

SOUTH CAROLINA HUMANITIES COUNCIL, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED OCTOBER 31, 2024
AND INDEPENDENT AUDITOR'S REPORT**

SOUTH CAROLINA HUMANITIES COUNCIL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
South Carolina Humanities Council, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of South Carolina Humanities Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2024, 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 present fairly, in all material respects, the financial position of South Carolina Humanities Council, Inc. as of October 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 South Carolina Humanities Council, Inc. 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 South Carolina Humanities Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 South Carolina Humanities Council, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Carolina Humanities Council, 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.

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 schedule of expenditures of federal awards 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 January 15, 2025, on our consideration of South Carolina Humanities Council, 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 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 South Carolina Humanities Council, Inc.'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 South Carolina Humanities Council, Inc.'s internal control over financial reporting and compliance.

Burkett Burkett & Burkett

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
January 15, 2025

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2024

ASSETS:

Cash	\$ 377,826
Certificates of deposit	210,065
Prepaid expenses	17,239
Marketable securities	764,163
Grants receivable	74,173
Pledges receivable	1,200
Furniture and equipment (net of accumulated depreciation of \$35,398)	7,829
Right-of-use assets - operating leases	89,324

Total assets \$ 1,541,819

LIABILITIES:

Accounts payable	\$ 19,741
Regrants payable	66,109
Accrued retirement	16,588
Accrued leave	42,429
Operating lease liabilities	89,657

Total liabilities 234,524

NET ASSETS:

Without donor restrictions	1,214,845
With donor restrictions	92,450

Total net assets 1,307,295

Total liabilities and net assets \$ 1,541,819

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND PUBLIC SUPPORT:			
Grants:			
National Endowment for the Humanities	\$ -	\$ 1,153,857	\$ 1,153,857
Other	-	32,765	32,765
Contributions	53,409	14,187	67,596
Programs and event revenue	27,221	-	27,221
Investment return, net	164,955	-	164,955
Total revenues and public support	<u>245,585</u>	<u>1,200,809</u>	<u>1,446,394</u>
Net assets released from program restrictions	1,246,253	(1,246,253)	-
	<u>1,491,838</u>	<u>(45,444)</u>	<u>1,446,394</u>
EXPENSES:			
Humanities support	1,000,234	-	1,000,234
Management and general	197,889	-	197,889
Fundraising	45,074	-	45,074
Total expenses	<u>1,243,197</u>	<u>-</u>	<u>1,243,197</u>
CHANGE IN NET ASSETS	248,641	(45,444)	203,197
NET ASSETS, BEGINNING OF YEAR	<u>966,204</u>	<u>137,894</u>	<u>1,104,098</u>
NET ASSETS, END OF YEAR	<u>\$ 1,214,845</u>	<u>\$ 92,450</u>	<u>\$ 1,307,295</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED OCTOBER 31, 2024

	<u>Humanities Support</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and benefits	\$ 292,753	\$ 61,374	\$ 24,730	\$ 378,857
Regrants	374,358	-	-	374,358
Council conducted programs	173,995	-	-	173,995
Professional fees	88,036	65,928	13,856	167,820
Rent and utilities	31,167	6,534	2,633	40,334
Dues and subscriptions	12,930	11,740	-	24,670
Travel	2,138	18,361	-	20,499
Committee expense	-	18,564	-	18,564
Telephone and internet	7,607	1,296	605	9,508
Printing and publications	7,270	428	855	8,553
Office supplies	4,870	1,217	1,526	7,613
Bank charges / miscellaneous	-	5,914	537	6,451
Insurance	-	4,493	-	4,493
Postage	2,519	148	296	2,963
Depreciation	2,283	571	-	2,854
Advertising	-	918	-	918
Staff meeting and relations	-	385	-	385
Equipment maintenance	308	18	36	362
Total	<u>\$ 1,000,234</u>	<u>\$ 197,889</u>	<u>\$ 45,074</u>	<u>\$ 1,243,197</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 203,197
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,854
Unrealized gains	(125,121)
Operating lease expense	266
Change in operating assets and liabilities:	
Prepaid expenses	(14,072)
Pledges receivable	(1,200)
Grants receivable	34,794
Accounts payable	(673)
Regrants payable	6,352
Accrued expenses	(1,471)
Accrued retirement	639
Accrued leave	3,586
Net cash provided by operating activities	109,151

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(4,550)
Net