCIAL STATEMENTS:</i>	
Combined Government-Wide Financial Statements and Fund Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	11
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	12
Notes to Financial Statements	14
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual – General Fund	29
Schedule of Proportionate Share of the Net Pension Liability	31
Schedule of Contributions	32

FINANCIAL SECTION



**CROWLEY WECHSLER
& ASSOCIATES LLC**

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Naggy, CPA, CGMA
Raquel Blascochea, JD, CPA
Jordan Graham, CPA

CERTIFIED PUBLIC ACCOUNTANTS

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Allendale Hampton Jasper Regional Library
Allendale, South Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Allendale Hampton Jasper Regional Library (the Library), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Library 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and historical pension information on pages 4-10 and 29-32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crowley Wechsler & Associates LLC

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
December 2, 2022

Allendale Hampton Jasper Regional Library

Management's Discussion and Analysis

As management of Allendale Hampton Jasper Regional Library (the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2022.

Financial Highlights

- The Library is reporting an overall deficit of \$(405,378) in the net position as of June 30, 2022. Of this amount, \$(482,643) represents the deficit in unrestricted net position. The \$34,205 represents the amount that is restricted by the grantors. The balance of \$43,060 represents the net investment in capital assets.
- The Library's total net position increased by \$37,865 for the fiscal year ended June 30, 2022.
- As of the close of the current fiscal year the Library's governmental funds reported combined ending fund balance of \$331,453, an increase of \$69,486.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Library's assets, deferred inflows/outflows of resources, and liabilities with the difference reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Library that are supported by charges for services and operating or capital grants and contributions (governmental activities). The governmental activities of the Library include the operations of the libraries in the three county areas. The Library currently has no business type activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the programs of the Library can be divided into governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governments for which similar information is presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental programs and governmental activities.

The Library maintains one individual governmental program. Due to the fact the Library conducts one program, the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances are presented as combined into a single, aggregated presentation.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The Library also presents historical pension information as required supplementary information that provides data over a ten year period relating to its net pension liability and contributions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Allendale Hampton Jasper Regional Library, liabilities and deferred inflows exceeded assets and deferred outflows by \$(405,378) at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net position. Comparable financial information is reported for the prior fiscal year.

	ALLENDALE HAMPTON JASPER REGIONAL LIBRARY NET POSITION	
	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 334,636	\$ 245,117
Capital Assets	43,060	60,924
Total Assets	377,696	306,041
Deferred Outflows of Resources	194,897	201,194
Current Liabilities	3,183	3,150
Long-term Liabilities Outstanding	855,108	943,733
Total Liabilities	858,291	946,883
Deferred Inflows of Resources	119,680	3,595
Net Position		
Net Investment in Capital Assets	43,060	60,924
Unrestricted	(482,643)	(523,238)
Restricted	34,205	19,069
Total Net Position	\$ (405,378)	\$ (443,243)

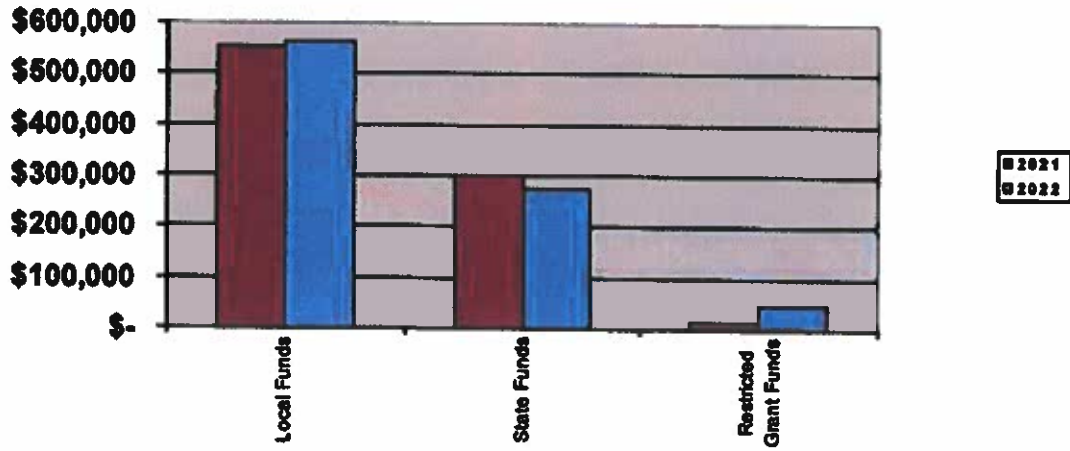
The largest portion of the Library's unrestricted net position \$(482,643) reflects the net pension liability of \$816,297 and the liability for compensated absences of \$38,811 which are reported in long-term liabilities outstanding. Restricted net position of \$34,205 represents amounts that have been restricted by the donors for specific purposes. Also included in net position is capital assets of \$243,801 less accumulated depreciation of \$200,741 for a net investment in capital assets of \$43,060.

Governmental Activities. The Library's total net position increased by \$37,865. Key elements of this increase are as shown in the following table. Comparable financial information is reported for the prior fiscal year.

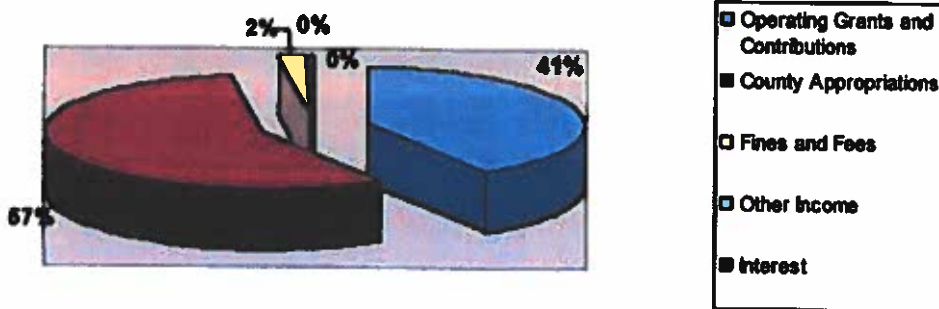
ALLENDALE HAMPTON JASPER REGIONAL LIBRARY CHANGE IN NET POSITION

	Governmental Activities	
	2022	2021
Expenses		
Library Operations		
Local Funds	\$ 562,241	\$ 552,215
State Funds	275,636	300,000
Restricted Grant Funds	47,091	15,074
Total expenses	884,968	867,289
Program Revenues		
Operating Grants and Contributions	376,200	315,318
Total program revenues	376,200	315,318
General Revenues		
County Appropriations	525,700	525,700
Fines and Fees	17,769	13,010
Other Income	3,029	3,029
Interest	135	132
Total general revenues	546,633	541,871
Change in net position	37,865	(10,100)
Net position – beginning	(443,243)	(433,143)
Net position – ending	\$ (405,378)	\$ (443,243)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$331,453, an increase of \$89,486. The general fund balance represents in whole the chief operating fund of the Library.

As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The general fund balance of \$331,453 has \$297,248 unassigned thereby leaving it free for future use and \$34,205 restricted. The unassigned amount represents 35.8% of the total expenditures.

Capital Assets and Long-term Obligations

Capital Assets. The Library's investment in capital assets for its governmental type activities as of June 30, 2022, amounts to \$43,060 (net of accumulated depreciation). Depreciation expense was \$31,837 for the year ended June 30, 2022. All of the depreciation expense was applied to library operations. See Note 3 for additional information.

ALLENDALE HAMPTON JASPER REGIONAL LIBRARY CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities	
	2022	2021
Furniture and Equipment	\$ 25,459	\$ 40,305
Vehicles	17,601	20,619
Total	\$ 43,060	\$ 60,924

Long-term Obligations. At the end of the current fiscal year, the Library reported the following long-term obligations:

ALLENDALE HAMPTON JASPER REGIONAL LIBRARY LONG-TERM OBLIGATIONS

	Governmental Activities	
	2022	2021
Annual Leave	\$ 38,811	\$ 37,592
Net Pension Liability	816,297	906,141
Total	\$ 855,108	\$ 943,733

See Note 4 for additional information.

Fiscal Outlook for AHJ Library FY 2023

Jasper County

Funding from Jasper County remains at the FY 2021 level. Though there was no increase in library funding, Jasper County is always timely in sending in their appropriation. The County has provided ARPA grant funding for the Pratt Memorial Library's renovation project. Talks are underway between the county staff and library staff to decide a timetable for the construction plans, etc.

Hampton County

Hampton County increased their funding level by 13% for the FY2022-2023. This additional funding is desperately needed to increase salaries for staff. The additional 13% for salaries is a big help for salaries, but still is not in line with Allendale and Jasper library employees. Since the arrival of the new library director, the library appropriations are now being received in a timelier manner.

Allendale County

Funding currently remains at FY 2021 levels. The Allendale County Council adopted a new budget for FY 2023 but did not approve an increase in their appropriation to the library. There has not been an increase in library funding for the last several years. The County is continuously late with releasing their library appropriation. The new library director is working closely with the finance director and anticipates positive changes for the next fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Allendale Hampton Jasper Regional Library finances for all those with an interest in the government's finances and its component units. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Allendale Hampton Jasper Regional Library, Post Office Box 280, Allendale, South Carolina, 29810.

BASIC FINANCIAL STATEMENTS

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022**

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
ASSETS			
Cash	\$ 312,381	\$ -	\$ 312,381
Accounts Receivable	22,255	-	22,255
Capital Assets, Net of Accumulated Depreciation	-	43,060	43,060
Total Assets	<u>334,636</u>	<u>43,060</u>	<u>377,696</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for Net Pension Liability	-	194,897	194,897
Total Deferred Outflows of Resources	<u>-</u>	<u>194,897</u>	<u>194,897</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 334,636</u>	<u>\$ 237,957</u>	<u>\$ 572,593</u>
LIABILITIES			
Payroll Liabilities	\$ 3,183	\$ -	\$ 3,183
Noncurrent Liabilities			
Due within one year	-	5,822	5,822
Due in more than one year - Debt	-	32,989	32,989
Due in more than one year - Net Pension Liability	-	816,297	816,297
Total Liabilities	<u>3,183</u>	<u>855,108</u>	<u>858,291</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for Net Pension Liability	-	119,680	119,680
Total Deferred Inflows of Resources	<u>-</u>	<u>119,680</u>	<u>119,680</u>
FUND BALANCES/NET POSITION			
Unassigned/Unrestricted	297,248	(779,891)	(482,643)
Restricted	34,205	-	34,205
Net Investment in Capital Assets	-	43,060	43,060
Total Fund Balances/Net Position	<u>331,453</u>	<u>(736,831)</u>	<u>(405,378)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	<u>\$ 334,636</u>	<u>\$ 237,957</u>	<u>\$ 572,593</u>

The notes to the financial statements are an integral part of this statement.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

EXPENDITURES/EXPENSES	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
Local Funds			
Salaries	\$ 342,866	\$ 1,219	\$ 344,085
Payroll Taxes	28,073	-	28,073
Retirement	51,398	35,667	86,963
Workers Compensation	2,761	-	2,761
Health Insurance	41,599	-	41,599
Books and Promotional Materials	4,031	-	4,031
Travel	1,165	-	1,165
Professional Dues	635	-	635
Equipment and Equipment Repairs	14,318	-	14,318
Supplies	8,774	-	8,774
Depreciation	-	31,837	31,837
Total Local Funds	493,618	68,623	562,241
State Funds			
Salaries	91,229	-	91,229
Payroll Taxes	6,549	-	6,549
Retirement	13,949	-	13,949
Health Insurance	4,687	-	4,687
Books and Promotional Materials	52,158	-	52,158
Bookmobile	8,882	-	8,882
Continuing Education	831	-	831
Contracts	50,525	-	50,525
Equipment and Equipment Repairs	46,826	-	46,826
Total State Funds	275,636	-	275,636
Restricted Grant Funds			
Lois Covey Foundation	2,000	-	2,000
Hardeeville Collection	401	-	401
ARPA Grant	56,663	(13,973)	42,690
LSTA Grant	2,000	-	2,000
Total Restricted Grant Funds	61,064	(13,973)	47,091
Total Expenditures/Expenses	\$ 830,318	\$ 54,650	\$ 884,968

The notes to the financial statements are an integral part of this statement.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
PROGRAM REVENUES			
Operating Grants and Contributions			
State Aid Appropriation	\$ 300,000	\$ -	\$ 300,000
Grants and Contributions	76,200	-	76,200
Total Operating Grants and Contributions	<u>376,200</u>	<u>-</u>	<u>376,200</u>
Net Program Expense	<u>(454,118)</u>	<u>(54,650)</u>	<u>(508,768)</u>
GENERAL REVENUES			
County Appropriations	525,700	-	525,700
Fines and Fees	17,789	-	17,789
Other Income	-	3,029	3,029
Interest Income	135	-	135
Total General Revenues	<u>543,604</u>	<u>3,029</u>	<u>546,633</u>
Change in fund balance and net position	89,488	(51,621)	37,865
FUND BALANCE/NET POSITION			
Beginning of Year	241,967	(685,210)	(443,243)
End of Year	<u>\$ 331,453</u>	<u>\$ (736,831)</u>	<u>\$ (405,378)</u>

The notes to the financial statements are an integral part of this statement.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Allendale Hampton Jasper Regional Library (Library) was organized for the purpose of providing library resources to the residents in the counties of Allendale, Hampton, and Jasper within the State of South Carolina. The Library is an autonomous government whose appointed board controls its operations and fiscal accountability. The Library is a separate reporting entity and is not a component unit of any other governmental entity. The local county governments of Allendale, Hampton, and Jasper provide annual appropriations that fund the operations of the regional library.

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above criteria, Allendale Hampton Jasper Regional Library has no component units required to be reported in these financial statements.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the appointed board and the executive director.

The operating budget is funded through appropriations received from the State of South Carolina, local county governments, and other grants. The operating revenues and expenditures are included in the General Fund. The accounting policies of Allendale Hampton Jasper Regional Library conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Allendale Hampton Jasper Regional Library reports only governmental activities, as there are no business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Major individual governmental funds are reported as separate columns in the fund financial statements. Allendale Hampton Jasper Regional Library has only a general fund that is considered a major governmental fund.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Library reports the following major governmental funds:

The *general fund* is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first then unrestricted resources, as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Allendale Hampton Jasper Regional Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Allendale Hampton Jasper Regional Library is authorized by state statute to invest in the following:

Obligations of the United States and its agencies;
General obligations of the State of South Carolina and its political units;
Savings and loan associations to the extent that the same are insured by an agency of the Federal Government;
Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above and are held by a third party as escrow agent or custodian, at a market value not less than the amounts of the certificates of deposit plus interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as property and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Library does not have any significant infrastructure assets that should be recorded at this time.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	5 years
Vehicles	5-10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Leases

The Library is a lessee for noncancellable leases. The Library recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Library recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of the lease, the Library initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include the discount rate, the lease terms and the lease payments. For the discount rate, the Library uses the interest rate charged by the lessor. If an interest rate is not provided by the lessor, the Library will use its estimated incremental borrowing rate as the discount rate. Lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Library is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government reports deferred outflows related to its net pension liability in the statement of net position.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The government reports deferred inflows related to its net pension liability in the statement of net position.

Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific resources. The Government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Government's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the Board that can, by vote prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another policy) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Government for specific purposes but do not meet the criteria to be classified as committed. The Government may assign fund balance as deemed necessary. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Comparative Data

Comparative total data for the prior year has not been presented.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expenses/Expenditures

Consistent with the current financial resources measurement focus, the governmental fund statement of activities report expenditures rather than expenses. Expenditures in the fund financial statements are presented by character for the governmental funds. The character of expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (current expenditures) are distinguished from those presumed to benefit both the present and future periods (debt service expenditures and capital outlay expenditures). GAAP also provides for a fourth character classification, intergovernmental expenditures, for situations where one governmental entity provides resources to another.

Government-wide expenses are reported by function. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

Budget and Budgetary Accounting

Prior to the start of each fiscal year, Allendale Hampton Jasper Regional Library prepares an operating budget prepared in accordance with generally accepted accounting principles. The Library's Board approves any revisions to the budget during the year. Budgets are adopted for the general fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from these estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

South Carolina statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and South Carolina government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits but do allow the pooling of governmental funds for investment purposes. The Library does not have a policy regarding deposits and investments.

Deposits: The deposits for the Library at June 30, 2022 were \$312,381 and the bank balance was \$363,826. Deposits were collateralized by federal depository insurance up to \$250,000. The excess was not collateralized.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Library will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Library does not maintain a deposit policy regarding custodial credit risk.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 PROPERTY AND EQUIPMENT

A summary of changes in the Library's property and equipment is as follows:

<u>Governmental Activities</u>	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
<i>Capital assets being depreciated</i>				
Furniture and equipment	\$ 177,624	\$ 13,973	\$ 136,750	\$ 54,847
Vehicles	188,954	-	-	188,954
Total capital assets being depreciated	366,578	13,973	136,750	243,801
<i>Less accumulated depreciation for:</i>				
Furniture and equipment	137,319	28,819	136,750	29,388
Vehicles	168,335	3,018	-	171,353
Total accumulated depreciation	305,654	31,837	136,750	200,741
Total capital assets being depreciated, net	60,924	(17,864)	-	43,060
 Governmental activities capital assets, net	 \$ 60,924	 \$ (17,864)	 \$ -	 \$ 43,060

Depreciation expense was \$31,837 for the year ended June 30, 2022. This amount was allocated to the functional departments as follows:

<u>Governmental Activities</u>	
Library Operations	\$ 31,837
Total	<u>\$ 31,837</u>

NOTE 4 LONG-TERM OBLIGATIONS

A schedule of changes on long term debt follows:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Portion</u>
Annual Leave	\$ 37,592	\$ 1,219	\$ -	\$ 38,811	\$ 5,822
Total	\$ 37,592	\$ 1,219	\$ -	\$ 38,811	\$ 5,822

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

- **SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

Required employee contribution rates¹ are as follows:

SCRS	Fiscal Year 2022¹	Fiscal Year 2021¹
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contribution rates¹ are as follows:

SCRS	Fiscal Year 2022¹	Fiscal Year 2021¹
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	<u>SCRS</u>
Actuarial cost method	Entry age normal
Investment rate of return ¹	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually

¹includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS -- CONTINUED

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 2,079,551	\$ 1,263,254	\$ 816,297	60.7%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity ¹	48.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity ^{1,2}	9.0%	9.68%	0.87%
Private Debt ²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return ³	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<u>7.43%</u>

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Market assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>			
<u>System</u>	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
SCRS	\$ 1,069,263	\$ 816,297	\$ 606,052

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2021, are presented below.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

<u>Description</u>	<u>SCRS</u>
Service cost (annual cost of current service)	\$ 38,806
Interest on the total pension liability	138,749
Plan administrative costs	661
Plan member contributions	(35,156)
Expected return on plan assets	(71,123)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	19,990
Recognition of current year amortization - Difference between projected and actual investment earnings	(32,379)
Other	59
Total	\$ 59,607

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedules reflect the amortization of collective deferred outflows / inflows of resources related to pensions outstanding at June 30, 2021.

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 13,905	\$ 1,102
Assumption changes	44,681	-
Net difference between projected and actual investment earnings	-	118,578
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	67,979	-
Contributions subsequent to the measurement date	68,332	-
Total	\$ 194,897	\$ 119,680

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS -- CONTINUED

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

The amounts reported of \$68,332 that was reported as deferred outflows of resources related to the contribution subsequent to the measurement date of the SCRS will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expenses are follows:

<u>Amortization of Deferred Outflows/Inflows of Resources</u>	<u>SCRS</u>
Amortized period ending June 30,	
2022	\$ 12,633
2023	14,897
2024	6,729
2025	<u>(27,374)</u>
Net Balance of Deferred Outflows / (Inflows) of Resources	<u>\$ 6,885</u>

Employer and Nonemployer Contributions

Employers' proportionate shares were calculated on the basis of employer and nonemployer contributions remitted to the plan. In an effort to help offset a portion of the increased contribution requirements for employers, the General Assembly again provided nonemployer contributions to PEBA. Based on the criteria provided by the General Assembly, PEBA issued credit invoices to certain SCRS and PORS employers for fiscal year 2021 who then applied the credit invoices towards contributions otherwise due to the Systems.

The amount of credit invoices issued in fiscal year 2021 totaled \$88.7 million and \$12.5 million for SCRS respectively.

Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service purchases and employer contributions paid by employees.

The following table provides a reconciliation of Employer and Nonemployer contributions in the plans' Statement of Changes in Fiduciary Net Position (per the Systems' separately issued financial statements) to the Employer and Nonemployer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedules of Employer and Nonemployer Allocations.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM OBLIGATIONS – CONTINUED

		<u>SCRS</u>
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	\$	63,118
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021		3,348
Employer Contributions Not Representative of Future Contribution Effort		<u>(119)</u>
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2021 Measurement Date	\$	<u>66,345</u>

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2022, the amount reported for payables was \$3,183 which represented the amount due for June.

Compensated Absences

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. With sufficient notification of employment termination, unused vacation will be paid. The Library employees can accumulate annual leave up to fifteen to twenty-five days for subsequent use depending on tenure. Part-time employees earn leave on a prorated basis. Employees who leave the Library employment in good standing will be paid for any accrued, unused annual leave. Employer share of retirement and social security (23.06%) is added to the accrued leave liability. The Library has no financial liability for its unused sick leave. The accumulated unpaid vacation earned as of June 30, 2022, totaled \$38,811. Compensated absences are paid from the general fund.

NOTE 5 RISK MANAGEMENT

The Library is exposed to various types of risk of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage of worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RISK MANAGEMENT – CONTINUED

The Library has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the Library.

There have not been any reductions in insurance coverage from the prior year.

The amount of settlements has not exceeded coverage in each of the past three fiscal years.

NOTE 6 OTHER DISCLOSURES

Under the terms of the agreement between the Regional Library Board and the County Library Boards of Allendale, Hampton, and Jasper Counties, "any funds made available for library purposes to any county which is a part of this contract, separate and apart from and in addition to the general financial agreements of this contract, may remain within said county for such use as the county library board wishes to make of said funds". The county library boards have other cash accounts that are not included in the audited financial statements of the Regional Board. These assets were comprised entirely of cash in various checking and savings accounts. These funds are not managed by the Regional Board and accordingly are not reported in the financial statements of the Regional Board.

NOTE 7 IMPLEMENTATION OF NEW ACCOUNTING POLICY

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the Library evaluated all leasing arrangements and determined that implementation had no material effect on the financial statements.

NOTE 8 SUBSEQUENT EVENTS

Allendale Hampton Jasper Regional Library has evaluated subsequent events through December 2, 2022, the date the financial statements were issued. No material subsequent events have occurred that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
Restricted Grant Funds				
Barker Grant	\$ 10,796	\$ 10,796	\$ -	\$ 10,796
Lois Covey Foundation	2,000	2,000	2,000	-
Hardeeville Collection	4,644	4,644	401	4,243
ARPA Grant	42,760	42,760	58,863	(13,903)
LSTA Grant	2,000	2,000	2,000	-
Memorials and Gifts	9,197	9,197	-	9,197
Total Restricted Grant Funds	<u>71,397</u>	<u>71,397</u>	<u>61,064</u>	<u>10,333</u>
Total Expenditures	<u>903,172</u>	<u>903,172</u>	<u>830,318</u>	<u>72,854</u>
Change in Fund Balances	(26,530)	(26,530)	89,486	116,016
FUND BALANCE				
Beginning of Year	<u>177,121</u>	<u>177,121</u>	<u>241,967</u>	<u>64,846</u>
End of Year	<u>\$ 150,591</u>	<u>\$ 150,591</u>	<u>\$ 331,453</u>	<u>\$ 180,862</u>

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of The Net Pension Liability	NA	NA	0.003511%	0.003562%	0.003066%	0.003016%	0.003249%	0.003341%	0.003546%	0.003772%
Proportionate Share of the Net Pension Liability	NA	NA	\$ 604,478	\$ 675,551	\$ 654,895	\$ 678,400	\$ 727,939	\$ 762,982	\$ 908,141	\$ 816,297
Covered Payroll	NA	NA	\$ 318,736	\$ 334,022	\$ 296,925	\$ 304,475	\$ 335,535	\$ 352,844	\$ 395,639	\$ 428,383
Proportionate Share of the Net Pension Liability	NA	NA	189.65%	202.25%	220.56%	223.14%	216.95%	216.24%	228.03%	191.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	59.90%	56.99%	52.90%	53.30%	54.10%	54.40%	50.70%	60.70%

NA - not available

**ALLENDALE HAMPTON JASPER REGIONAL LIBRARY
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	NA	NA	\$ 36,408	\$ 32,840	35,197	45,489	51,376	61,561	66,345	\$ 68,332
Contributions in Relation to the Contractually Required Contribution	NA	NA	36,408	32,840	35,197	45,489	51,376	61,561	66,345	68,332
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	NA	NA	\$ 334,022	\$ 296,925	\$ 304,475	\$ 335,535	\$ 352,844	\$ 395,639	\$ 426,363	\$ 412,631
Contributions as a Percentage of Covered Payroll	NA	NA	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%

NA - not available

AGENDA ITEM: Budget Workshop

Technical College of the Lowcountry

Account, Account Description
010 GENERAL FUND
090 AGENCY APPROPRIATIONS

2023 Amended Budget

2023 Actual Amount

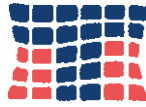
2024 Agency Budget

4515 TECHNICAL COLLEGE OF THE LOWCOUNTRY

10,000.00	\$ 50,000
10,000.00	

EXPLANATION: Attached.

Requested by: Ashley Yoakum
Date: 04/03/23
Email address: ayoakum@tcj.edu
Best Contact Info: 843-470-8393



TECHNICAL COLLEGE OF THE LOWCOUNTRY

April 3, 2023

Ms. Kimberly Burgess, Director of Administrative Services
Jasper County, South Carolina

Dear Ms. Burgess,

The Technical College of the Lowcountry (TCL) has direct, measurable impact on Jasper County. TCL over-all enrollment for Jasper County residents increased 25% for Fall 2022. The number of dual enrollment students continues to grow in Jasper County public, private, and charter schools, as well as, home schooled students.

For fiscal year 2023-24, the College asks Jasper County leadership for \$50,000 to support college operations. The College's annual cost of operations is approximately \$20+ million. Less than 26% of the total cost is supported by the state of South Carolina. In order to sustain and grow programs and to ensure tuition remains affordable, the College relies on local support.

On behalf of the faculty, staff and students, I thank you for your loyal support and advocacy of the Technical College of the Lowcountry.

Regards,

Ashley Yoakum
Controller

1.800.768.8252 • www.tcl.edu

Beaufort Campus • 921 Ribaut Road • PO Box 1288 • Beaufort, SC 29901 • p 843.525.8211 • f 855.825.3291
Hampton Campus • H. Mungin Center • S4 Tech Circle • Varnville, SC 29944 • p 803.943.4262 • f 855.825.3291
Bluffton New River Campus • 100 Community College Drive • Bluffton, SC 29909 • p 843.470.6000 • f 855.825.3291

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Financial Statements

For the Year Ended June 30, 2022

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
921 RIBAUT ROAD, POST OFFICE BOX 1288
BEAUFORT, SOUTH CAROLINA 29901**

Audit Period - July 1, 2021 to June 30, 2022

Commission Members

Randy Dolyniuk, Chairman	Beaufort County
Sheree Darien, Vice Chairman	Jasper County
James Boozer, Secretary/Treasurer	Beaufort County
David M. Smalls	Colleton County
William Small, Jr.	Hampton County
Heath Duncan	Beaufort County
Dr. Rick Toomey	Beaufort County

Key Administrative Staff

Dr. Richard Gough, President
Nancy Weber, Vice President for Student Affairs
Mary Lee Carns, Vice President for Institutional Advancement
Janis Hoffman, Vice President for Administrative Services
Dr. Leslie Worthington, Vice President of Academic Affairs

Area Served by Commission

Beaufort County
Colleton County
Hampton County
Jasper County

Counties Providing Financial Support

Beaufort County
Hampton County
Jasper County

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
TABLE OF CONTENTS**

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
<u>Basic Financial Statements:</u>	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	14
Statement of Cash Flows	15 - 16
Non-Governmental Component Unit Statement of Financial Position	17
Non-Governmental Component Unit Statement of Activities	18
Notes to Financial Statements	19 - 51
<u>Required Supplementary Information:</u>	
Schedule of Proportionate Share of the SCRS Net Pension Liabilities	52
Schedule of SCRS Contributions	53
Schedule of Changes in the Total OPEB Liability and Related Ratios	54
Schedule of OPEB Contributions	55

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	56 - 57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	58 - 59
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	60 - 62
Schedule of Findings and Questioned Costs	63 - 64
Summary Schedule of Prior Audit Findings	65
Corrective Action Plan	66
Independent Auditor's Report on Compliance for The State Lottery Tuition Assistance Program and Report on Internal Control over Compliance	67 - 69

FINANCIAL SECTION



**CROWLEY WECHSLER
& ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Blascochea, JD, CPA
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Technical College of the Lowcountry
Beaufort, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units and each major fund of the Technical College of the Lowcountry, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Technical College of the Lowcountry's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units and each major fund of the Technical College of the Lowcountry, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Technical College of the Lowcountry 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Technical College of the Lowcountry's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Technical College of the Lowcountry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Technical College of the Lowcountry'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and historical pension information, and historical other post-employment benefit information on pages 4-12 and 52-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Technical College of the Lowcountry's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

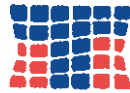
In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of the Technical College of the Lowcountry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Technical College of the Lowcountry's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Technical College of the Lowcountry's internal control over financial reporting and compliance.

Report on State Lottery Tuition Assistance Program

We have also issued our report dated September 28, 2022, on our consideration of the Technical College of the Lowcountry's administration of the State Lottery Tuition Program and on our tests of its compliance with certain provisions of State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
September 28, 2022



MANAGEMENT DISCUSSION AND ANALYSIS

The management of Technical College of the Lowcountry offer readers of the College's financial statements a narrative overview and analysis of its financial activities for the fiscal years ended June 30, 2022 and June 30, 2021. This discussion and analysis should be read in conjunction with the consolidated financial statements and its footnotes following this section.

This information is designed to focus on current activities, resulting change and current known facts. This discussion does not include the discretely presented component unit of the Technical College of the Lowcountry Foundation.

Overview of the Financial Statements

The financial statements for the Technical College of the Lowcountry (the College) have been prepared in accordance with the Governmental Accounting Standards Board (GASB Codification Sections 2100-2900, Financial Reporting, and Co5, Colleges and Universities). The financial statements presented focus on the financial condition, results of operations, and cash flows of the College.

The College is engaged only in Business-Type activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, College financial activities are reported using three financial statements required for proprietary funds: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and non-current categories. The College's net position is the difference between total assets and deferred outflows and the total liabilities and deferred inflows, and is one indicator of the overall financial condition of the College. Readers of the Statement of Net Position can use this information to determine the assets available to continue operations of the College as well as how much the College owes vendors, investors and lending institutions.

This statement is designed to present a snapshot of the College's financial condition at the end of the fiscal year. It should be noted that effective for the fiscal year ending June 30, 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The College will now report its proportionate share of the State of South Carolina's net OPEB liability. Changes in net OPEB liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. In addition, effective for the fiscal year ending June 30, 2022, the College adopted GASB No. 87, *Leases*. The College will recognize a lease liability and an intangible right-to-use lease asset.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. Revenues and expenses are classified as either operating or non-operating. Expenses are reported by natural classification. This statement reflects the College's dependence on state aid and gifts. Due to GASB requirement for state appropriations and gifts to be classified as non-operating revenues, the result is an operating deficit. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid, operating and non-operating, and any other revenues, expenses, gains and losses incurred by the College.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows, which presents detailed information about the cash activities of the College during the year. This statement further emphasizes the College's dependence on state and county appropriations with the separation of cash flows between operating and non-operating.

The statement is divided into five parts. Operating Activities provide the net cash provided by and used for the operating activities of the College. Non-capital Financing Activities represents the cash received and spent for non-operating, non-investing and non-capital financing purposes. Capital and Related Financing Activities shows the cash used for the acquisition and construction of capital and related items. Investing Activities identifies the purchases, proceeds and interest received from investing activities. Finally, the Reconciliation provides a reconciliation of the net cash provided by and used for the operating income (loss) reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Financial Highlights

- The College's net position improved this year due to the cost containment and the infusion of Higher Education Emergency Relief Funds (HEERF) to the College. This resulted in the net position of \$3.8 million. The net position in the prior fiscal year was -\$2.1 million.
- CARES Act, which establishes and funds the Higher Education Emergency Relief Fund (HEERF), directs institutions of higher education ("institutions") to use no less than 50 percent of funds received under Sections 18004(a)(1) and 18004(c) of the CARES Act to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus. Other institutional uses include:
 - Infrastructure and software needed to transition to online teaching.
 - Training costs associated with preparing the faculty for distance teaching.
 - Administrative costs, if they're directly associated with the pandemic.
- The assets and deferred outflows of the Technical College of the Lowcountry exceeded total liabilities and deferred inflows at June 30, 2022 by \$3.8 million.
- The College's total liabilities remained consistent as compared to the prior year.

- The College experienced a net operating loss of \$15.5 million as reported in the Statement of Revenues, Expenses, and Changes in Net Position. The operating loss was offset by non-operating revenues from federal grants as well as state and local appropriations of \$16.4 million, and Capital funding of \$5 million.
- Operating revenues decreased by 8.8% or \$974 thousand for the year due to decreases in other operating revenues. The College received a settlement for property in 2021. This was a one time payment.

Financial Analysis of the College as a Whole

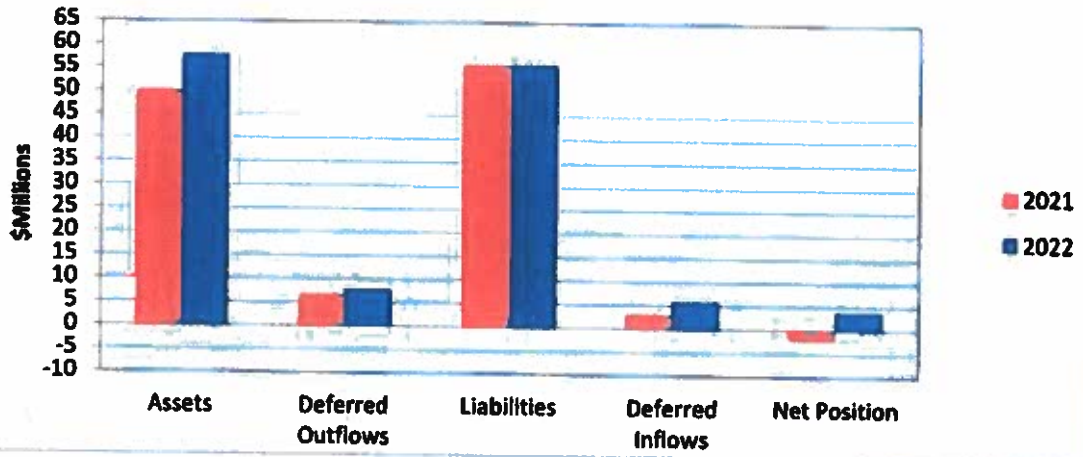
The schedule that follows is a condensed version of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net assets and is prepared from the Statement of Net Position.

**Net Position as of June 30, 2022
With Comparative Totals for 2021
(In millions)**

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Current Assets	\$ 28.8	\$ 25.4	13.4%
Non-current Assets	<u>28.8</u>	<u>24.6</u>	<u>17.1%</u>
Total Assets	<u>57.6</u>	<u>50.0</u>	<u>15.2%</u>
Deferred Outflows of Resources	<u>7.7</u>	<u>6.7</u>	<u>14.9%</u>
Current Liabilities	13.0	10.3	26.2%
Non-current Liabilities	<u>42.8</u>	<u>45.5</u>	<u>-5.9%</u>
Total Liabilities	<u>55.8</u>	<u>55.8</u>	<u>0.0%</u>
Deferred Inflows of Resources	<u>5.8</u>	<u>3.0</u>	<u>93.3%</u>
Net Position			
Investment in Capital Assets	21.9	16.8	30.4%
Unrestricted (Deficit)	<u>(18.1)</u>	<u>(18.9)</u>	<u>4.2%</u>
Total Net Position	<u>\$ 3.8</u>	<u>\$ (2.1)</u>	<u>281.0%</u>

Net position may serve over time as a useful indicator of an entity's financial position. The College's net assets and deferred outflows surpassed its liabilities and deferred inflows by \$3.8 million at the close of the most recent fiscal year and reflects a significant positive increase. This is due mainly to the HEERF funding that assisted the college with student aid and reduction in expenditures for deferred inflows for Pension and OPEB.

Assets, Liabilities and Deferred Outflows/Inflows by Year



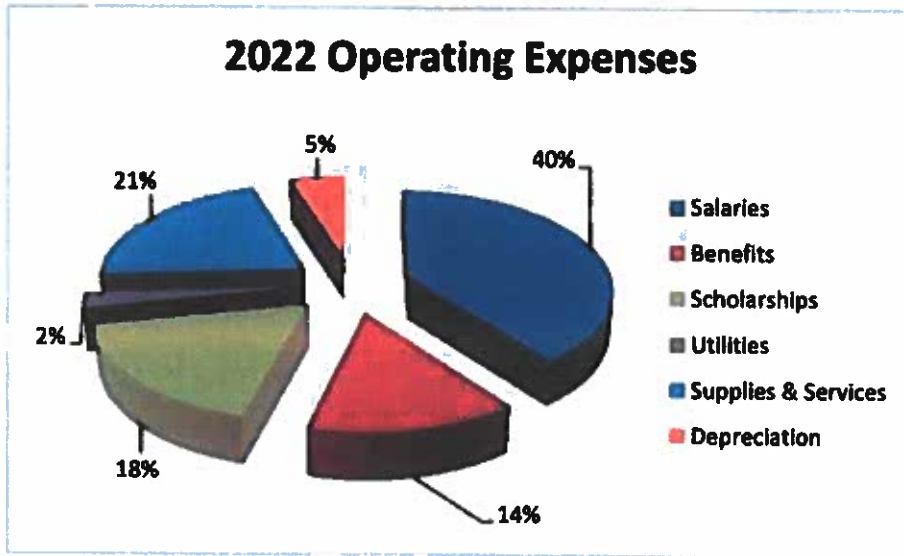
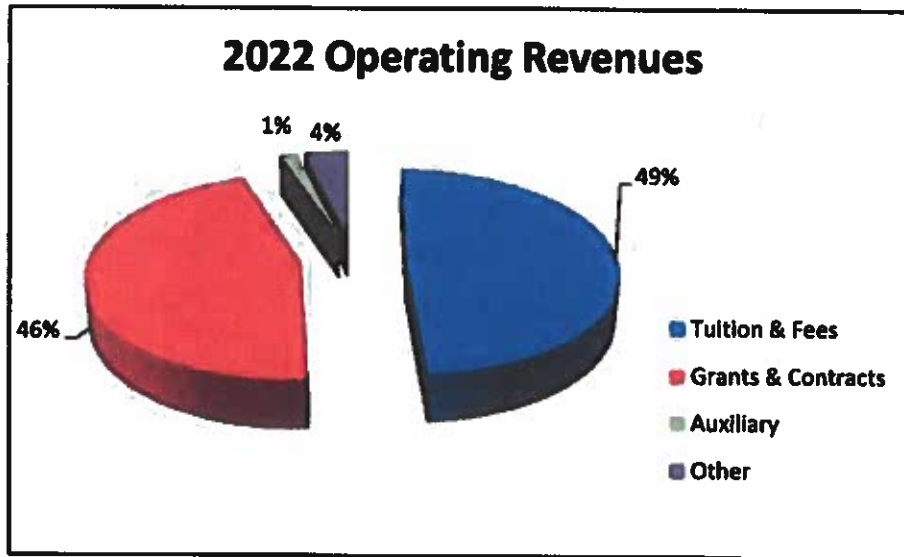
**Summary of Revenues, Expenses, and Changes in Net Position
for Fiscal Year Ended June 30, 2022
with Comparative Totals for June 30, 2021
(In millions)**

The schedule that follows is a summary of the College's operating results for the fiscal year.

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarships allowances in order to eliminate duplication of revenue.

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Operating Revenue			
Tuition and Fees	\$ 5.1	\$ 5.2	-1.9%
Grants and Contracts	4.6	3.9	17.9%
Auxiliary	0.2	0.5	-60.0%
Other	0.4	1.7	-76.5%
Total Operating Revenue	<u>10.3</u>	<u>11.3</u>	<u>-8.8%</u>
Less Operating Expenses	<u>25.8</u>	<u>21.6</u>	<u>19.4%</u>
Net Operating Loss	<u>(15.5)</u>	<u>(10.3)</u>	<u>-50.5%</u>
Non-Operating Revenue			
Federal Grants and Contracts	8.8	5.0	76.0%
State Appropriations	5.4	5.1	5.9%
Local Appropriations	2.5	2.3	8.7%
Interest Income/(Expense)	(0.3)	(0.2)	-50.0%
Total Non-operating Revenue	<u>16.4</u>	<u>12.2</u>	<u>34.4%</u>
Income (Loss) before Other Revenues, Expenses, Gains (Losses)	0.9	1.9	-52.6%
Other Revenues, Expenses, Gains or (Losses)			
Capital Gifts, Grants and Contracts	<u>5.0</u>	<u>1.3</u>	<u>284.6%</u>
Change in Net Position	5.9	3.2	84.4%
Net Position, Beginning of Year	<u>(2.1)</u>	<u>(5.3)</u>	<u>60.4%</u>
Net Position, End of Year	<u>\$ 3.8</u>	<u>\$ (2.1)</u>	<u>281.0%</u>
Total Revenues	<u>\$ 31.7</u>	<u>\$ 24.8</u>	<u>27.8%</u>

Graphical representations of the of the College’s revenue and expense data for the year ended June 30, 2022 are included below.



Personnel costs of \$13.9 million accounted for 54% of the College’s operating expenses and reflect a 10% decrease from the prior year. Supplies and other services make up the second largest classification, accounting for 21% of operating expenses. Operating expenses in total decreased approximately 19.4% from last year’s values. Note 16 in the accompanying notes to the financial statements reports operating expenses by functional classification.

The Statement of Cash Flows identifies the sources and uses of cash by the major categories: operating, non-capital financing, capital financing and investing activities.

The statement that follows represents a condensed version of Statement of Cash Flows.

Statement of Cash Flows
For the Years Ended June 30, 2022 and June 30, 2021
(In millions)

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Net Cash Provided (Used) by Operating Activities	\$ (12.6)	\$ (8.1)	-55.6%
Net Cash Provided by Non-Capital Financing Activities	18.0	12.5	44.0%
Net Cash Provided (Used) by Capital and Related Activities	(1.3)	(6.8)	80.9%
Net Cash Provided (Used) by Investing Activities	0.0	8.1	99.5%
Net Increase (Decrease) in Cash and Cash Equivalents	4.1	5.7	-27.4%
Cash and Cash Equivalents- Beginning of the Year	15.2	9.5	59.2%
Cash and Cash Equivalents- End of the Year	<u>\$ 19.3</u>	<u>\$ 15.2</u>	<u>26.8%</u>

Cash used for Operating Activities decreased by \$4.5 million. Cash provided from non-capital financing activities in the amount of \$18.0 million, consisting primarily of federal grants and state and local appropriations, was used to fund operating activities. The College completed the fiscal year with a cash and cash equivalent balance of \$19.3 million.

Capital Asset and Debt Administration

The capital assets net of depreciation increased by \$4.1 million for the year. This increase reflects the difference between depreciation charges to existing capital assets and investment in new capital in the fiscal year. Construction in Progress decreased by \$7.6 million this year as the College completed the construction of the Culinary Institute of the South in Fall 2021.

The capital assets are summarized in the table that follows:

Capital Assets, Net
June 30, 2022 with Comparative Totals for June 30, 2021
(In millions)

Capital Assets	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Construction in Progress	\$ 0.4	\$ 8.0	-95.0%
Land and Improvements	8.4	8.3	1.2%
Buildings and Improvements	37.4	25.5	46.7%
Machinery & Equipment	3.3	2.5	32.0%
Other Assets	0.6	0.6	0.0%
Total Capital Assets	50.1	44.9	11.6%
Less Accumulated Depreciation	(21.3)	(20.2)	-5.4%
Net Capital Assets	<u>\$ 28.8</u>	<u>\$ 24.7</u>	<u>16.6%</u>

Economic Factors

The economic outlook of the College is positive as we emerge from the COVID-19 pandemic. The College anticipated a decline in enrollment for the fiscal year 2022 and utilized strategic budgeting to allow the College to maintain a conservative but adequate budget. The College was able to lessen the impact of the budget constraints due to HEERF funding being used for some expenditures as well as assisting our students with funding to keep them in college. The College utilized these funds to offset technology expenses to accommodate online learning, increased cleaning efforts to minimize exposure to the virus and provided personal protective equipment for faculty, staff and students.

The College's enrollment trends have been consistent with that experienced by its peers across the state. The College remains conservative but optimistic in its estimates of future growth and will continue to maintain a solid reserve in order to weather future fluctuations in enrollment demand. During the academic year of 2021 – 2022, enrollment was down by 2.21%. Enrollment forecast are positive for enrollment growth. Enrollment for the current year 2022 – 2023 is trending positive for Fall 2022 semester at +6%.

Technical College of the Lowcountry continues to be a strong choice for educating the citizenry of our service area of Beaufort, Jasper, Hampton and Colleton counties. Demand for TCL programs remains strong as we continue to add programs each year. The College added the Culinary Arts program and completed the construction a 29,000 sq. ft. Culinary Institute to serve the growing culinary workforce in our area. The Culinary Institute of the South opened in Spring 2022. The College added new Dual Enrollment programs across our service areas continue to grow as we work to provide programs to our high schools in our service areas.

The College received a Strengthening Institutions Grant which is highly competitive which began in 2019. We are in the third year of implementation of the grant. The grant is timely as its goals are to increase student engagement and achievement through enhanced curriculum and instruction, increase persistence and retention through expanded student support, and increase the graduation rate of our students. Combined with the struggles that the pandemic has inflicted on our students, the grant is perfectly timed to assist the students when they need it most.

Technical College of the Lowcountry students who are SC residents are eligible for tuition assistance from the SC Education Lottery, SC WINS and Workforce Development programs. The Governor provided additional funding for Scholarships to students to allow for zero tuition for high school graduates to attend one of the State's sixteen technical Colleges. The College has supplemented the State's funding with institutional HEERF funds to ensure all eligible students will be able to attend the College tuition free through Fall 2022.

The Economic Outlook for the State of South Carolina is positive. State government ended fiscal year 2021-22 on June 30, 2022, with a balance of surplus funds never before seen in South Carolina's nearly 250 year history. The General Fund revenues that were actually collected during the year significantly exceeded the revenue estimates that were used at the beginning of the year upon which state agency budgets were based. Actual revenue collections exceeded the beginning-of-year estimates by \$3.7 billion.

Appropriations from the State to the College for operations increased by 3.1 percent in fiscal year 2022, while appropriations increased by 3.3 percent in the fiscal year 2021. State appropriations for capital expenditures were \$1.8 million in the fiscal year 2022, decreasing \$0.6 million from fiscal year 2021.

State funding for college operations is expected to increase for the 2023 fiscal year. The state mandated a 3% salary increase and a \$1,500 bonus for full time State employees and the general assembly increased funding for the Technical College System which should result in a small increase for the College.

While the College makes every effort to keep tuition costs to a minimum, state appropriations comprise a lower percentage of the College's operating budget than they have been in the past, making the College more dependent on tuition revenues from students and the financial aid they are eligible to receive. As a result, Federal and State financial aid programs are an increasingly important factor in the financial well-being of the College.

As we look to the future, the College continues to plan for growth by servicing the area's primary industries with workforce development. The Culinary Institute of the South will serve the area's #1 industry. Expanding the Health Sciences is the #2 industry in the area and proving to be desperately needed since the pandemic. Lastly, we are building relationships with the community to better serve the workforce needs and for economic development.

The Economic Impact of the College to our community remains very strong. The most recent Economic impact analysis provided the following:



\$129.3 million

Total income added
in the region



6.0

Benefit-cost ratio for students

1.3%

Of region's GRP

3.3

Benefit-cost ratio for taxpayers

2,279

Total jobs supported
in the region

10.1

Benefit-cost ratio for society

Despite challenges, the College remains in a solid financial position. Enrollment, associated tuition revenue, and conservative budgeting will continue to be the focus of management's efforts to provide future funding stability. Management expects that further increases to base tuition rates may be necessary to maintain sufficient operating revenues.

We continue to be mindful stewards of the fiduciary trust given to us, with appreciation for all employees who work hard for the benefit of student learning.

President

Vice-President for Administrative Services

BASIC FINANCIAL STATEMENT

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Statement of Net Position
June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 19,362,061
Accounts Receivable, net	9,397,098
Prepaid Expenses	31,874
Total Current Assets	28,791,033

Restricted Assets

Cash and Cash Equivalents	5,074
---------------------------	-------

Noncurrent Assets

Capital Assets, not subject to depreciation	4,392,429
Capital Assets, net of accumulated depreciation	24,448,360
Leased Assets, net of accumulated depreciation	97,819
Total Noncurrent Assets	28,938,608

Total Assets	57,734,715
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Pension	2,626,928
Deferred Outflows of OPEB	5,048,103
Total Deferred Outflows of Resources	7,675,031
Total Assets and Deferred Outflows of Resources	\$ 65,409,746

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 630,527
Accrued Payroll and Related Liabilities	381,660
Current Portion of Long-Term Liabilities	1,025,941
Unearned Revenues	10,920,419
Total Current Liabilities	12,958,547

Liabilities Payable from Restricted Assets

Funds Held for Others	6,098
-----------------------	-------

Noncurrent Liabilities

Obligations under Note Payable	6,146,962
Obligations under Lease Payable	69,827
Compensated Absences Payable	1,008,896
Other Post Employment Benefit Obligation	19,722,676
Net Pension Obligation	15,956,676
Total Noncurrent Liabilities	42,905,037

Total Liabilities	55,869,682
--------------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows for Pension	3,532,830
Deferred Inflows for OPEB	2,215,923
Total Deferred Inflows of Resources	5,748,753

NET POSITION

Net Investment in Capital Assets	21,864,640
Unrestricted	(18,073,329)
Total Net Position	3,791,311
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 65,409,746

See accompanying notes to financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

REVENUES

Operating Revenues

Student Tuition and Fees, net of scholarship allowances of \$4,673,976	\$ 4,800,275
Capital fees, net of scholarship allowances of \$91,111	121,295
Technology fees, net of scholarship allowances of \$91,111	161,335
Federal Grants and Contracts	1,650,791
State Grants and Contracts	2,863,968
Non-governmental Grants and Contracts	132,797
Sales and Services of Educational Programs	48,464
Auxiliary Programs	107,063
Other Operating Revenues	400,426
Total Operating Revenues	<u>10,286,414</u>

EXPENSES

Operating Expenses

Salaries	10,241,686
Benefits	3,715,792
Scholarships	4,593,255
Utilities	588,962
Supplies and other services	5,417,689
Depreciation	1,287,405
Total Operating Expenses	<u>25,844,789</u>
Operating Loss	<u>(15,558,375)</u>

Non-operating Revenues (Expenses)

Federal Grants and Contracts	8,757,709
State Appropriations	5,372,630
County Appropriations	2,486,728
Interest Income	26,804
Interest Expense on Capital Asset Related Debt	(241,602)
Total Non-operating Revenues (Expenses)	<u>16,402,269</u>

Income (Loss) before Other Revenues, Expenses, Gains (Losses) 843,894

Other Revenues, Expenses, Gains or (Losses)

Local Capital Grants	1,509,368
State Capital Grants	3,501,044
Total Other Revenues, Expenses Gains (Losses)	<u>5,010,412</u>

INCREASE (DECREASE) IN NET POSITION 5,854,306

NET POSITION

Net Position, beginning of year	<u>(2,062,995)</u>
Net Position, end of year	<u>\$ 3,791,311</u>

See accompanying notes to financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Statement of Cash Flows
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, net of scholarship allowances	\$ 3,546,288
Federal, State and Local Grants and Contracts	4,308,704
Sales and Services of Education Departments	48,464
Auxiliary Enterprise, net of scholarship allowances	107,063
Other	
Revenues from SRENCP	400,426
Scholarships	(4,593,255)
Student Loans Received	909,466
Student Loans Paid Out	(785,940)
Payments to Vendors	(2,601,502)
Payments to Employees	(10,168,720)
Employee Benefits	(3,825,978)
Decrease in Cash Held for Others	213
Net Cash Used by Operating Activities	<u><u>(12,654,771)</u></u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	5,968,380
County Appropriations	2,505,478
Federal Grants and Contracts	8,757,709
State Grants and Contracts	844,139
Net Cash Provided by Non-Capital Financing Activities	<u><u>18,075,706</u></u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Grants and Contracts	3,470,672
Local Capital Grants and Contracts	1,759,441
Purchase of Capital Assets	(5,478,072)
Principal Paid on Capital Debt	(828,722)
Interest Paid on Capital Debt	(242,415)
Net Cash Used by Capital and Related Financing Activities	<u><u>(1,319,096)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Time Deposits	37,247
Net Cash Provided by Investing Activities	<u><u>37,247</u></u>
Net Increase in Cash	4,139,086
Cash - beginning of year	15,228,049
Cash - end of year	<u><u>\$ 19,367,135</u></u>
Reconciliation to Statement of Net Position	
Cash and Cash Equivalents	\$ 19,362,061
Restricted Cash and Cash Equivalents	5,074
Total Cash and Cash Equivalents	<u><u>\$ 19,367,135</u></u>
Supplementary Information	
Cash Paid for Income Taxes	None
Cash Paid for Interest Expense	<u><u>\$ 242,415</u></u>

See accompanying notes to financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Statement of Cash Flows

For the Year Ended June 30, 2022

Reconciliation of Net Operating Income (Loss) to	
Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ (15,558,375)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Used by Operating Activities	
Depreciation	1,287,405
Allowance for uncollectible accounts	(197,009)
Change in Assets and Liabilities	
Increase in Accounts Receivables	(3,046,330)
Decrease in Inventory	294
Increase in Prepaid Expenses	4,005,544
Increase in Accounts Payable	(418,429)
Increase in Accrued Liabilities	(13,219)
Increase in Compensated Absences	65,618
Increase in Net Pension Obligation	(3,845,919)
Increase in Deferred Outflows of Pension	379,365
Increase in Deferred Inflows of Pension	2,529,662
Increase in Other Post Employment Benefit Obligation	1,927,741
Increase in Deferred Outflows of OPEB	(1,315,072)
Increase in Deferred Inflows of OPEB	234,604
Increase in Unearned Revenue	1,309,136
Decrease in Funds held for Others	213
Total adjustments	<u>2,903,604</u>
Net Cash Used by Operating Activities	<u>\$ (12,654,771)</u>

See accompanying notes to financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
Non-Governmental Component Unit Statement of Financial Position
June 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 127,848	\$ 704,885	\$ 832,733
Cash Restricted	1,830,975	-	1,830,975
Interfund Receivables/Payables	(20,300)	20,300	-
Accounts Receivable	22,800	-	22,800
Total Current Assets	1,961,323	725,185	2,686,508
Non-Current Assets			
Investments	331,195	1,396,612	1,727,807
Lease Receivable	4,762,151	-	4,762,151
Total Non-Current Assets	5,093,346	1,396,612	6,489,958
Total Assets	\$ 7,054,669	\$ 2,121,797	\$ 9,176,466
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 89,941	\$ -	\$ 89,941
Project Funds Due to College	1,126	-	1,126
Current Portion of Long-Term Liabilities	737,000	-	737,000
Total Current Liabilities	828,067	-	828,067
Noncurrent Liabilities			
Bond Payable	5,855,000	-	5,855,000
Total Noncurrent Liabilities	5,855,000	-	5,855,000
Total Liabilities	6,683,067	-	6,683,067
Net Assets	371,602	2,121,797	2,493,399
Total Liabilities and Net Assets	\$ 7,054,669	\$ 2,121,797	\$ 9,176,466

See accompanying notes to the financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
Non-Governmental Component Unit Statement of Activities
For the year ended June 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES AND SUPPORT			
Donations	\$ 125,301	\$ 510,377	\$ 635,678
In-kind Contributions	297,941	-	297,941
Investment Income	(13,278)	(86,800)	(100,078)
Special Event	37,744	-	37,744
Net Assets Released from Restrictions	260,924	(260,924)	-
Total Revenues and Support	<u>708,632</u>	<u>162,653</u>	<u>871,285</u>
FUNCTIONAL EXPENSES			
Scholarships	238,684	-	238,684
Assistance to Technical College	258,510	-	258,510
General and Administrative	93,163	-	93,163
Fundraising	142,675	-	142,675
Total Functional Expenses	<u>733,032</u>	<u>-</u>	<u>733,032</u>
Increase (Decrease) in Net Assets	(24,400)	162,653	138,253
Net Assets, Beginning of Year	396,002	1,959,144	2,355,146
Net Assets, End of Year	<u>\$ 371,602</u>	<u>\$ 2,121,797</u>	<u>\$ 2,493,399</u>

See accompanying notes to the financial statements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Technical College of the Lowcountry (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Beaufort, Jasper, Hampton, and Colleton counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB, *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Accordingly, the financial statements include the College and another related entity as a discretely presented component unit.

As a member institution of the South Carolina Technical College System, the College is a component unit of the State of South Carolina (the "State") and its financial statements are included in the State's comprehensive annual financial report as a discretely presented component unit. The College has determined that the Technical College of the Lowcountry Foundation (the "Foundation") is a component unit. Therefore, the accompanying financial statements presents the College, as the primary government with its component unit. The Foundation, due to the nature and significance of its relationship with the State, is not a component unit of the State. The College's discretely presented component unit is discussed in Note 17.

Financial Statements: The financial statement presentation for the College meets the requirements of GASB Codification. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting: For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office and Certificates of Deposit are considered cash equivalents.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

Unearned Revenues and Deposits: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee deposits and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: The College's net position is displayed in three components: net investment in capital assets, restricted (with expendable and nonexpendable components separately displayed), and unrestricted.

Net Investment in capital assets: This component consists of the College's capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Deferred outflows of resources and deferred inflows of resources, if any, attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

Effective July 1, 2006, the College adopted the provisions of GASB 46, *Net Assets Restricted by Enabling Legislation*, which was promulgated by the Government Accounting Standards Board for fiscal years beginning after June 15, 2005. GASB 46 requires governments to disclose assets as restricted net assets if the use of the net assets is limited due to the imposition of "enabling legislation", which is defined as a legally enforceable restriction which a party external to the government can compel a government to honor. As of June 30, 2022, the Statement of Net Position includes \$114,000 in capital assets (non-depreciable land) which is restricted by enabling legislation. The land, which was conveyed to the College in 1968, includes a restriction imposed by the grantor requiring the property be used for educational purposes in perpetuity.

Restricted: This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Restricted – expendable: Restricted expendable component includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: The nonexpendable restricted component includes financial resources which are required to be maintained in perpetuity. The College has no nonexpendable restricted resources.

Unrestricted: The unrestricted component is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This includes resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. The resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: The College is exempt from income taxes under the Internal Revenue Code.

Classification of Revenues: The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include student tuition and fees received in exchange for providing educational services, and other related services to students, fees received by the College cosmetology department in exchange for providing services, receipts for scholarships where the provider has identified the student recipients, fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College, and grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship discounts and allowances: Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consists of amounts received from instructional and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the cosmetology and massage therapy department services.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by vending, bookstore and cosmetology services. Revenues on internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Expenses: The College has classified its expenses as either operating or non-operating expenses according to the following criteria:

Operating expenses: Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

Non-operating expenses: Non-operating expenses include activities that have the characteristics of non-exchange transactions. These expenses include interest expense and capital items purchased.

Concentrations: During the year ended June 30, 2022, the College received 38.7%, 30.9%, and 10.1% of its total revenues (excluding capital contributions) from Federal, State and County operating grants and appropriations.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 CASH AND DEPOSITS

Deposits: State Law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Technical College of the Lowcountry does not maintain a deposit policy regarding custodial credit risk. All certificates of deposit, regardless of maturity are reported as deposits for custodial credit risk categorization.

The College's deposits at June 30, 2022 had carrying balances of \$19,367,135 and bank balances of \$19,842,918 due to outstanding checks exceeding deposits in transit. Of these deposits, \$11,690,478 were insured by the Federal Deposit Insurance Corporation, the remaining \$8,152,440 was collateralized with securities held by the pledging institutions in the College's name.

Foreign Currency Risk: The Technical College of the Lowcountry does not maintain deposits that are denominated in a currency other than the United States dollar. Therefore, the College is not exposed to this risk.

Credit Risk: Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Technical College of the Lowcountry investment policy does not address credit risk.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 2 CASH AND DEPOSITS (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Technical College of the Lowcountry investment policy does not address concentration of credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities, if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The Technical College of the Lowcountry investment policy does not address interest rate risk.

The following schedule reconciles cash and cash equivalents as reported on the Statement of Net Position to footnote disclosure provided for deposits.

Statement of Net Position:

College

Cash and cash equivalents	\$ 19,362,061
Restricted cash and cash equivalents	5,074
Total cash and cash equivalents on Statement of Net Position	<u>\$ 19,367,135</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

College

Deposits held by financial institutions, carrying value	\$ 19,366,083
Cash on hand	1,052
Total Disclosure, Deposits Plus Reconciling Items	<u>\$ 19,367,135</u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, including applicable allowances, are summarized as follows:

Receivables:

Student Accounts	\$ 4,905,727
Other Accounts	1,905,485
Due from Federal and Other Grantors - Operating	946,464
Due from Federal and Other Grantors - County Appropriations	(6,250)
Due from State Operating Grants	1,764,855
Due from State - Capital Grants	30,372
Gross Receivables	<u>9,546,653</u>
Allowance for Uncollectible Accounts	<u>(149,555)</u>
Receivables, Net	<u>\$ 9,397,098</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 4 CAPITAL ASSETS

Capital assets as of June 30, 2022 are summarized as follows:

	<u>Balance</u> <u>6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2022</u>
Capital Assets not being depreciated:				
Land and improvements	\$ 4,035,312	\$ -	\$ -	\$ 4,035,312
Construction in progress	<u>7,951,273</u>	<u>327,762</u>	<u>(7,921,918)</u>	<u>357,117</u>
Total Capital Assets not being depreciated	<u>11,986,585</u>	<u>327,762</u>	<u>(7,921,918)</u>	<u>4,392,429</u>
Other Capital Assets:				
Depreciable Land Improvements	4,243,903	164,900	-	4,408,803
Buildings and improvements	25,492,183	11,912,076	-	37,404,259
Machinery and equipment	2,501,573	995,252	(162,234)	3,334,591
Vehicles	<u>553,779</u>	<u>-</u>	<u>-</u>	<u>553,779</u>
Total other capital assets at historical cost	<u>32,791,438</u>	<u>13,072,228</u>	<u>(162,234)</u>	<u>45,701,432</u>
Less accumulated depreciation for:				
Depreciable Land Improvements	(3,719,782)	(90,018)	-	(3,809,800)
Buildings and improvements	(14,053,744)	(731,084)	-	(14,784,828)
Machinery and equipment	(2,052,112)	(374,760)	162,234	(2,264,638)
Vehicles	<u>(326,236)</u>	<u>(67,570)</u>	<u>-</u>	<u>(393,806)</u>
Total accumulated depreciation	<u>(20,151,874)</u>	<u>(1,263,432)</u>	<u>162,234</u>	<u>(21,253,072)</u>
Other capital assets, net	<u>12,639,564</u>	<u>11,808,796</u>	<u>-</u>	<u>24,448,360</u>
Capital Assets, Net	<u>\$ 24,626,149</u>	<u>\$ 12,136,558</u>	<u>\$ (7,921,918)</u>	<u>\$ 28,840,789</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2022, are summarized as follows:

Payables:	
Accounts Payable Trade	\$ 602,389
Student Refunds Payable	19,584
Accrued Interest Payable	3,512
Sales and Use Tax Payable	376
Other Accrued Liabilities	<u>4,666</u>
Total Accounts Payable	<u>\$ 630,527</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 6 UNEARNED REVENUES

Unearned revenues for the College as of June 30, 2022, are summarized as follows:

Unearned Revenues:	
Fall Tuition	\$ 2,770,177
Summer Tuition	354,894
Fall Capital Fees	50,083
Fall Technology Fees	50,083
Fall High Course Fees	27,715
State Grants and Contracts	4,262,455
Local Grants and Contracts	2,629,849
State Appropriations	695,908
Nongovernment Grants and Contracts	79,255
Total Unearned Revenues	<u>\$ 10,920,419</u>

NOTE 7 LONG-TERM OBLIGATIONS

Long-term obligations for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Net Long Term
Obligation under Note Payable	\$ 473,898	\$ -	\$ 89,749	\$ 384,149	\$ 92,187	\$ 291,962
Obligation under CIS Note Payable	7,307,000	-	715,000	6,592,000	737,000	5,855,000
Obligation under Lease Payable	121,792	-	23,973	97,819	27,992	69,827
Accrued Compensated Absences	1,112,040	108,585	42,967	1,177,658	168,762	1,008,896
Total Long Term Liabilities	<u>\$ 9,014,730</u>	<u>\$ 108,585</u>	<u>\$ 871,689</u>	<u>\$ 8,251,626</u>	<u>\$ 1,025,941</u>	<u>\$ 7,225,685</u>

NOTE 8 NOTE PAYABLE

The College is obligated for payment of \$384,149 on original debt of \$1,500,000 of a \$17,500,000 General Obligation Bond Issue by Beaufort County in 2006. The proceeds were used in the construction of the New River Campus. The interest rate is 3.5%. Interest expense on the debt during the fiscal year ended June 30, 2022 was \$12,975. The scheduled maturities of the note payable is as follows:

Year Ended June 30,	Principal	Interest	Total Payments
2023	\$ 92,187	\$ 10,537	\$ 102,724
2024	94,701	8,023	102,724
2025	97,294	5,430	102,724
2026	99,967	2,756	102,723
Total	<u>\$ 384,149</u>	<u>\$ 26,746</u>	<u>\$ 410,895</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 8 NOTE PAYABLE (Continued)

The College is obligated for payment of \$6,592,000 on the original debt of \$8,000,000 JEDA Bond held by the college foundation. The proceeds were used in the construction of the Culinary Institute of the South building in Bluffton, South Carolina. The interest rate is 3.14%. Interest expense on the debt during the fiscal year ended June 30, 2022 was \$229,440. The scheduled maturities of the note payable for the Culinary Institute of the South is a follows:

Year Ended				
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Payments</u>
2023	\$ 737,000	\$ 206,989	\$	943,989
2024	761,000	183,847		944,847
2025	785,000	159,952		944,952
2026	809,000	135,303		944,303
2027	835,000	109,900		944,900
2028	861,000	83,681		944,681
2029	888,000	56,646		944,646
2030	916,000	28,762		944,762
Total	<u>\$ 6,592,000</u>	<u>\$ 965,080</u>	<u>\$</u>	<u>7,557,080</u>

Technical College of the Lowcountry does not have any unused lines of credit at June 30, 2022.

NOTE 9 ACCRUED COMPENSATED ABSENCES

Unused vacation leave liabilities are reported in the government-wide financial statements. With sufficient notification of employment termination, unused vacation will be paid. Employees who are discharged for disciplinary reasons are not eligible to receive pay for unused accrued vacation. The College has no financial liability for its unused sick leave. The accumulated unpaid vacation earned as of June 30, 2022, totaled \$1,177,658. This total reflects the pay rates in effect at July 2022 plus estimated employee benefits of twenty-nine (29) percent of the payroll.

NOTE 10 NET PENSION OBLIGATION

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

- **SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.**

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates¹ are as follows:

	Fiscal Year 2022 ¹	Fiscal Year 2021 ¹
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contribution rates¹ are as follows:

	Fiscal Year 2022 ¹	Fiscal Year 2021 ¹
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

Actuarial cost method	SCRS Entry age normal
Investment rate of return ¹	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 40,650,083	\$ 24,693,407	\$ 15,956,676	60.7%
Total	\$ 40,650,083	\$ 24,693,407	\$ 15,956,676	

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity ¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity ^{1,2}	9.0%	9.68%	0.87%
Private Debt ²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return ³	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			7.43%

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Market assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>			
<u>System</u>	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
SCRS	\$ 20,901,369	\$ 15,956,676	\$ 11,846,767
	<u>\$ 20,901,369</u>	<u>\$ 15,956,676</u>	<u>\$ 11,846,767</u>

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2021, are presented below.

<u>Description</u>	<u>SCRS</u>
Service cost (annual cost of current service)	\$ 758,553
Interest on the total pension liability	2,712,190
Plan administrative costs	12,921
Plan member contributions	(687,202)
Expected return on plan assets	(1,390,282)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	390,751
Recognition of current year amortization - Difference between projected and actual investment earnings	(632,921)
Other	1,167
Total	<u>\$ 1,165,177</u>

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements

June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedules reflect the amortization of collective deferred outflows / (inflows) of resources related to pensions outstanding at June 30, 2021.

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 271,804	\$ 21,536
Assumption changes	873,416	-
Net difference between projected and actual investment earnings	-	2,317,917
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	-	1,193,377
Contributions subsequent to the measurement date	<u>1,481,708</u>	<u>-</u>
Total	<u>\$ 2,626,928</u>	<u>\$ 3,532,830</u>

<u>Amortization of Deferred Outflows/Inflows of Resources</u>	
Amortized period ending June 30,	SCRS
2022	\$ (383,621)
2023	(339,346)
2024	(498,970)
2025	<u>(1,165,673)</u>
Net Balance of Deferred Outflows / (Inflows) of Resources	<u>\$ (2,387,610)</u>

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 10 NET PENSION OBLIGATION (Continued)

Employer and Nonemployer Contributions

Employers' proportionate shares were calculated on the basis of employer and nonemployer contributions remitted to the plan. In an effort to help offset a portion of the increased contribution requirements for employers, the General Assembly again provided nonemployer contributions to PEBA. Based on the criteria provided by the General Assembly, PEBA issued credit invoices to certain SCRS employers for fiscal year 2021 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2021 totaled \$88.7 million for SCRS.

Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service purchases and employer contributions paid by employees.

The following table provides a reconciliation of Employer and Nonemployer contributions in the plans' Statement of Changes in Fiduciary Net Position (per the Systems' separately issued financial statements) to the Employer and Nonemployer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedules of Employer and Nonemployer Allocations.

	<u>SCRS</u>
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	\$ 1,233,789
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	65,405
Reconciliation Differences in Nonemployer Contributions Reported in the Statement of Changes Resolved in FY 2022	-
Employer Contributions Not Representative of Future Contribution Effort	<u>(2,305)</u>
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2021 Measurement Date	<u>\$ 1,296,889</u>

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Comprehensive Annual Financial Report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

Description of the Entity and Summary of Significant Accounting Policies

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

The College has an SCLTDITF net OPEB liability of \$1,858 for June 30, 2021, which was not accrued due to it being considered immaterial to the financial statements as a whole.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2021 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2021. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2021 totaled \$585,482,183. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$2,619,984.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	1.92% as of June 30, 2021
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	3.00%, net of Plan investment expense; including inflation
Single Discount Rate:	2.48% as of June 30, 2021
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Disability Incidence:	The disability rates used in the valuation are 165% of the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years
Offsets:	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections
Notes:	The discount rate changed from 2.83% as of June 30, 2020 to 2.48% as of June 30, 2021. Additionally, the salary, termination, and retirement rates assumptions were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, and administration fee and offset assumptions were updated to better reflect the plan's anticipated experience.

Roll Forward Disclosures

The actuarial valuations were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The following table represents the components of the net OPEB liability as of June 30, 2021:

<u>System</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a % of the Total OPEB Liability</u>
SCRHITF	\$ 21,317,124	\$ 1,594,448	\$ 19,722,676	7.48%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 2.48% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 1.92%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain at \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Long-term Expected Rate of Return

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation- Weighted Long-Term Expected Portfolio Real Rate of Return</u>
U.S. Domestic Fixed Income	80%	0.60%	0.48%
Cash Equivalents	20%	0.35%	0.07%
Total	100%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Investment Return Assumption			2.75%

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 1.92%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
System	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
SCRHITF	\$ 23,770,703	\$ 19,722,676	\$ 16,531,305

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates			
System	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF	\$ 15,822,894	\$ 19,722,676	\$ 24,919,006

OPEB Expense

Components of collective OPEB expense reported in the Schedule of OPEB Amounts by Employer for the fiscal year ended June 30, 2021 are presented below.

Description	SCRHITF
Service cost	\$ 719,570
Interest on the Total OPEB Liability	459,598
Projected Earnings on Plan Investments	(43,392)
OPEB Plan Administrative Expense	1,040
Recognition of Outflow (Inflow) of Resources due to Liabilities	536,347
Recognition of Outflow (Inflow) of Resources due to Assets	5,200
Total	\$ 1,678,363

Additional items included in Total Employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

Deferred Outflows and Inflows of Resources

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 11 OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

The following schedules reflect the amortization of collective deferred outflows/(inflows) of resources related to OPEB outstanding at June 30, 2021.

As a reminder, in addition to recognizing a proportionate share of the deferred outflows and inflows shown on the following page, employers will also need to establish:

- Deferred outflows and inflows related to changes in proportionate shares and differences between contributions and proportionate share of contributions;
- A deferred outflow related to contributions made after the measurement date. This deferred outflow should include payroll-related surcharge contributions and implicit subsidies.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	SCRS	SCRS
Net difference between projected and actual experience	\$ 399,125	\$ 505,523
Changes in assumptions	4,050,243	520,758
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,189,642
Contributions subsequent to the measurement date	598,735	-
Total	\$ 5,048,103	\$ 2,215,923

Amortization of Deferred Outflows/Inflows of Resources	
Amortized period ending June 30,	SCRHITF
2022	536,035
2023	527,302
2024	678,815
2025	722,779
2026	642,138
Thereafter	316,018
Net Balance of Deferred Outflows/(Inflows) of Resources	\$ 3,423,087

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2021, and the accounting and financial reporting actuarial valuations as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements. Employers are encouraged to review Illustration II in Appendix C of GASB Statement No. 75, which provides a sample footnote disclosure and required supplementary information for a cost-sharing multiple-employer defined benefit OPEB plan.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 12 CONTINGENCIES AND LITIGATIONS

The College has legal litigation from time to time. Most of the litigation is covered by insurance or settled through subsequent agreements. In the opinion of the College the resolution of these matters will not have a material adverse effect on the financial condition of the College. The College is not aware of any other pending claims or litigation that would affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. The College is not aware of any contingent liabilities related to the Federal grant programs.

NOTE 13 IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, which was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the College evaluated all leasing arrangements and determined that implementation had no material effect on the beginning equity of the College's net position.

NOTE 14 LEASE OBLIGATIONS

The College has various leasing agreements for the right-to-use vehicles and equipment that include multiple optional renewal periods and contain purchase options for fair market value. Generally, the College does not consider any additional renewal periods or purchase options to be reasonably certain of being exercised. All of the leases included fixed rental payments, but many of the leases also include variable rental payments. The variable rental payments are determined by usage; and therefore, are excluded from the lease liability. A lease liability and right-to-use asset were established for each of these agreements that is being amortized over the terms of the leases.

The assets acquired through leases are as follows:

	<u>Balance</u> <u>6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2022</u>
Leased Assets				
Equipment	\$ 100,486	\$ -	\$ -	\$ 100,486
Vehicles	-	63,242	-	63,242
Total leased assets	<u>100,486</u>	<u>63,242</u>	<u>-</u>	<u>163,728</u>
Accumulated Amortization				
Equipment	(41,936)	(19,546)	-	(61,482)
Vehicles	-	(4,427)	-	(4,427)
Total accumulated amortization	<u>(41,936)</u>	<u>(23,973)</u>	<u>-</u>	<u>(65,909)</u>
Net leased assets	<u>\$ 58,550</u>	<u>\$ 39,269</u>	<u>\$ -</u>	<u>\$ 97,819</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 14 LEASE OBLIGATIONS (Continued)

The terms of the leases are as follows:

	<u>Balance</u>
Multifunction Printers, due in monthly base payments, annualized at \$3,940, including interest of 6.76% over 5 years. Base payment includes monthly image allowance of 0 copies with variable payments of \$0.0099 per black & white copy and \$0.079 per color copy.	\$ 4,844
Multifunction Printer/Copiers, due in monthly base payments, annualized at \$10,526, including interest of 6.76%, over 5 years Base payment includes monthly image allowance of 8,200 black & white copies and 4,100 color copies with variable payments of \$0.0089 per black & white copy and \$0.049 per color copy over the base monthly allowance.	19,491
Multifunction Printers, due in monthly base payments, annualized at \$6,660, including interest of 6.76% over 5 years Base payment includes monthly image allowance of 0 copies with variable payments of \$0.0066 per black & white copy and \$0.056 per color copy.	5,680
Multifunction Printer/Copiers, due in monthly base payments, annualized at \$2,482, including interest of 6.76%, over 5 years Base payment includes monthly image allowance of 0 copies with variable payments of \$0.0099 per black & white copy and \$0.059 per color copy.	8,989
Leased Vehicles, due in monthly base payments, annualized at \$9,480, including interest of 4.75% over 8 years. In addition to the base payment, agreement includes a variable payment of \$0.22 for mileage.	58,815
Total Lease Obligations	\$ 97,819

The future principal and interest lease payments as of June 30, 2022 were as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 27,992	\$ 5,096	\$ 33,088
2024	23,365	3,414	26,779
2025	13,186	2,285	15,471
2026	10,244	1,717	11,961
2027	8,670	1,223	9,893
2028-2030	14,362	1,262	15,624
Total	\$ 97,819	\$ 14,997	\$ 112,816

TECHNICAL COLLEGE OF THE LOWCOUNTRY

**Notes to Financial Statements
June 30, 2022**

NOTE 15 RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and incidental death benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee's fidelity bond insurance for all employees for losses arising from theft or misappropriation.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements June 30, 2022

NOTE 16 OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2022 are summarized as follows:

	<u>Compensation</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Supplies & other services</u>	<u>Utilities</u>	<u>Depreciation & Amortization</u>	<u>Total</u>
Instruction	\$ 4,694,187	\$ 1,713,768	\$ -	\$ 1,330,706	\$ -	\$ -	\$ 7,738,662
Academic Support	1,612,481	600,839	-	900,069	-	-	3,113,389
Student Services	1,524,442	571,218	-	1,099,072	-	-	3,194,730
Operation & Maintenance of Plant	650,258	261,591	-	1,476,317	577,055	-	2,965,220
Institutional Support	1,768,861	561,153	-	569,216	-	-	2,899,231
Scholarships	-	-	4,593,255	-	-	-	4,593,255
Auxiliary Enterprises	(8,544)	7,223	-	42,309	11,907	-	52,896
Depreciation & Amortization	-	-	-	-	-	1,287,405	1,287,405
Total Operating Expenses	\$ 10,241,686	\$ 3,715,792	\$ 4,593,255	\$ 5,417,689	\$ 588,962	\$ 1,287,405	\$ 25,844,789

NOTE 17 RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for these entities are audited by independent auditors and retained by them. They include the Technical College of the Lowcountry Foundation, Inc. (the Foundation).

The Foundation was established to advocate and raise funds for the College in support of the region's economy. Principally, all of the resources held by the Foundation are for the benefit of the College and its students. Therefore, the Foundation qualified as a discretely presented component unit. The Foundation's statements are presented on separate pages from the College due to differences in the reporting models as discussed below.

Complete financial statements for the Foundation may be obtain from its administrative offices by request to 843-525-8214 or foundation@tcl.edu.

Financial Statements: The financial statement presentation of the Foundation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Under the ASC, the Foundation's net assets are classified as 'net assets without donor restrictions' and 'net assets with donor restrictions.'

Basis of Accounting: The Foundation's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Therefore, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation features. No modifications for these differences have been made to the Foundation's financial statements included in the College's financial reporting entity.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 17 RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Income Taxes: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, any income from activities not directly related to the Foundation's tax exempt purpose would be subject to taxation as unrelated business income tax. In addition, the Foundation qualifies as a charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a). Tax exempt status arises from the fact that the Foundation's sole reason for existence is as a support organization for the College.

GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. GAAP also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, and disclosure.

Foundation management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for the year ended June 30, 2022. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest income and to report penalties as other expense. Generally, the Foundation's tax returns remain open for three years subsequent to their filing for examination by government authorities.

Concentration of Credit Risk: The Foundation maintains its cash accounts at a local financial institution. Bank balances are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, cash balances may exceed FDIC insurance limits.

Restricted cash of \$1,830,975 was collateralized by the South Carolina Public Funds deposit program.

The Foundation maintains its investments at one brokerage firm. Accounts maintained at the brokerage firm are insured up to \$500,000 for securities, including a limit of \$250,000 on claims for cash, under the securities investor protection corporation ("SIPC"). At June 30, 2022, total cash and securities were \$1,727,807. Management believes that the Foundation's investments do not represent significant concentrations of market risk. The Foundation's investments portfolio is adequately diversified among issuer's and management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market decline.

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 17 RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Investments: Investments in marketable equity securities with readily determinable fair values and all investment in debt securities are carried at fair market value. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

	Fair Value	Cost Basis	Unrealized Gains
Cash and Deposit Accounts	\$ 148,725	\$ 148,725	\$ -
Fixed Income	381,080	405,582	(24,502)
Equity Securities	1,096,987	785,216	311,771
Bond Funds	-	-	-
Exchange Traded Funds	31,005	46,424	(15,419)
Other Assets	70,010	60,822	9,188
Total	<u>\$ 1,727,807</u>	<u>\$ 1,446,769</u>	<u>\$ 281,038</u>

Statement of Net Position:

Foundation

Cash and cash equivalents	\$ 832,733
Restricted cash and cash equivalents	<u>1,830,975</u>
Total cash and cash equivalents on Statement of Net Position	<u>\$ 2,663,708</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

Foundation

Deposits held by financial institutions, carrying value	\$ 2,656,894
Cash on hand	<u>6,814</u>
Total Disclosure, Deposits Plus Reconciling Items	<u>\$ 2,663,708</u>

Accounts Receivable: The Foundation has recognized unconditional promises to give to be collected as follows at June 30, 2022:

Receivables in less than one year	<u>\$ 22,800</u>
-----------------------------------	------------------

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

NOTE 17 RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS (Continued)

During the year ended June 30, 2022, the Foundation paid and accrued expenses to scholarships, grants, special events, and other assistance of \$331,089 to the Technical College of the Lowcountry (the College). At June 30, 2022, \$38,760 was included in accounts payable to the College. The Foundation is provided an office on the campus of the College at no charge. The College has estimated the fair value of rent received to be \$9,600 per year using a level 3 fair market valuation. The Foundation received managerial and accounting services for two positions from the College's employees. Effective September 2016, the College pays the entire salary of the executive director and administrative assistant. The salaries and benefits that were contributed to the Foundation for the year ended June 30, 2022 was \$288,341. The following is a summary of the amounts recorded as in-kind revenue and expenses for the year ended June 30, 2022:

	Unrestricted Revenues	Functional Expenses		
		Scholarships	General and Administrative	Fundraising
Rent	\$ 9,600	\$ 3,600	\$ 2,400	\$ 3,600
Salaries and Benefits	288,341	108,128	72,085	108,128
Total	\$ 297,941	\$ 111,728	\$ 74,485	\$ 111,728

The Foundation entered into an agreement with the Technical College of the Lowcountry (College) to act as a conduit for the construction and financing of a Culinary Arts Institute and Interpretive Center ("Culinary Center") in Bluffton, South Carolina in the amount of \$11,243,000. The financing of which has been secured by an \$8 million South Carolina Jobs-Economic Development Agreement (JEDA) Economic Development Revenue Bond through BB&T, along with (1) approximately \$1,243,000 of local hospitality taxes contributed from Beaufort County and (2) approximately \$2,000,000 of the College's capital reserves. The Bond is payable in ten annual installments of approximately level payments, and is payable from and secured by (a) amounts annually provided by Beaufort County, the Town of Bluffton and the Beaufort County School District (as described below) and (b) approximately \$2,000,000 of local hospitality taxes previously contributed from Beaufort County and deposited to a bond reserve fund.

Beaufort County, on behalf of itself and as fiscal agent for the Town of Bluffton and the Beaufort County School District, has committed to annually provide \$800,000 in available revenues over a ten-year period (for a total of \$8 million), subject to annual appropriations, to the College. Pursuant to a lease between the College and the Foundation, the College has agreed to make ten annual lease payments equal to \$800,000 (for a total of \$8 million), subject to annual appropriation, which lease payments are intended to be used by the Foundation for repayment of the Bond. The College agreed to undertake the construction and the financial administration of the project

TECHNICAL COLLEGE OF THE LOWCOUNTRY

Notes to Financial Statements
June 30, 2022

**NOTE 17 RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND
TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

During the year ended June 30, 2022, the TCL Bond Reserve and the TCL Project Account had investment earnings of \$2,569. Culinary Center Project disbursements of \$3,017,734 were paid out during the year to the College. Additionally, at the end of the fiscal year a payable of \$1,126 was due to the College. On June 30, 2022, the Foundation was holding \$1,830,975 in funds for the Culinary Center Project.

The South Carolina Jobs-Economic Development Authority (JEDA) construction bond in the amount of \$8,000,000 for the construction of the TCL Culinary Institute has a term of 10 years with an interest rate of 3.14%. The balance of the lease on June 30, 2022 is \$6,592,000 and has a maturity date of the following:

<u>Year Ended June 30,</u>	<u>JEDA Bond</u>
2023	\$ 737,000
2024	761,000
2025	785,000
2026	809,000
2027	835,000
Thereafter	2,665,000
Total	<u>\$ 6,592,000</u>

NOTE 18 SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 28, 2022, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. It was determined that no significant events have occurred that materially impact the financial position of the College.

REQUIRED SUPPLEMENTARY INFORMATION

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Schedule of Proportionate Share of the SCRS Net Pension Liability
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
TCL Proportion of Net Pension Liability	0.073733%	0.077500%	0.080483%	0.084174%	0.084763%	0.085300%	0.087397%	0.086284%
TCL Proportionate Share of Net Pension Liability	\$ 15,956,676	\$ 19,802,595	\$ 18,377,614	\$ 18,860,726	\$ 19,081,514	\$ 18,219,934	\$ 16,575,262	\$ 14,855,244
TCL Covered Payroll	\$ 8,832,936	\$ 9,086,868	\$ 8,896,166	\$ 9,055,859	\$ 8,883,071	\$ 8,624,879	\$ 9,533,240	\$ 9,144,015
TCL Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	180.65%	217.93%	206.58%	208.27%	214.81%	211.25%	173.87%	162.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	56.99%	59.92%

* The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of that day, projected forward to June 30 of the previous year. Additionally, the State implemented GASB 68 during fiscal year 2015. As such, only the last eight years of information is available.

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Schedule of SCRS Contributions
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 1,239,640	\$ 1,296,889	\$ 1,345,810	\$ 1,234,900	\$ 1,183,275	\$ 989,178	\$ 865,610	\$ 893,244	\$ 794,980	\$ 800,641
Contributions in Relation to the Contractually Required Contribution	(1,239,640)	(1,296,889)	(1,345,810)	(1,234,900)	(1,183,275)	(989,178)	(865,610)	(893,244)	(794,980)	(800,641)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TCL Covered Payroll	\$ 7,485,751	\$ 8,832,936	\$ 9,086,868	\$ 8,896,166	\$ 9,055,859	\$ 8,883,071	\$ 8,624,879	\$ 9,533,240	\$ 9,144,015	\$ 9,288,451
Contributions as a Percentage of Covered Payroll	16.56%	14.68%	14.81%	13.88%	13.07%	11.14%	10.04%	9.37%	8.69%	8.62%

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost at the end of the year	\$ 719,570	\$ 627,218	\$ 519,724	\$ 547,288	\$ 643,456
Interest on the TOL and Cash Flows	459,598	510,941	566,144	549,063	479,604
Projected earnings on plan investments	(43,392)	(39,903)	(51,543)	(48,952)	(44,824)
OPEB plan administrative expense	1,040	1,004	900	68	11
Other changes in plan fiduciary net position	-	-	-	(193,456)	(215,937)
Recognition of outflows (inflows) of resources due to liabilities	536,347	257,550	(102,296)	15,792	6,129
Recognition of outflows (inflows) of resources due to assets	5,200	(2,861)	9,802	-	-
Deferred amounts from changes in proportionate share and difference between employer contribution & proportionate share of total plan contributions	(621,532)	(484,772)	(496,064)	(6,699)	-
Implicit subsidy	3,745	6,508	(4,083)	13,983	-
Contributions from nonemployer contributing entities	(2,250)	(131,466)	(104,952)	(112,308)	-
Surcharge Contribution	(552,058)	(567,929)	(538,218)	(498,072)	-
Net change in difference between expected and actual experience	(210,095)	422,557	(536,594)	223,926	18,087
Net change in difference between projected and actual investment experience	41,506	(59,499)	(39,065)	32,542	-
Net change in changes of assumption or other inputs	1,590,062	1,874,123	1,277,036	130,816	(1,859,642)
Net changes in changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	(41,313)	-
Net change in Total OPEB Liability	<u>1,927,741</u>	<u>2,413,471</u>	<u>500,791</u>	<u>612,678</u>	<u>(973,116)</u>
Total OPEB Liability - beginning	17,794,935	15,381,464	14,880,673	14,267,995	15,241,111
Total OPEB Liability - ending	<u>\$ 19,722,676</u>	<u>\$ 17,794,935</u>	<u>\$ 15,381,464</u>	<u>\$ 14,880,673</u>	<u>\$ 14,267,995</u>
Covered Payroll	<u>\$ 8,832,936</u>	<u>\$ 9,086,868</u>	<u>\$ 8,896,166</u>	<u>\$ 9,055,859</u>	<u>\$ 8,883,071</u>
Total OPEB Liability as a percentage of covered payroll	<u>223.23%</u>	<u>195.83%</u>	<u>172.90%</u>	<u>164.32%</u>	<u>160.62%</u>

Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

TECHNICAL COLLEGE OF THE LOWCOUNTRY
Schedule of OPEB Contributions
Last 10 Fiscal Years

<u>Description</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 467,860	\$ 552,058	\$ 567,929	\$ 538,218	\$ 498,073
Contributions in relation to the ADEC	-	-	-	-	-
Annual contribution deficiency (excess)	<u>\$ 467,860</u>	<u>\$ 552,058</u>	<u>\$ 567,929</u>	<u>\$ 538,218</u>	<u>\$ 498,073</u>
Covered Payroll	<u>\$ 7,485,751</u>	<u>\$ 8,832,936</u>	<u>\$ 9,086,868</u>	<u>\$ 8,896,166</u>	<u>\$ 9,055,859</u>
Actual contributions as a percentage of covered payroll	6.3%	6.2%	6.2%	6.0%	5.5%

Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

COMPLIANCE SECTION

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Pass-Through to Sub-Recipients	Total Federal Expenditures
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance	97.036		\$ -	\$ 14,583
U.S. Department of Education				
Student Financial Assistance Program Cluster				
Federal Work-Study Program	84.033		-	4,962
Federal Supplemental Education and Opportunity Grants	84.007		-	244,250
Federal Pell Grant Program	84.063		-	2,915,195
Federal Direct Student Loans	84.268		-	704,785
Total Student Financial Assistance Program Cluster			-	3,869,192
Strengthening Minority Serving Institutions				
Higher Education Institutional Aid	84.031A		-	609,479
Higher Education Emergency Relief Funds,				
Coronavirus Aid, Relief, and Economic Security Act				
HEERF, CARES Student Portion	84.425E		-	1,332,985
HEERF, CARES Institutional Portion	84.425F		-	3,389,354
<i>Passed through SC Governor's Office</i>				
HEERF, Governor's Emergency Education Relief (GEER) Fund	84.425C		-	814,147
ESSER III, Elementary and Secondary School Emergency Relief	84.425D		-	92,725
Total Higher Education Emergency Relief Funds, Coronavirus Aid, Relief, and Economic Security Act			-	5,629,211
TRIO Program Cluster				
Student Support Services	84.042		-	279,653
Talent Search	84.044		-	351,953
Total TRIO Program Cluster			-	631,606
Carl D. Perkins Career and Technical Education Act of 2006				
<i>Passed through SC Department of Education</i>				
Perkins IV	84.048		-	144,424
U.S. Department of Labor				
<i>Passed through S.C. State Board for Technical and Comprehensive Education</i>				
SC Apprenticeship Initiative	17.268		-	11,934
U.S. Department of Agriculture				
<i>Passed through S.C. Department of Social Services</i>				
SNAP Employment and Training Program	10.561		-	2,016
Department of Health and Human Services				
Early Childhood Development	93.575		-	2,120
U.S. Department of Defense				
<i>Passed through the University of South Carolina</i>				
Economic Adjustment Assistance for State Governments	12.617		-	198,720
Total Expenditures of Federal Awards			\$ -	\$ 11,113,285

See accompanying notes to schedule of federal expenditures.

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Technical College of the Lowcountry (the College) under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or *OMB Circular A-21 - Cost Principles for Educational Institutions*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$111,179 claimed as an indirect cost recovery using an approved indirect cost rate. The College has elected not to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.



CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Blascochea, JD, CPA
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Technical College of the Lowcountry
Beaufort, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund information of the Technical College of the Lowcountry, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Technical College of the Lowcountry's basic financial statements and have issued our report thereon dated September 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Technical College of the Lowcountry's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Technical College of the Lowcountry's internal control. Accordingly, we do not express an opinion on the effectiveness of the Technical College of the Lowcountry's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

58

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Technical College of the Lowcountry's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

Technical College of the Lowcountry's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Technical College of the Lowcountry's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Technical College of the Lowcountry's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beaufort, South Carolina
September 28, 2022



**CROWLEY WECHSLER
& ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Blascochea, JD, CPA
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Technical College of the Lowcountry
Beaufort, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Technical College of the Lowcountry's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Technical College of the Lowcountry's major federal programs for the year ended June 30, 2022. The Technical College of the Lowcountry's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Technical College of the Lowcountry complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Technical College of the Lowcountry and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Technical College of the Lowcountry's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Technical College of the Lowcountry's federal programs.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Technical College of the Lowcountry's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Technical College of the Lowcountry's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Technical College of the Lowcountry's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Technical College of the Lowcountry's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Technical College of the Lowcountry's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Technical College of the Lowcountry's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Technical College of the Lowcountry's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowley Wickham & Associates LLC

Beaufort, South Carolina
September 28, 2022

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:		<u>Unmodified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> No
Type of auditors' report issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?		
	<u> X </u> Yes	<u> </u> No

Identification of Major Programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.425E, 84.425F, 84.425M	Higher Education Emergency Relief Fund
84.425C	Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$750,000</u>
Auditee qualified as a low-risk auditee?	<u> X </u> Yes	<u> </u> No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

US Department of Education

Assistance Listing Program Name: Governor's Emergency Education Relief Fund (GEERF)

Assistance Listing Number: 84.425C

Finding 2022-001

Criteria: In accordance with the grant contract, the requirement applicable in this case, is to make payments in accordance with policies and compliance requirements outlined in the 2022 OMB Compliance Supplement.

Condition: Two instances identified in which students who were not enrolled in eligible programs received GEERF grant awards. The first student received \$2,305 and the second student received \$954.

Questioned Costs: Questioned costs were computed by projected the error rate of test conducted over the total population of grant revenues provided to students. The projected error is less that what is considered material in nature of the grant and therefore will not be reported.

Context: Forty students were selected for testing and the error was projected across all GEERF recipients.

Effect: Students were awarded grant funds they were not eligible to receive.

Cause: Awards were manually calculated and applied to student accounts by the finance department, separate from the financial aid department.

Recommendations: Staff should routinely review student records made into the computer system for FAFSA (Free Application for Federal Student Aid) for eligibility requirements. Additionally, a dual-review process should be in place to ensure that awards are applied correctly to allowable costs and activities as disclosed in grant agreements.

Management Response: The question costs are immaterial and below the reporting threshold. In an effort to ensure that this issue does not occur in the future, the Financial Aid Office has developed more extensive training materials regarding South Carolina state aid for all current and future employees. The Financial Aid Office is also developing on demand reports for review in an effort to eliminate human error that could occur due to manual data entry processes.

**TECHNICAL COLLEGE OF THE LOWCOUNTRY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Auditors' Results

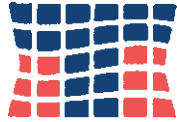
1. The independent auditor's report expressed an unmodified opinion.
2. There was no financial statement finding in the audit of the financial statements.

Financial Statement Findings

None

Compliance Findings

None



TECHNICAL COLLEGE OF THE LOWCOUNTRY

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2022

US Department of Education

Assistance Listing Program Name: Governor’s Emergency Education Relief Fund (GEERF)

Assistance Listing Number: 84.425C

Finding Number: 2022-001

Description of Finding: Two instances identified in which students who were not enrolled in eligible programs received GEERF grant awards. The first student received \$2,305 and the second student received \$954.

Questioned Costs: Questioned costs were computed by projected the error rate of test conducted over the total population of grant revenues provided to students. The projected error is less that what is considered material in nature of the grant and therefore will not be reported.

Did you, the Recipient, agree with this finding?

We are in agreement with the finding as noted. The students were incorrectly awarded SC Workforce funds by a new Financial Aid staff member who was in training at the time the student was awarded and is now no longer with the College.

Planned Corrective Action Plan

In an effort to ensure that this issue does not occur in the future, the Financial Aid Office has developed more extensive training materials regarding South Carolina state aid for all current and future employees. The Financial Aid Office is also developing on demand reports to review program CIP codes and SC state aid in an effort to eliminate human error that could occur due to manual data entry processes.

Due Date to Complete the Implementation of the Corrective Action Plan:

The manual verifications will be implemented for fiscal year ended June 30, 2023.

Accountable Official’s Name: Janis Hoffman

Signature: _____

Title: Vice President of Administrative Services

Date: September 28, 2022

www.tcl.edu 1.800.768.8252

Beaufort Mather Campus
921 Ribaut Road | PO Box 1288
Beaufort, SC 29901 | 843.525.8211

Bluffton New River Campus
100 Community College Drive
Bluffton, SC 29909 | 843.470.6000

Culinary Institute of the South
Buckwalter Place | 1 Venture Drive
Bluffton, SC 29910 | 843.305.8575

Hampton Campus
H. Mungin Center | 54 Tech Circle
Varnville, SC 29944 | 803.943.4262



**CROWLEY WECHSLER
& ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Blascoechea, JD, CPA
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE STATE LOTTERY TUITION
ASSISTANCE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Board of Commissioners
Technical College of the Lowcountry
Beaufort, South Carolina

Report on Compliance for the State Lottery Tuition Assistance Program

Opinion on Each Major Federal Program

We have audited the Technical College of the Lowcountry's (the "College") compliance with the types of compliance requirements described in the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education, that could have a direct and material effect on each of the College's State Lottery Assistance Program for the year ended June 30, 2022.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion on the State Lottery Tuition Assistance Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. 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, *Government Auditing Standards*. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

67

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1 and which are described in the following chart:

Finding #	Eligibility Noncompliance Noted
2022-001	A student received lottery tuition assistance for dropped credit hours.
2022-002	A student who was not a South Carolina resident received lottery tuition assistance.

Our opinion on the State Lottery Tuition Assistance Program is not modified with respect to these matters.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Lottery Tuition Assistance Program Policy 3-2-307 and Procedure 3-2-307.1. Accordingly, this report is not suitable for any other purpose.

Cronby Wechsler & Associates LLC

Beaufort, South Carolina
September 28, 2022

AGENDA ITEM: Budget Workshop

Boys and Girls Club of the Lowcountry

Jasper County Budget Worksheet Report

Budget Year 2024

Account Account Description

EXPENSE

Department 090 - AGENCY APPROPRIATIONS

2023 Amended Budget	2023 Actual Amount	2024 Agency Request
14,500.00	14,500.00	15,000.00

4602 BOYS & GIRLS CLUB

EXPLANATION:

We respectfully request funding for the following at Hardeeville and Ridgeland Clubs:

Academic programming including Project Learn and Power Hour

Supplies to support STEM, Literacy, and Health & Wellness Programs

Weekly materials and supplies needed to fill gaps between school and home for each child

Request by: Kimberly Sullivan

Date: March 6, 2023

Email address: kimberly.sullivan@bgcdowcountry.org

Best Contact Phone No.: 803.606.1530

March 6, 2023

Kimberly Burgess
Director of Administrative Services
Jasper County Finance Department
358 Third Avenue, STE 304
Ridgeland, SC 29936

Dear Ms. Burgess

On behalf of the Boys & Girls Clubs of the Lowcountry, we respectfully request financial support for our Jasper County Boys & Girls Clubs. Our Clubs continue to provide safe, enriching, after school programs for the children and young adults of Jasper County.

The Boys & Girls Clubs of Jasper County have a supportive partnership with Jasper County School District. Club sites are located at both Ridgeland and Hardeeville Elementary schools. 100% of our members are eligible for free or reduced lunch.

Our support staff and volunteers work together to achieve the Club's mission: "To enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens." While our communities deal with higher rates of unemployment and poverty, working together we can provide support to those who need it most and make a big impact on our youth.

The purpose of this 2023-2024 grant request from The Boys & Girls Clubs of Jasper County is to secure continued funding for the following at Hardeeville and Ridgeland Clubs:

- Support academic programs including Project Learn / "Power Hour"
- Provide necessary supplies for academic needs that support STEM and Literacy programs
- Provide weekly Home Kits for each child to support grade level curriculum objectives and activities, supplies, snacks and books, filling gaps between school and home

Boys & Girls Clubs in Jasper County provide diverse programming to Hardeeville and Ridgeland Club members. Some of these dynamic programs include:

- Project Learn / Power Hour
- STEM
- Literacy
- Emotional Well Being



BOYS & GIRLS CLUBS
OF JASPER COUNTY

Hardeeville Club
150 Hurricane Alley
Hardeeville, SC 29927
(843) 310-1888 x5100

Ridgeland Club
250 Jaguar Trl
Ridgeland, SC 29936

Officers

President
Lee Garjis

Vice President
Mary O'Brien

Secretary
Suzie Henderson

Treasurer
John Hewson, III

Board Members

Rodney Brown
Mona Childers
Linda Evans
Jeremiah Faber, Sr.
Sharon Quinter
Jeffrey Schreider
Robert Valentino

Chief Executive Officer
Jim Wentworth

**Director of Program
Development**
DeLauren Brown

www.bgclowcountry.org



A United Way Agency

GREAT FUTURES START HERE.

Project Learn was developed to reinforce and enhance skills and knowledge students develop and learn at school and integrates "Power Hour" to provide members assistance after school with homework, tutoring, and learning activities Staff and volunteers work one on one or in a small group, tutoring those who need help in specific areas. Students are motivated to increase participation through specific incentives and then recognized for their efforts and achievements.

These programs often include small group tutoring in English Language Arts (ELA), and Math with High Yield learning activities. Our education kits focus on support materials for STEM and Literacy programs.

We are respectfully requesting \$15,000 from Jasper County Council to support these academic programs with 50% of funding support allocated for the Hardeeville Club and 50% funding support allocated for the Ridgeland Club.

Thank you very much for your consideration of this request. We look forward to presenting to the Council and will contact your office once a date is confirmed with our CEO, Jim Wentworth.

If you have any questions, or need additional information regarding this request, please don't hesitate to contact me.

Kind Regards,

Kimberly Sullivan
Area Director of Resource Development
Boys & Girls Clubs of the Lowcountry
803.606.1530



BOYS & GIRLS CLUBS
OF JASPER COUNTY

Hardeeville Club
150 Hurricane Alley
Hardeeville, SC 29927
(843) 310-1888 x5100

Ridgeland Club
250 Jaguar Trl
Ridgeland, SC 29936

Officers

President
Lee Gargis

Vice President
Mary O'Brien

Secretary
Suzie Henderson

Treasurer
John Hewson, III

Board Members

Rodney Brown
Mona Childers
Linda Evans
Jeremiah Faber, Sr.
Sharon Quinter
Jeffrey Schreider
Robert Valentino

Chief Executive Officer
Jim Wentworth

**Director of Program
Development**
DeLauren Brown

www.bgclowcountry.org



A United Way Agency

GREAT FUTURES START HERE.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

GREAT FUTURES START [HERE.](#)



BOYS & GIRLS CLUBS
OF THE LOWCOUNTRY

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
 <u>SUPPLEMENTARY INFORMATION</u>	
Combining Statement of Financial Position – Without Donor Restriction	19
Combining Statement of Activities – Without Donor Restriction	20
Combining Statement of Financial Position – With Donor Restriction	21
Combining Statement of Activities – With Donor Restriction	22



**CROWLEY WECHSLER
& ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Blascochea, JD, CPA
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of the Lowcountry, Inc.
10 Pinckney Colony Road, Suite 103
Bluffton, South Carolina 29909-4127

We have audited the accompanying financial statements of Boys & Girls Clubs of the Lowcountry, Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of the Lowcountry, Inc as of September 30, 2021, 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.

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPA.com

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 723-0870

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements on pages 19-22 are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
February 15, 2022

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

ASSETS	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL (MEMORANDUM ONLY)
Cash and Cash Equivalents	\$ 1,678,905	\$ 1,221,628	\$ 2,900,533
Investments	3,862,464	536,137	4,398,601
Unconditional Promises to Give	-	130,413	130,413
Accounts Receivable	48,023	-	48,023
Prepaid Expenses	36,585	-	36,585
Property Held for Resale	50,000	-	50,000
Property and Equipment - Net	4,064,178	-	4,064,178
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 9,740,135	\$ 1,888,178	\$ 11,628,313
	<hr/>	<hr/>	<hr/>
LIABILITIES AND NET ASSETS			
Accounts Payable	\$ 38,027	\$ -	\$ 38,027
Salaries Payable	70,049	-	70,049
Accrued Expenses	34,758	-	34,758
Unearned Revenue	53,500	-	53,500
Total Liabilities	196,334	-	196,334
	<hr/>	<hr/>	<hr/>
Net Assets			
Without Donor Restriction	1,617,159	-	1,617,159
Board Designated	3,862,464	-	3,862,464
Property and Equipment	4,064,178	-	4,064,178
With Donor Restriction	-	1,589,099	1,589,099
With Donor Restriction - Endowment	-	299,079	299,079
Total Net Assets	9,543,801	1,888,178	11,431,979
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 9,740,135	\$ 1,888,178	\$ 11,628,313
	<hr/>	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>WITHOUT DONOR RESTRICTION</u>	<u>WITH DONOR RESTRICTION</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES AND SUPPORT			
Fund Raising Events			
Revenue Generated	\$ 764,582	\$ -	\$ 764,582
Less Direct Costs of Events	<u>(102,152)</u>	<u>-</u>	<u>(102,152)</u>
Fund Raising in Excess of Direct Costs	662,430	-	662,430
Contributions	1,366,884	1,005,546	2,372,430
In-kind Contributions	66,600	-	66,600
Trusts and Foundations	509,441	2,000	511,441
United Way	-	98,825	98,825
Membership Dues	2,588	-	2,588
Government Funds	181,515	-	181,515
Program Fees	468,495	-	468,495
Investment Income	138,212	74,810	213,022
Rental of Facility	29,580	-	29,580
Miscellaneous Income	473,725	-	473,725
Net Assets Released from Restrictions	<u>673,954</u>	<u>(673,954)</u>	<u>-</u>
Total Revenues and Support	<u>4,573,424</u>	<u>507,227</u>	<u>5,080,651</u>
FUNCTIONAL EXPENSES			
Program Services	2,400,316	-	2,400,316
General and Administrative	558,096	-	558,096
Fundraising	<u>269,100</u>	<u>-</u>	<u>269,100</u>
Total Functional Expenses	<u>3,227,512</u>	<u>-</u>	<u>3,227,512</u>
Change in Net Assets	1,345,912	507,227	1,853,139
Net Assets, Beginning of Year	<u>8,197,869</u>	<u>1,380,951</u>	<u>9,578,840</u>
Net Assets, End of Year	<u>\$ 9,543,801</u>	<u>\$ 1,888,178</u>	<u>\$ 11,431,979</u>

The notes to the financial statements are an integral part of this statement.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	SUPPORTING SERVICES			TOTAL
	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUND RAISING	
Salaries and Wages	\$ 1,193,414	\$ 268,308	\$ 235,281	\$ 1,697,003
Fringe Benefits	197,482	55,920	30,017	283,419
Total Payroll Costs	1,390,896	324,228	265,298	1,980,422
Service and Professional Fees	16,804	163,394	-	180,198
Operating Supplies	106,984	14,510	-	121,494
Utilities	143,674	6,697	-	150,571
Repairs and Maintenance	84,338	-	-	84,338
Insurance	98,248	11,255	-	109,503
Travel	7,838	2,578	-	10,416
Rent Expense	67,866	20,895	-	88,761
Advertising and Promotion	10,175	526	3,048	13,749
Program Expenses	82,131	-	-	82,131
Other Expenses	73,691	13,813	754	88,258
Total Expenses Before Depreciation	2,082,645	558,096	269,100	2,909,841
Depreciation	317,671	-	-	317,671
Total Functional Expenses	\$ 2,400,316	\$ 558,096	\$ 269,100	\$ 3,227,512

The notes to the financial statements are an integral part of this statement.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021
Cash Flows From Operating Activities	
Net income (loss)	\$ 1,853,139
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation	317,671
(Increase) decrease in accounts receivable	(5,326)
(Increase) decrease in prepaid assets	8,491
(Increase) decrease in promises to give	101,785
Increase (decrease) in accounts payable	(1,137)
Increase (decrease) in salaries payable and other benefits	(17,349)
Increase (decrease) in unearned revenues	(77,018)
Increase (decrease) in other accrued liabilities	(421,481)
Total adjustments	(94,364)
 Net Cash Provided (Used) by Operating Activities	 1,758,775
 Cash Flows From Investing Activities	
Transfers to investments	(300,000)
Investment fees and foreign taxes paid	34,586
Interest and dividends earned on investments	(92,371)
Realized/unrealized gains and losses on investments	(152,770)
Purchases of capital assets	(394,687)
 Net Cash Provided (Used) by Investing Activities	 (905,232)
 Net Increase (Decrease) in Cash	853,543
 Cash at Beginning of Year	2,046,990
 Cash at End of Year	\$ 2,900,533
 <u>Supplemental Disclosures</u>	
 Cash Paid During the Year for:	
Interest	\$ -

The notes to the financial statements are an integral part of this statement.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization: The Boys & Girls Clubs of the Lowcountry, Inc. (the Organization) was incorporated November 21, 1985, for the purpose of contributing to the quality of life and well-being of disadvantaged youth from the ages of six to eighteen. This objective is achieved by providing social, recreational, and sports facilities under adult supervision and by providing behavioral guidance to help achieve character and leadership development.

Basis of Presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The accounting policies have been designed to conform to US GAAP as applicable to not-for-profits.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition – Contracts with Customers Accounted for in Accordance with ASC 606

The Organization recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods and services exist. Performance obligations are satisfied over time and the related revenue is recognized as services are rendered. The Organization management expects that the period between when the transfers of goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Organization has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from the Organization's contracts with customers are generally due within 30 days of the invoice date.

Contributions: The Organization receives support from individuals, foundation, corporations, governmental entities, and other nonprofit organizations in support of its mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Organization receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting the Organization's discretion on use of funds. Such conditional promises are recognized when the conditions are substantially met.

Program Fees: Program fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. Program fees include club activity fees. Performance obligations are determined based on the nature of the services provided. Performance obligations are generally a service at a point in time. Revenue is recognized at the time the program is held.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments: Investments are made for the purpose of providing income to the Boys & Girls Clubs of the Lowcountry, Inc. and therefore are categorized as trading. These investments are recorded at fair value. Realized gains and losses on dispositions are based on the net proceeds and the cost basis of the securities sold. Unrealized gains and losses on investments are based on the difference between the cost basis and the market value of each security. Both realized and unrealized gains and losses are included on the Statement of Activities as investment income.

Investments in marketable securities are stated at fair value determined by management, relying upon the information provided by external investment managers. Marketable securities are subject to fluctuations based on market conditions. Given market volatility, there is no assurance that the unrealized gains/losses above may be realized. 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.

Liquidity risk represents the risk of the possibility that the Boys & Girls Clubs of the Lowcountry, Inc. may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price.

Interest rate and credit risk is the risk that changes in interest rates and credit risks will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk or adverse interest changes. The Boys & Girls Clubs of the Lowcountry, Inc. does not have a formal investment policy on interest rate and credit risk.

Market price risk is the risk the value of securities held by the Boys & Girls Clubs of the Lowcountry, Inc. may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, currency, interest rate, and commodity price fluctuations. The Boys & Girls Clubs of the Lowcountry, Inc. attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

Currency and foreign exchange risk is the risk that the Boys & Girls Clubs of the Lowcountry, Inc. may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates.

The FASB Accounting Standards Codification provides authoritative guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) and also requires disclosure about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Boys & Girls Clubs of the Lowcountry, Inc. endowment is invested in approximately 7 individual diversified funds. Its endowment, established for a variety of purposes, includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Board of Directors has interpreted the 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 Boys & Girls Clubs of the Lowcountry, Inc. 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 funds. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Boys & Girls Clubs of the Lowcountry, Inc. in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Boys & Girls Clubs of the Lowcountry, Inc. 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 Boys & Girls Clubs of the Lowcountry, Inc. 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 Boys & Girls Clubs of the Lowcountry, Inc.
7. The investment policies of the Boys & Girls Clubs of the Lowcountry, Inc.

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 Act requires the Boys & Girls Clubs of the Lowcountry, Inc. to retain as a fund of perpetual duration. There were no deficiencies of this nature to be reported in net assets without donor restriction as of September 30, 2021. Deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets without donor restriction.

The Boys & Girls Clubs of the Lowcountry, Inc. 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 organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the endowment assets are invested in a balance between S&P 500 index and fixed income investments while assuming a moderate level of investment risk. The Boys & Girls Clubs of the Lowcountry, Inc. expects its endowment funds to attain an average annual real total return of at least 5% over the long term (rolling five year periods). Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Boys & Girls Clubs of the Lowcountry, Inc. 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 Boys & Girls Clubs of the Lowcountry, Inc. 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.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Board may apply up to eight percent of the fair value of the board designated net assets without donor restriction for support of annual operations as approved in the budget for the next fiscal year, based on the fair value of the board designated net assets without donor restriction on the June 30th preceding the next fiscal year. With a vote of 75% of the Board, additional amounts of the board designated net assets without donor restriction may be applied to the purchase of new structures or equipment or to the significant repair of either. Also, with a vote of 75% of the Board, additional amounts may be applied for the support of annual operations.

Fair Value Measurements: The Boys & Girls Clubs of the Lowcountry, Inc. accepts and applies FASB ASC 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity would use when pricing the asset or liability. In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The three levels of hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Boys & Girls Clubs of the Lowcountry, Inc. has the ability to access.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable. Examples include quote prices for similar assets or liabilities in active markets; quote prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks, corporate bonds, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Boys & Girls Clubs of the Lowcountry, Inc. 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.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents: Deposits of the Boys & Girls Clubs of the Lowcountry, Inc. are maintained in demand deposits, savings accounts, or certificates of deposit. The book balance of the Organization is \$2,900,533 while the bank balance is \$3,264,366 of which \$380,161 was insured by the FDIC. The balance of \$2,884,205 was not collateralized or insured.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Boys & Girls Clubs of the Lowcountry, Inc. does not have a deposit policy for custodial credit risk.

For purposes of the financial statements, the Organization considers all highly liquid debt instruments (cash equivalents) purchased with a maturity of three months or less to be cash. The statement of cash flows is prepared by the indirect method. No income taxes were paid during the year.

Land, Buildings, and Equipment: The Organization capitalizes all expenses for land, buildings, and improvements with a value of \$10,000 or more and all expenses for furniture and equipment with a value of \$5,000 or more and an estimated life greater than two years. Donated property and equipment is recorded at fair value at the date of the donation. The costs for replacements or additional components follow the same guidance. Accordingly, all costs of repairs and maintenance are charged to expense as incurred, because they cannot be considered replacements or additional components. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Building	30 years
Furniture and Equipment	5 years

As required by the Asset Retirement and Environmental Obligations of the FASB Accounting Standards Codification, the Organization applies the provisions requiring a liability be recorded for the fair value of a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. As of September 30, 2021, the Organization is unaware of any such obligations. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

Functional allocation of expenses: Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on space utilization.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Volunteers: The Organization receives a substantial amount of services donated by individuals in carrying out its programs. No amounts have been reflected in the financial statements for those services.

NOTE 2 TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization follows FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold that a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Management believes the Organization has no material uncertainties in income taxes. Generally, the Organization's tax returns remain open for three years subsequent to their filing for examination by government authorities.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 AVAILABILITY AND LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table represents the Organization's financial assets as of September 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor imposed restrictions or internal board designations. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

Financial Assets at September 30, 2021	Amount
Cash and Cash Equivalents	\$ 2,900,533
Investments	4,398,801
Unconditional Promises to Give	130,413
Accounts Receivable	48,023
Total Financial Assets	7,477,570
Board Designated Funds	(3,862,464)
Donor Restricted Funds	(1,589,099)
Donor Restricted Endowment	(299,079)
Financial Assets Available to Meet General Expenditures over the next Twelve Months	\$ 1,726,928

NOTE 4 INVESTMENTS

Investments carried at fair value consisted of the following at September 30, 2021:

	Fair Value	Cost	Accumulated Unrealized Gains (Losses)
Cash	\$ 591,573	\$ 591,573	\$ -
Marketable Securities	3,807,029	3,059,509	747,520
Land	50,000	399,800	(349,800)
Total	\$4,448,602	\$4,050,882	\$ 397,720

Investment income consists of the following:

Investment fees	\$ (34,598)
Interest and dividends	94,850
Realized gains (losses)	36,918
Unrealized gains (losses)	115,852
Total Investment Income	\$ 213,022

Management is required to make certain estimates in the preparation of the financial statements. Among those estimates is the valuation of investments without readily determinable fair values. These estimates are subjective and require judgment regarding significant matters such as the amount and timing of future cash flows. The Organization believes that the carrying amounts of these investments are a reasonable estimate of fair value. Estimates, by nature, are based on judgment and available information. Changes in assumptions could have a material impact on the financial statements.

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 5 ENDOWMENT

The changes in fair value of the investments in the endowment accounts for the year ended September 30, 2021 are as follows:

	Board Designated			With Donor Restriction	With Donor Restriction - Endowment		Total
	Shared	Northern	Hilton	Northern	Northern		
	Services Center	Beaufort County		Beaufort County	Beaufort County	Hilton Head	
Beginning of year	\$26,747	\$ 972,431	\$2,076,759	\$ 163,242	\$224,079	\$75,000	\$3,538,258
Realized/unrealized							
Gains/losses	-	133,770	302,312	66,488	-	-	502,570
Interest/dividends	-	24,962	55,608	11,801	-	-	92,371
Investment fees	(45)	(8,072)	(22,008)	(4,473)	-	-	(34,598)
Transfers	-	-	300,000	-	-	-	300,000
Withdrawals	-	-	-	-	-	-	-
End of year	\$26,702	\$1,123,091	\$2,712,671	\$ 237,058	\$224,079	\$75,000	\$4,398,601

NOTE 6 FAIR VALUE MEASUREMENTS

The following is a summary of the levels within the fair value hierarchy for the Boys & Girls Clubs of the Lowcountry, Inc. assets and liabilities as of September 30, 2021:

	2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 591,572	\$ -	\$ -	\$ 591,572
Investments:				
Marketable securities	3,807,029	-	-	3,807,029
Land	-	-	50,000	50,000
Total	\$ 4,398,601	\$ -	\$ 50,000	\$ 4,448,601

NOTE 7 PROMISES TO GIVE

Promises to give in two to ten years are recorded at net present value. Unconditional promises to give consist of the following at September 30, 2021:

Receivable in less than one year	\$ 68,639
Receivable in two to five years	61,774
Gross Receivable	<u>130,413</u>
Less: allowance for doubtful accounts	-
Net Promises to Give	<u>\$ 130,413</u>

Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Boys & Girls Clubs of the Lowcountry, Inc. has received verbal communications from potential donors naming the Boys & Girls Clubs of the Lowcountry, Inc. as a beneficiary to their life insurance policies, wills, and charitable trusts. These conditional promises have not been recognized. There has been no allowance for doubtful accounts established because it is the opinion of management that all amounts have been deemed fully collectible.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2021:

Land and Land Improvements	\$ 275,977
Construction in Progress	17,363
Buildings	7,004,083
Leasehold Improvements	78,634
Vehicles	245,082
Outdoor Pavilion	368,794
Furniture and Equipment	844,974
Total Property and Equipment	<u>8,834,887</u>
Less Accumulated Depreciation	(4,770,709)
Net Property and Equipment	<u>\$ 4,064,178</u>

The building at the Bluffton Unit is located on land owned by Beaufort County School District. The Boys & Girls Clubs of the Lowcountry, Inc. has a 99 year lease to occupy the building that will expire in year 2102.

Depreciation for the year was \$317,671 and was charged as follows:

Shared Services	\$ 1,333
Northern Beaufort County	5,225
Hilton Head	204,329
Bluffton	102,046
Jasper	4,738
Total Depreciation Expense	<u>\$ 317,671</u>

NOTE 9 ACCRUED EXPENSES

Compensated vacation and sick leave are provided to all full-time employees. The annual leave is based on the number of years of employment. Sick leave does not vest; accordingly, no liability is accrued. The liability of \$34,758 for compensated absences including employee benefits at September 30, 2021 is reported in accrued expenses.

NOTE 10 IN-KIND

Donated property and other noncash donations are recorded as contributions at their estimated fair value in the period in which each contribution was made based on the date of donation. The following is a summary of the amounts recorded as in-kind revenues and expenses in the financial statements.

	<u>Revenues Program</u>	<u>Expenses Program</u>
Rent	\$ 66,600	\$ 66,600
Total	<u>\$ 66,600</u>	<u>\$ 66,600</u>

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 OPERATING LEASES

The Organization has various leases on office and equipment that have terms that range from three to five years in duration. It is anticipated that these leases will be renewed at the end of the lease. Future minimum lease payments for the years ending September 30 are as follows:

Year Ending	Amount
2022	\$ 52,935
2023	31,215
2024	28,655
2025	21,355
2026	4,629
Total Minimum Lease Requirements	\$ 138,789

NOTE 12 RETIREMENT PLAN

The Boys & Girls Clubs of the Lowcountry, Inc. has a money purchase pension plan covering all full-time employees having completed twelve months of full time employment with the Boys & Girls Clubs of the Lowcountry, Inc., or another Boys & Girls Clubs of America. Under the plan, 3 percent of each qualifying employee's salary was contributed to their pension account for fiscal year 2021. Total pension cost for the year ended September 30, 2021 is \$0 due to being funded by forfeitures. Total forfeitures were \$35,101.

NOTE 13 NOTES PAYABLE

The Paycheck Protection Program (PPP) is a loan program that originated from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans are backed by the Small Business Administration (SBA). In the prior fiscal year, the Boys & Girls Clubs of the Lowcountry, Inc. took out a PPP loan in the amount of \$430,688 with a fixed interest rate of 1% for two years. The Organization used the proceeds of the loan consistent with the conditions for forgiveness. The PPP loan was forgiven in full during the current fiscal year.

NOTE 14 NET ASSETS DESIGNATIONS

The following details board designated net assets without donor restrictions, net assets with donor restriction, and endowment net assets with donor restrictions at September 30, 2021.

Board Designated Net Assets Without Donor Restriction

Shared Services Center	Cash	\$	26,702
Northern Beaufort County	Investments		1,123,091
Hilton Head	Investments		2,712,671
Total Board Designated Net Assets Without Donor Restriction			\$ 3,862,464

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 14 NET ASSETS DESIGNATIONS - CONTINUED

Net Assets with Donor Restriction

	<u>Shared</u> <u>Services</u> <u>Center</u>	<u>Northern</u> <u>Beaufort</u> <u>County</u>	<u>Hilton</u> <u>Head</u>	<u>Bluffton</u>	<u>Jasper</u>	<u>Total</u>
United Way	\$ -	\$ 42,885	\$ 11,900	\$ 16,862	\$ 26,466	\$ 98,113
Clubs & Activities	-	3,640	7,022	29,548	694	40,904
Earnings	1,254	237,122	-	-	143	238,519
Scholarship	-	-	64,555	1,415	-	65,970
Education/Leadership	-	-	57,025	1,030	-	58,055
Technology	-	-	5,345	8,615	-	13,960
Health & Medical	-	-	-	33	-	33
Capital Campaign	-	-	420,352	-	-	420,352
Sports	-	-	7,450	30,648	-	38,098
Career Opportunities	-	-	2,450	28,622	-	31,072
Fine Arts	-	-	2,385	470	-	2,835
Other Specific Activities	-	-	532,300	21,577	27,311	581,188
Total	\$ 1,254	\$ 283,647	\$ 1,110,764	\$ 138,820	\$ 54,614	\$ 1,589,099

Net Assets With Donor Restriction - Endowment

Northern Beaufort County

Northern Beaufort County	Perpetual Fund	<u>\$ 224,079</u>
--------------------------	----------------	-------------------

Hilton Head

Hilton Head	Perpetual Fund	<u>75,000</u>
-------------	----------------	---------------

Total Endowment

\$ 299,079

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets were released for the year ended September 30, 2021 as follows:

	Shared Services Center	Northern Beaufort County	Hilton Head	Bluffton	Jasper	Total
United Way	\$ -	\$ 34,851	\$ 9,685	\$ 13,786	\$ 21,348	\$ 79,650
Capital Campaign	-	-	230,035	-	-	230,035
PR Earnings	-	-	193	4,572	-	4,765
Clubs & Activities	-	-	2,705	11,651	-	14,356
Education/Leadership	-	2,000	9,020	1,582	-	12,602
Fine Arts	-	-	4,930	442	-	5,372
Other Specific Activities	-	-	227,948	61,462	2,304	291,714
Scholarship	2,500	-	-	15,085	-	17,585
Sports	-	-	-	2,363	-	2,363
Technology	-	-	3,268	11,929	-	15,197
Teen Programs	-	-	315	-	-	315
Total	\$ 2,500	\$ 36,851	\$ 488,079	\$ 122,872	\$ 23,652	\$ 673,954

NOTE 16 COMMITMENTS AND CONTINGENCIES

Legal Matters

The Organization is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, the outcome of such actions will not have a material adverse effect on the financial position of the Organization.

Federal Financial Assistance

Federally funded programs are routinely subject to special audits that could result in claims against the resources of the Organization. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of the Organization.

Lease Commitment

During August 2015 the Organization entered a lease with the Town of Hilton Head Island, South Carolina (Town) to lease a certain piece of land adjacent the Hilton Head Island Club's existing facility. The agreement is for a period of forty-five years and has a nominal annual rental obligation. It restricts the use of the land to use either by the First Tee to create a training facility or for general Organization use. Terms include indemnification of the Town of Hilton Head and certain insurance requirements including a minimum of five million dollars of liability coverage.

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 16 COMMITMENTS AND CONTIGENCIES - CONTINUED

The Organization simultaneously entered a parallel sub-let agreement with the Hilton Head Foundation to Support Youth Sports Inc., a not-for-profit corporation doing business as the First Tee of the Low Country (First Tee) under which it assumes obligations for the development and operation of the facility land so leased and indemnifies the Organization. In addition, and as part of this agreement, the First Tee agreed to lease a certain portion of the Organization's existing office space.

NOTE 17 EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 15, 2022, the date which the financial statements were available to be issued.

Land held as an investment was sold on February 15, 2022, for \$50,000.

The COVID-19 outbreak developed rapidly in 2020 and continued into 2021 with a significant number of infections. Measures taken around the world to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our employees and the general well-being of the public we serve. At this stage, the impact on our financial results has been limited. We will continue to follow the various national guidelines and in parallel will do our utmost to continue our operations in the best and safest ways possible without jeopardizing public health.

**SUPPLEMENTARY
INFORMATION**

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION - WITHOUT DONOR RESTRICTION
SEPTEMBER 30, 2021

ASSETS	SHARED SERVICES CENTER	NORTHERN BEAUFORT COUNTY	HILTON HEAD	BLUFFTON	JASPER	TOTAL
Cash and Cash Equivalents	\$ (47,401)	\$ 122,925	\$ 1,162,114	\$ 149,879	\$ 291,388	\$ 1,678,905
Investments	26,702	1,123,091	2,712,671	-	-	3,862,464
Accounts Receivable	-	18,000	-	22,810	7,213	48,023
Prepaid Expenses	1,106	10,204	11,369	12,242	1,624	36,565
Property Held for Resale	-	50,000	-	-	-	50,000
Property and Equipment - Net	7,636	11,986	2,361,875	1,651,894	30,797	4,064,178
Total Assets	<u>\$ (11,957)</u>	<u>\$ 1,336,206</u>	<u>\$ 6,248,049</u>	<u>\$ 1,836,815</u>	<u>\$ 331,022</u>	<u>\$ 9,740,135</u>

LIABILITIES AND NET ASSETS

Liabilities	\$ 7,150	\$ 1,678	\$ 19,030	\$ 9,533	\$ 636	\$ 38,027
Accounts Payable	7,978	8,616	30,504	18,697	4,254	70,049
Accrued Expenses	4,891	1,905	8,948	14,873	4,141	34,758
Unearned Revenues	1,000	1,200	51,300	-	-	53,500
Total Liabilities	<u>21,019</u>	<u>13,369</u>	<u>109,782</u>	<u>43,103</u>	<u>9,031</u>	<u>196,334</u>

Net Assets

Without Donor Restriction	(67,314)	187,731	1,063,719	141,829	291,194	1,617,159
Board Designated	26,702	1,123,091	2,712,671	-	-	3,862,464
Property and Equipment	7,636	11,985	2,361,877	1,651,893	30,797	4,064,178
Total Net Assets	<u>(32,976)</u>	<u>1,322,807</u>	<u>6,138,267</u>	<u>1,793,712</u>	<u>321,991</u>	<u>9,543,801</u>
Total Liabilities and Net Assets	<u>\$ (11,957)</u>	<u>\$ 1,336,206</u>	<u>\$ 6,248,049</u>	<u>\$ 1,836,815</u>	<u>\$ 331,022</u>	<u>\$ 9,740,135</u>

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
COMBINING STATEMENT OF ACTIVITIES - WITHOUT DONOR RESTRICTION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	SHARED SERVICES CENTER	NORTHERN BEaufORT COUNTY	HILTON HEAD	BLUFFTON	JASPER	TOTAL
REVENUES AND SUPPORT						
Fund Raising Events						
Revenue Generated	\$ -	\$ -	\$ 611,467	\$ 140,815	\$ 12,300	\$ 764,582
Less Direct Costs of Events	-	-	(76,690)	(25,462)	-	(102,152)
Fund Raising in Excess of Direct Costs	-	-	534,777	115,353	12,300	662,430
Contributions	5,572	223,593	732,068	308,319	97,332	1,366,884
In-kind Contributions	-	48,600	-	-	18,000	66,600
Trusts and Foundations	62,500	111,153	205,505	27,944	102,339	509,441
Membership Dues	-	455	50	2,083	-	2,588
Government Funds	-	88,580	-	-	82,835	181,515
Program Fees	-	8,454	225,322	234,569	150	468,485
Investment Income	936	(198,141)	336,286	131	-	138,212
Rental of Facility	-	-	29,580	-	-	29,580
Miscellaneous Income	54,929	23,800	184,035	198,601	31,360	473,725
Net Assets Released from Restrictions	2,500	36,851	488,079	122,872	23,652	673,954
Total Revenues and Support	126,437	342,345	2,715,702	1,010,872	378,068	4,573,424
FUNCTIONAL EXPENSES						
Program Services	6,263	353,585	1,049,836	857,270	133,362	2,400,316
General and Administrative	396,119	24,573	42,400	67,305	27,698	558,095
Fundraising	79,029	36,077	70,483	55,386	28,125	269,100
Total Functional Expenses	481,411	414,235	1,162,719	979,961	189,186	3,227,512
Shared Costs Allocated	430,468	(129,924)	(126,924)	(129,924)	(40,696)	-
Change in Net Assets	75,494	(201,814)	1,423,059	(99,013)	148,186	1,345,912
Net Assets, Beginning of Year	(86,790)	1,502,941	4,715,208	1,892,725	173,805	8,187,889
Transfer of Net Assets	(21,680)	21,680	-	-	-	-
Net Assets, End of Year	\$ (32,976)	\$ 1,322,807	\$ 6,138,267	\$ 1,793,712	\$ 321,991	\$ 9,543,801

BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION - WITH DONOR RESTRICTION
SEPTEMBER 30, 2021

	SHARED SERVICES CENTER	NORTHERN BEAUFORT COUNTY	MILTON HEAD	BLUFFTON	JASPER	TOTAL
ASSETS						
Cash and Cash Equivalents	\$ 1,254	\$ 3,704	\$ 1,066,564	\$ 121,958	\$ 28,148	\$ 1,221,628
Investments	-	461,137	75,000	-	-	536,137
Unconditional Promises to Give	-	42,885	44,200	16,862	26,466	130,413
Total Assets	<u>\$ 1,254</u>	<u>\$ 507,726</u>	<u>\$ 1,185,764</u>	<u>\$ 138,820</u>	<u>\$ 54,614</u>	<u>\$ 1,868,178</u>
LIABILITIES AND NET ASSETS						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	1,254	283,647	1,110,764	138,820	54,614	1,589,069
With Donor Restriction	-	224,079	75,000	-	-	299,079
With Donor Restriction - Endowment	1,254	507,726	1,185,764	138,820	54,614	1,868,178
Total Liabilities and Net Assets	<u>\$ 1,254</u>	<u>\$ 507,726</u>	<u>\$ 1,185,764</u>	<u>\$ 138,820</u>	<u>\$ 54,614</u>	<u>\$ 1,868,178</u>

**BOYS & GIRLS CLUBS OF THE LOWCOUNTRY, INC.
COMBINING STATEMENT OF ACTIVITIES - WITH DONOR RESTRICTION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	SHARED SERVICES CENTER	NORTHERN BEAUFORT COUNTY	HILTON HEAD	BLUFFTON	JASPER	TOTAL
REVENUES AND SUPPORT						
Contributions	\$ -	\$ -	\$ 891,594	\$ 111,952	\$ 2,000	\$ 1,005,546
Trusts and Foundations	-	2,000	-	-	-	2,000
United Way	-	48,533	9,611	11,711	28,970	98,825
Investment Income	4	73,823	778	166	39	74,810
Net Assets Released from Restrictions	(2,500)	(36,851)	(488,079)	(122,872)	(23,652)	(673,954)
Total Revenues and Support	<u>(2,496)</u>	<u>87,505</u>	<u>413,904</u>	<u>957</u>	<u>7,357</u>	<u>507,227</u>
Change in Net Assets	(2,498)	87,505	413,904	957	7,357	507,227
Net Assets, Beginning of Year	3,750	420,221	771,860	137,863	47,257	1,380,951
Net Assets, End of Year	<u>\$ 1,254</u>	<u>\$ 507,726</u>	<u>\$ 1,185,764</u>	<u>\$ 138,820</u>	<u>\$ 54,614</u>	<u>\$ 1,888,178</u>

AGENDA ITEM: Budget Workshop

Coastal Empire Community MHC

Jasper County Budget Worksheet Report

Worksheet: 0000000000

2023 Amended Budget 2023 Actual Amount 2024 Agency Request

Account Account Description
 010 - GENERAL FUND
 090 - AGENCY APPROPRIATIONS

4440 COASTAL EMPHIRE MENTAL HEALTH 10,000.00 10,000.00 \$ 10,000.00

EXPLANATION:

We are requesting to maintain the current level of funding of \$10,000.00. Jasper County is served in multiple locations - at our clinic in Ridgeland, in the schools, and in the community. Crisis services are provided 24/7 through our Mobile Crisis program, and we provide consultation to the jail and hospital. Services include Case Coordination, ICT (Intensive Community Treatment), IPS (Individual Placement Services - employment) and MFFT (Intensive Family Therapy) programs.

Requested by: Judith Birchenough

Date: 2-27-2023

Email address: judith.birchenough@scdmh.org

Best Contact info: (813) 473-6365

Darlene Epperson

From: Kimberly Burgess
Sent: Tuesday, February 28, 2023 11:53 AM
To: Wanda Simmons
Cc: Darlene Epperson
Subject: FW: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

Wanda,

Please add Coastal Empire Community MHC to the agenda for May 1st.

Thank you,
Kim

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 2:38 PM
To: Kimberly Burgess <kburgess@jaspercountysc.gov>
Cc: Darlene Epperson <depperson@jaspercountysc.gov>
Subject: RE: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good afternoon: We would like to present on May first if at all possible please. Christy Jinks, Clinic Director for our Jasper County Clinic, and Angie Salley, our Executive Director, will be attending. Thanks! Judy

From: Kimberly Burgess <kburgess@jaspercountysc.gov>
Sent: Monday, February 27, 2023 10:31 AM
To: Judith Birchenough <judith.birchenough@scdmh.org>
Cc: Darlene Epperson <depperson@jaspercountysc.gov>
Subject: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside the South Carolina Department of Mental Health. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Do you want to make a presentation at one of the budget workshops? If so, which date?

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 10:17 AM
To: Kimberly Burgess <kburgess@jaspercountysc.gov>
Subject: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Darlene Epperson

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 2:38 PM
To: Kimberly Burgess
Cc: Darlene Epperson
Subject: RE: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good afternoon: We would like to present on May first if at all possible please. Christy Jinks, Clinic Director for our Jasper County Clinic, and Angie Salley, our Executive Director, will be attending. Thanks! Judy

From: Kimberly Burgess <kburgess@jaspercountysc.gov>
Sent: Monday, February 27, 2023 10:31 AM
To: Judith Birchenough <judith.birchenough@scdmh.org>
Cc: Darlene Epperson <depperson@jaspercountysc.gov>
Subject: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside the South Carolina Department of Mental Health. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Do you want to make a presentation at one of the budget workshops? If so, which date?

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 10:17 AM
To: Kimberly Burgess <kburgess@jaspercountysc.gov>
Subject: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good morning, Kimberly: I hope your Monday is going well. Please see the attached FY24 Budget Request. Thanks, Judy

Judith L. Birchenough
Coastal Empire Community MHC
(843) 473-6365
Fax (843) 524-8179
judith.birchenough@scdmh.org

PATIENTS ARE ASKED NOT TO SEND MESSAGES TO THIS ADDRESS AS STAFF MAY NOT SEE THEM IN A TIMELY MANNER.
IF YOU ARE EXPERIENCING A PSYCHIATRIC (MENTAL HEALTH) CRISIS, PLEASE CALL OUR MOBILE CRISIS/COMMUNITY

4440

Darlene Epperson

From: Kimberly Burgess
Sent: Monday, February 27, 2023 10:33 AM
To: Judith Birchenough
Cc: Darlene Epperson
Subject: RE: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

Great, thank you.

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 10:32 AM
To: Kimberly Burgess <kburgess@jaspercountysc.gov>
Cc: Darlene Epperson <depperson@jaspercountysc.gov>
Subject: RE: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

I am waiting to hear back from several staff – I will let you know as soon as possible. Thanks, Judy

Judith L. Birchenough
Coastal Empire Community MHC
(843) 473-6365
Fax (843) 524-8179
judith.birchenough@scdmh.org

From: Kimberly Burgess <kburgess@jaspercountysc.gov>
Sent: Monday, February 27, 2023 10:31 AM
To: Judith Birchenough <judith.birchenough@scdmh.org>
Cc: Darlene Epperson <depperson@jaspercountysc.gov>
Subject: [EXTERNAL] RE: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside the South Carolina Department of Mental Health. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Do you want to make a presentation at one of the budget workshops? If so, which date?

From: Judith Birchenough <judith.birchenough@scdmh.org>
Sent: Monday, February 27, 2023 10:17 AM
To: Kimberly Burgess <kburgess@jaspercountysc.gov>
Subject: Coastal Empire CMHC FY24 Jasper County Budget Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

AGENDA ITEM: Budget Workshop

Hopeful Horizons

Jasper County Budget Worksheet Report

Budget Year 2024

Account	Account Description	2023 Amended Budget	2023 Actual Amount	2024 Agency Request
010 - GENERAL FUND				
090 - AGENCY APPROPRIATIONS				
4600	HOPEFUL HORIZONS	1,000.00	1,000.00	\$5,000

EXPLANATION:

Please see attached letter.

Requested by:

Kristin Dabrowski

Date:

1 March 2023

Email address:

dabrowskik@hopefulhorizons.or

Best Contact Info:

email or 843 379-6140

Hopeful Horizons

843.524.2256 | P.O. Box 1775 | Beaufort, SC 29901 | www.hopefulhorizons.org

March 1, 2023

Kimberly Burgess
Director of Administrative Services
Jasper County Council
P.O. Box 1149
Ridgeland, SC 29936

Dear Jasper County Council Members:

The crimes of child abuse, domestic violence and sexual assault are an epidemic locally and in South Carolina as a whole. For example, South Carolina currently ranks 39th in the nation for child well-being and Jasper County ranks 31st out of South Carolina's 46 counties (Annie E. Casey Foundation 2020). Additionally, South Carolina ranks 23rd in the nation for the rate of women murdered by men (National Violence Policy Center 2022) and South Carolina's rape rate has exceeded the national average since 1982 (SLED). As the cycle of violence continues into the next generation, schools, churches, law enforcement and the community at large must deal with its devastating consequences. To aid in our efforts to protect, treat and prevent, Hopeful Horizons respectfully requests an allocation from the Jasper County Council in the amount of \$5,000 for 2023 – 2024. This request represents less than 0.2% of our total budget, but will help ensure critical services are available for Jasper County residents.

Hopeful Horizons is the only organization serving Jasper County that offers comprehensive, free services to survivors of child abuse, domestic violence, and sexual assault - supporting, sheltering, and providing treatment to victims while working to prevent the crime's recurrence in future generations.

Through forensic interviews and medical evaluations, our nationally accredited Children's Advocacy Center provides local law enforcement and DSS with critical evidence to help ensure perpetrators of child abuse are held accountable for their crimes and our Multi-Disciplinary Team approach helps to ensure the best-case outcomes for child abuse victims. In 2022, Hopeful Horizons provided 58 children from Jasper County with forensic interviews, 13 children with evidence-based trauma treatment and 12 children received a comprehensive medical evaluation in Okatie through our partnership with the Medical University of South Carolina.

In 2022, Hopeful Horizons responded to approximately 100 crisis/support calls from Jasper County residents and provided additional assistance to approximately 50 adult victim/survivors of domestic violence and/or sexual assault through our emergency domestic violence shelter, counseling services, transitional housing, legal and advocacy services. All in all, in 2022 Hopeful Horizons served over 1,200 local victim/survivors. Hopeful Horizons provides services at the Fourteenth Judicial Circuit's Victim Services in Okatie, as well as travelling to Coastal Carolina Hospital, Tidewatch and other Jasper County locations on an as-needed basis to provide services and support.

Hopeful Horizons' mission is to protect treat and prevent, which is inspired by the goals of providing safety, hope and healing to survivors of child abuse, domestic violence and sexual assault through evidence-based practices and leading in ending abuse through primary prevention and education. Our vision to be the Lowcountry leader in ending child abuse, domestic violence and sexual assault stems from the goals of building whole childhoods, safe relationships, healthy families, and a violence free community. To achieve our vision, Hopeful Horizons offers several education and prevention programs in Jasper County, which include the Strengthening Family Program (SFP) and MOST (Men of Strength) and WISE (Women Inspiring Strength and Empowerment) Club. SFP is a research-informed approach to increase family strengths, enhance child development and reduce the likelihood of child abuse and neglect. It is based on engaging families, programs, and communities in building five protective factors. Last year, nine Jasper County families (10 adults with 18 children) participated in SFP. The purpose of MOST and WISE Clubs are to engage youth in developing a concept of healthy relationships and to help them become leaders in preventing violence. Hopeful Horizons is providing training and technical assistance to Polaris Tech to implement MOST and WISE at the middle school level through a new partnership. Additionally, we reached 192 Polaris Tech students through presentations in 2022 and participated in Ridgeland's National Night Out event, as well as hosting two community education sessions at the Hardeeville library that were attended by 27 people.

Community support is crucial for survivors of child abuse, domestic violence and sexual assault to receive the services and support they need to heal.

The approximate cost of providing shelter and supportive services for one night for one person is \$125. The approximate cost of providing one child abuse victim with a forensic interview to assist in investigation and prosecution while reducing trauma is \$250. An allocation to Hopeful Horizons would be used to support direct services benefiting Jasper County residents.

I would like to thank the Jasper County Council for the support they have consistently shown survivors of abuse. We hope that we can count on the Council's support again in 2023. Attached please find a copy of Hopeful Horizons' 2021 audit (our 2022 audit is in process) and the Budget Worksheet Report. If you have any questions, please feel free to contact me at 843-379-6140 or dubrowskik@hopefulhorizons.org.

Sincerely,


Kristin Dubrowski, MNM
Chief Executive Officer

HOPEFUL HORIZONS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021

HOPEFUL HORIZONS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-17
SINGLE AUDIT SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	21
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	22-23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	24-26

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hopeful Horizons, Inc.
Beaufort, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hopeful Horizons, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hopeful Horizons, Inc. as of December 31, 2021, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Hopeful Horizons, Inc. and to meet our 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



America Counts on CPAs®

777 Lowndes Hill Road Building 3, Suite 225 Greenville, South Carolina 29607-2191
(864) 233-1800 Fax (864) 232-6971 www.mckinleycooper.com

To the Board of Directors
Hopeful Horizons, Inc.
April 15, 2022

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Hopeful Horizons, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hopeful Horizons, Inc.'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 Hopeful Horizons, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in a material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Hopeful Horizons, Inc.
April 15, 2022

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2022, on our consideration of Hopeful Horizons, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hopeful Horizons, Inc.'s internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
April 15, 2022

FINANCIAL STATEMENTS

HOPEFUL HORIZONS, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,670,443	\$ 1,145,816
Investments	256,685	252,910
Accounts receivable	38,743	38,743
Grants and contributions receivable	366,638	559,097
Prepaid expenses	358	1,036
Total current assets	2,332,867	1,997,602
NONCURRENT ASSETS		
Investments - Endowment	311,565	274,050
Property and equipment, net	435,324	541,763
Total noncurrent assets	746,889	815,813
Total assets	\$ 3,079,756	\$ 2,813,415
CURRENT LIABILITIES		
Accounts payable	\$ 24,887	\$ 49,058
Accrued expenses	94,718	108,238
Deferred income	237,753	236,285
Total liabilities	357,358	393,581
NET ASSETS		
Without donor restrictions	2,460,937	2,030,462
With donor restrictions	261,461	389,372
Total net assets	2,722,398	2,419,834
Total liabilities and net assets	\$ 3,079,756	\$ 2,813,415

The accompanying notes are an integral part of these financial statements.

HOPEFUL HORIZONS, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

(with comparative totals for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUES AND SUPPORT				
Fundraising and Contributions				
Revenue generated	\$ 710,541	\$ 113,190	\$ 823,731	\$ 650,183
Less direct costs of events	(4,437)	-	(4,437)	(969)
	<u>706,104</u>	<u>113,190</u>	<u>819,294</u>	<u>649,214</u>
Federal and state grants	2,643,189	30,118	2,673,307	3,273,001
Other grants	312,400	77,967	390,367	110,382
Investment income (loss)	49,341	-	49,341	32,785
Other income	3,184	-	3,184	2,581
Net assets released from restrictions	<u>349,186</u>	<u>(349,186)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>4,063,404</u>	<u>(127,911)</u>	<u>3,935,493</u>	<u>4,067,963</u>
OPERATING EXPENSES				
Program services	3,199,378	-	3,199,378	3,182,146
Supporting services				
General and administrative	297,495	-	297,495	313,260
Fundraising	<u>136,056</u>	<u>-</u>	<u>136,056</u>	<u>135,439</u>
Total expenses	<u>3,632,929</u>	<u>-</u>	<u>3,632,929</u>	<u>3,630,845</u>
INCREASE (DECREASE) IN NET ASSETS	430,475	(127,911)	302,564	437,118
NET ASSETS, beginning of year	<u>2,030,462</u>	<u>389,372</u>	<u>2,419,834</u>	<u>1,982,716</u>
NET ASSETS, end of year	<u>\$ 2,460,937</u>	<u>\$ 261,461</u>	<u>\$ 2,722,398</u>	<u>\$ 2,419,834</u>

The accompanying notes are an integral part of these financial statements.

HOPEFUL HORIZONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2021
 (with comparative totals for the year ended December 31, 2020)

	Program Services	Supporting Services		2021 Total	2020 Total
		General and Administrative	Fundraising		
Salaries and wages	\$ 1,814,425	\$ 210,980	\$ 84,392	\$ 2,109,797	\$ 2,282,907
Payroll taxes	144,974	16,857	6,743	168,574	183,606
Employee benefits	180,904	21,035	8,414	210,353	224,671
Worker compensation	26,857	3,123	1,249	31,229	40,811
	<u>2,167,160</u>	<u>251,995</u>	<u>100,798</u>	<u>2,519,953</u>	<u>2,731,995</u>
Accounting and legal	12,900	1,500	600	15,000	15,000
Building and grounds maintenance	25,039	4,076	-	29,115	28,290
Contract services	49,240	-	-	49,240	20,345
Fundraising supplies	-	-	18,688	18,688	11,721
Insurance	28,766	3,345	1,338	33,449	29,006
Network and information systems	32,633	3,795	1,518	37,946	21,983
Office supplies, printing, and publications	23,111	2,687	1,075	26,873	22,583
Professional services	64,834	7,539	3,016	75,389	86,572
Program expenses					
Shelter	142,306	-	-	142,306	178,626
Transitional housing	258,610	-	-	258,610	100,321
Supplies	58,779	-	-	58,779	66,141
Training	4,335	-	-	4,335	16,526
Communication	4,716	-	-	4,716	4,588
Other	129,887	-	-	129,887	110,536
Rent	13,300	1,547	619	15,466	11,942
Supplies	39,243	4,563	1,825	45,631	26,929
Telephone and internet	28,356	3,297	1,319	32,972	28,182
Training	766	88	35	889	203
Utilities	6,145	715	286	7,146	7,056
Vehicle and travel expenses	5,619	653	262	6,534	1,735
Miscellaneous	3,058	-	-	3,058	771
	<u>931,643</u>	<u>33,805</u>	<u>30,581</u>	<u>996,029</u>	<u>790,006</u>
Total expenses before depreciation	<u>3,098,803</u>	<u>285,800</u>	<u>131,379</u>	<u>3,515,982</u>	<u>3,522,001</u>
Depreciation	100,575	11,695	4,677	116,947	108,844
Total functional expenses	\$ <u>3,199,378</u>	\$ <u>297,495</u>	\$ <u>136,056</u>	\$ <u>3,632,929</u>	\$ <u>3,630,845</u>

The accompanying notes are an integral part of these financial statements.

HOPEFUL HORIZONS, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 302,564	\$ 437,118
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Realized and unrealized (gain) loss on investments	(34,644)	(8,262)
Depreciation	116,947	108,844
Decrease in grants and contributions receivable	192,459	(40,158)
Decrease in other current assets	678	(641)
(Decrease) in accounts payable and accrued expenses	(37,691)	28,554
Increase in deferred income	1,468	40,656
Net cash provided by operating activities	541,781	566,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,508)	(125,197)
Change in investments, net	(6,646)	(33,035)
Net cash (used) for investing activities	(17,154)	(158,232)
NET INCREASE IN CASH	524,627	407,879
CASH AND CASH EQUIVALENTS, beginning of year	1,145,816	737,937
CASH AND CASH EQUIVALENTS, end of year	\$ 1,670,443	\$ 1,145,816

The accompanying notes are an integral part of these financial statements.

HOPEFUL HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – NATURE OF ACTIVITIES

Nature of the Organization: Hopeful Horizons, Inc. is *the only* children's advocacy, domestic violence and rape crisis center serving an area of over 3,200 square miles. Our mission is to protect, treat and prevent, which is inspired by the goals of providing safety, hope and healing to survivors of domestic violence, sexual assault and child abuse through evidence-based practices and leading in ending violence/abuse through primary prevention and education. Our vision is "a community without abuse", which stems from the goals of building safe relationships, healthy families and a violence free community.

Hopeful Horizons, Inc. provides comprehensive, free services to survivors of child abuse, domestic violence and sexual assault, including: a 24/7 crisis response, emergency shelter, hospital accompaniment, evidence-based trauma treatment, support groups, legal services, victim advocacy, transitional housing and case management. Through forensic interviews and medical exams, our nationally accredited Children's Advocacy Center provides local law enforcement and DSS with critical evidence to help ensure perpetrators are held accountable for their crimes and our Multi-Disciplinary Team approach helps to ensure the best-case outcomes for child abuse victims. Additionally, Hopeful Horizons, Inc. provides free professional trainings, community education and awareness events to help increase our community's understanding of these crimes and improve its response to victims as well as providing prevention education in local schools.

In 2021, Hopeful Horizons, Inc. served a total of 1,232 direct victims of child abuse, domestic violence and sexual assault and an additional 535 secondary victims (loved ones of direct victims). This includes 76 women and 93 children who were provided with emergency shelter for 5,198 nights; 3,448 sessions of evidenced-based trauma treatment and counseling services for adults, teens, and children; 309 people who received holistic legal services; and 417 forensic interviews.

Additionally, Hopeful Horizons, Inc. provided training and education to 570 professionals in law enforcement, education, health care and human services and community members as well as reaching over 1,180 youth through prevention programs. Twenty-nine families participated in our evidence-based Strengthening Families Program to develop positive discipline practices, improve communication skills and stay resilient in tough times.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Hopeful Horizons, Inc. prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned rather than when cash is received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Basis of Presentation: The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements and the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities.

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In accordance with ASU 2016-14, Hopeful Horizons, Inc. is required to report information regarding its financial position and activities depending on the existence of any donor restrictions. The classifications are as follows:

- Net assets without donor restrictions, and
- Net assets with donor restrictions.

Contributions received are recorded as unrestricted, or restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions: Contributions received, including unconditional pledges, are recognized as revenue when donors' commitments are received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those assets must be maintained, the Organization reports expirations of donor restriction when the acquired assets are placed in service as instructed by the donor. The Organization reclassifies restricted net assets to unrestricted net assets at that time.

Revenue Recognition: *Revenue from Exchange Transactions:* The Organization recognizes revenue in accordance with the Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Hopeful Horizons, Inc. records the following exchange transaction revenue in its statement of activities and changes in net assets.

Fundraising event revenue – The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events, is measured at the actual cost to the Organization. The direct cost of the special events, which ultimately benefits the donor rather than the Organization as cost of events in the statement of activities.

Cash and Cash Equivalents: Deposits of the Organization are maintained in demand deposits, savings accounts, or certificates of deposits.

HOPEFUL HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

For purposes of the financial statements, the Organization considers all highly liquid debt instruments (cash equivalents) purchased with a maturity of three months or less to be cash. The statement of cash flows is prepared by the indirect method.

Investments: Investments are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses in investments, interest and dividends) is included in the change in net assets. Investments acquired by gift or bequest are recorded at fair value at the date of acquisition. Fair values are determined principally from published sources.

Land, Buildings, and Equipment: The Organization capitalizes all expenses for land, buildings, and equipment with a value of \$5,000 or more and an estimated life greater than two years. Donated property and equipment is recorded at fair value at the date of the donation. The costs for replacements or additional components follow the same guidance. Accordingly, all costs of repairs and maintenance are charged to expense as incurred, because they cannot be considered replacements or additional components. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Buildings and improvements	7-30 years
Furniture and equipment	5-15 years

Functional Allocation of Expenses: Salaries and related expenses are allocated to the programs and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on space utilization.

Estimates: Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Volunteers: The Organization receives a substantial amount of services donated by individuals in carrying out its programs. No amounts have been reflected in the financial statements for those services.

Contingencies: The Organization is a recipient of federal grants. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal or state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

The Organization is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, any such actions will not have a material adverse effect on the financial position of the Organization.

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments: The following methods and assumptions were used by the Organization in estimating fair value of the following financial instruments:

The carrying amount of cash and cash equivalents, receivables, accounts payable and short-term debt approximates fair value as of December 31, 2021, because of the short maturities of these instruments.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are as follows:

Cash and cash equivalents	\$ 1,670,443
Grants receivable	366,638
Other receivables	38,743
	<u>\$ 2,075,824</u>

As part of the Organization's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization may also withdraw all available annual distributions from funds held by the Community Foundation of the Lowcountry and the Coastal Community Foundation of South Carolina, in accordance with the applicable agreement with each Foundation.

NOTE 4 – TAX STATUS

The Organization has obtained exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements. The Organization follows FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Management believes the Organization has no uncertainties in income taxes.

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, establishes a consistent framework for measuring fair value in accordance with GAAP, and expands disclosure requirements about fair value measurements. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. 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 (an exit price). The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the Organization as follows:

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 – FAIR VALUE MEASUREMENTS – CONTINUED

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The Organization is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization’s perceived risk of that instrument.

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at fair value as of December 31, 2021:

	Total at December 31, 2021	Level 1	Level 2	Level 3
Cash and cash alternatives	\$ 256,685	\$ 256,685	\$ -	\$ -
Investments at Foundations	311,565	-	-	311,565
Total at Fair Value	\$ 568,250	\$ 256,685	\$ -	\$ 311,565

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Short-term investments - The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value (“NAV”) of \$1.

HOPEFUL HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – FAIR VALUE MEASUREMENTS - CONTINUED

Equity Investments - Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

While 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 estimate of fair value at the reporting date.

NOTE 6 – GRANTS RECEIVABLE, ACCOUNTS RECEIVABLE, AND CONCENTRATIONS ON REVENUE

Grants and contributions receivable at December 31, 2021 consist of the following:

	Amount
Due from Office on Violence Against Women LAV	\$ 20,217
Due from SC Department of Public Safety VOCA VAWA	197,288
Due from SC Department of Social Services	50,006
Due from SC Office of Economic Opportunity ESG	11,298
Due from SC Department of Health and Environmental Control	26,174
Due from Children's Trust Fund of SC SFP	29,383
Due from Other Sources	71,015
	<u>\$ 405,381</u>

Hopeful Horizons, Inc. recognized grant revenue totaling \$1,274,740 from the South Carolina Office of the Attorney General in the year ended December 31, 2021. This support accounted for approximately 33% of the Organization's total support and revenue in 2021.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2021:

Land	\$ 13,840
Building and leasehold improvements	789,578
Furniture and equipment	571,784
Vehicles	133,738
	<u>1,508,940</u>
Less: accumulated depreciation	<u>(1,073,616)</u>
	<u>\$ 435,324</u>

Depreciation expense for the year ended December 31, 2021 was \$116,947.

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – INVESTMENT INCOME

Investment income for the year ended December 31, 2021 is as follows:

Interest, dividends, and other investment income	\$ 14,697
Unrealized and realized gain (loss) on investments, net of fees	34,644
	<u>\$ 49,341</u>

NOTE 9 – ENDOWMENT ASSETS

Establishment and Purpose: Hopeful Horizons, Inc. has endowments established at the Coastal Community Foundation of South Carolina, Inc. ("CCF") and at the Community Foundation of the Lowcountry ("CFL") which consists of amounts from both restricted and unrestricted sources which are being managed collectively for investment purposes (collectively, "the Funds"). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The primary purpose of the Funds is to provide annual distributions to Hopeful Horizons, Inc. in support of its charitable purposes, to be used for such specific purposes as the Board of Directors deems appropriate to enhance the charitable activities of the Organization.

Endowment Investment and Spending Policies: The Organization's objective of the Endowment Funds are to maximize the growth of principal while generating current income and at the same time preserve capital. The endowment assets are structured to provide real growth from capital gains and income, while maintaining sufficient liquidity to meet endowment obligations in dispersing its assets. The intent is to set annual distributions such that the underlying assets of the Funds shall achieve some capital growth so that future annual distributions maintain purchasing power within the context of reasonable inflationary expectations. Distributions are currently made only upon request by the Organization, subject to CCF policy.

The Foundations operate on the basis of investing for "total return", such that income and capital appreciation are considered, in combination, as "total return", and therefore the annual grantable amount is not limited to the amount of income earned by the fund. The amount for the annual distributions to be made from the funds will be determined by each Foundation's Board of Directors from time to time as an amount reasonably expected to be available. Such determination will be consistent with the distribution policies of other endowed funds managed by the Foundations.

Annual allowable distributions of the CCF are currently calculated at four percent (4%) of the average fund balance for the most recent twenty quarters since the Fund was established. Allowable distributions of the CFL consist of accumulated earnings only, as the principal is non-spendable. Distributions are made only upon request by the Organization, subject to CFL policy.

Interpretation of Relevant Law: The Board of Directors of Hopeful Horizons, Inc. has interpreted South Carolina's enacted 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 classifies as restricted net assets that are perpetual in nature (a) the original value of the gifts donated

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 – ENDOWMENT ASSETS - CONTINUED

to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment as made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature are unrestricted, but remain in the endowment funds 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 funds.
2. The purposes of the Organization and the donor-restricted endowment funds.
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 Organization.
7. The investment policies of the Organization.

Endowment net assets consist of the following at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, perpetual in duration - original gift amount	\$ -	\$ 2,721	\$ 2,721
Board-designated endowment funds	308,844	-	308,844
Total endowment net assets	\$ 308,844	\$ 2,721	\$ 311,565

Changes in endowment net assets for the year ending December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 271,329	\$ 2,721	\$ 274,050
Investment return			
Investment income	9,135	-	9,135
Net realized and unrealized loss	34,505	-	34,505
Total investment returns	43,640	-	43,640
Donor contributions	(2,925)	-	(2,925)
Appropriation of endowment assets for expenditures	-	-	-
Administrative fees	(3,200)	-	(3,200)
Endowment net assets - end of year	\$ 308,844	\$ 2,721	\$ 311,565

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – NET ASSET WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following amounts and purposes at December 31, 2021:

Subject to passage of time		
Future year operations	\$	258,740
Endowment		
Perpetual in duration		<u>2,721</u>
	\$	<u>261,461</u>

NOTE 11 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Hopeful Horizons, Inc. to credit risk consist principally of cash and cash equivalent deposits at financial institutions. Cash accounts have bank balances of \$1,652,165 and a book balance of \$1,575,325 at December 31, 2021. Of the bank balances of \$1,652,165, Federal Deposit Insurance Corporation (FDIC) covers \$252,756 while collateral covers \$1,399,409; therefore, the full amount is insured or collateralized.

NOTE 12 – COMMITMENTS

The Organization leases office space in both Bluffton and Beaufort, South Carolina under two and five year leases, respectively, that both expire in November 2023. These leases require minimum monthly payments, a pro rata portion of common area maintenance and property taxes, and adjust annually based upon changes in the Consumer Price Index. The future minimum lease payments required under the leases at December 31, 2021 are as follows:

	Amount
2022	\$ 94,128
2023	<u>86,285</u>
	<u>\$ 180,413</u>

The Organization leases office space in Walterboro, South Carolina under a five year lease beginning October 1, 2020 and expiring October 1, 2025, for \$1,400 per month. The future minimum lease payments under this agreement are as follows:

Year ending December 31,	
2022	\$ 16,800
2023	16,800
2024	16,800
2025	<u>12,600</u>
	<u>\$ 63,000</u>

HOPEFUL HORIZONS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 – EMPLOYEE BENEFITS

Hopeful Horizons, Inc. has three different health insurance plans. The Organization pays seventy-five percent of the second-tier insurance premiums. That amount is paid regardless of plan chosen. Hopeful Horizons, Inc. also pays 75% of employee dental insurance. Regular full-time and part-time employees working 30 or more hours per week are eligible for medical benefits after 60 days of employment. Hopeful Horizons, Inc. provides a 1:1 match on employee contributions up to 3% of their annual salary to the organization-sponsored 401k plan, which is available to all employees after one year of employment.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through the date of the auditor's report, which is the date the financial statements were available for issuance, and determined that all significant events and disclosures are included in the financial statements.

SINGLE AUDIT SECTION

HOPEFUL HORIZONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through SC Department of Administration:			
Emergency Solutions Grant Program COVID	14.231	E-20-DW-45-0001	\$ 354,924
Emergency Solutions Grant Program	14.231	E-20-DC-45-0001	36,968
Emergency Solutions Grant Program	14.231	E-21-DC-45-0001	31,413
Total U.S. Department of Housing and Urban Development			423,305
<u>U.S. Department of Justice</u>			
Passed through SC Dept. of Health and Environmental Control:			
Sexual Assault Services Formula Program	16.017	RC-1-249	13,905
Sexual Assault Services Formula Program	16.017	RC-2-252	14,025
			27,930
Passed through SC Office of the Attorney General:			
Crime Victim Assistance	16.575	1V19079	939,544
Crime Victim Assistance	16.575	1V20071	278,133
			1,217,677
Violence Against Women Act	16.588	1K20013	42,796
Violence Against Women Act	16.588	1K21009	14,267
			57,063
Passed through Office on Violence Against Women:			
Transitional Housing Assistance	16.736	2020-WH-AX-0071	8,066
Legal Assistance for Victims	16.524	2015-WL-AX-0059	218,840
Total U.S. Department of Justice			1,529,576
<u>U.S. Department of Health and Human Services</u>			
Passed through SC Dept. of Health and Environmental Control:			
Rape Prevention and Education	93.136	RC -1-249	65,889
Rape Prevention and Education	93.136	RC-2-252	61,958
			127,847
Passed through SC Department of Social Services:			
TANF Temporary Assistance for Needy Families	93.558	4400024711	133,613
TANF Temporary Assistance for Needy Families	93.558	4400026905	42,282
Total State Assistance			175,895
Passed through SC Department of Social Services:			
Family Violence Prevention/Domestic Violence Shelter	93.671	4400026905	31,745
Family Violence Prevention/Domestic Violence Shelter	93.671	4400024711	101,148
Family Violence Prevention/Domestic Violence Shelter CARES	93.671	4400024239	33,472
Family Violence Prevention and Services Act (ARPA)	93.671	440026910	4,171
			170,536
Total U.S. Department of Health and Human Services			474,278
Total Federal Expenditures			\$ 2,427,159

See accompanying notes to schedule of expenditures of federal awards.

HOPEFUL HORIZONS, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Hopeful Horizons, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented on the accrual basis of accounting and in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Hopeful Horizons, Inc., it is not intended to and does not present the financial position or changes in net position of Hopeful Horizons, Inc.

NOTE 2 – COST PRINCIPLES

Expenditures are recognized following the cost principles contained in 2 CFR Part 200, Cost Principles for Nonprofit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Matching costs, i.e., the non-federal share of certain program costs, are not included in the Schedule.

NOTE 3 – INDIRECT COST RATE

Hopeful Horizons, Inc. has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for the Crime Victim Assistance (CFDA 16.575), Violence Against Women Act (CFDA 16.588), LAV Legal Assistance to Victims (CFDA 16.524), OVW Transitional Housing Assistance (16.736), Emergency Solutions Grant Program (14.231), Emergency Solutions Grant Program COVID (14.231), and the SC Department of Health and Environmental Control Sexual Assault Services Formula Program (16.017) grants, and none other.

HOPEFUL HORIZONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

I. Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes X None reported
- Noncompliance material to financial statements noted ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes X None Reported

Type of Auditor's Report issued on compliance for major federal programs: **Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) (Uniform Guidance)?

___ Yes X No

Identification of Major Federal Programs:

16.575	Crime Victim Assistance
14.231	Emergency Solutions Grant Program

The dollar threshold used to distinguish between Type A and B programs: \$750,000

Hopeful Horizons, Inc. qualified as low-risk auditee? X Yes ___ No

II. Financial Statement Findings

None Reported.

III. Major Federal Award Findings and Questioned Costs

None Reported.

HOPEFUL HORIZONS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

There were no federal award-related audit findings in the prior year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Hopeful Horizons, Inc.
Beaufort, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hopeful Horizons, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopeful Horizons, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hopeful Horizons, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hopeful Horizons, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Hopeful Horizons, Inc.
April 15, 2022

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hopeful Horizons, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mckinley, Cooper & Co., LLC

Greenville, South Carolina
April 15, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Hopeful Horizons, Inc.
Beaufort, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hopeful Horizons, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hopeful Horizons, Inc.'s major federal programs for the year ended December 31, 2021. Hopeful Horizons, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion Hopeful Horizons, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hopeful Horizons, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hopeful Horizons, Inc.'s compliance with the compliance requirements referred to above.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



America Counts on CPAs®

777 Lowndes Hill Road Building 3, Suite 225 Greenville, South Carolina 29607-2191
(864) 233-1800 Fax (864) 232-6971 www.mckinleycooper.com

To the Board of Directors
Hopeful Horizons, Inc.
April 15, 2022

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hopeful Horizons, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hopeful Horizons, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hopeful Horizons, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hopeful Horizons, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hopeful Horizons, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hopeful Horizons, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Hopeful Horizons, Inc.
April 15, 2022

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mckinley, Cooper & Co., LLC

Greenville, South Carolina
April 15, 2022

AGENDA ITEM: Budget Workshop

Jasper County Neighbors United

No information was provided for the packet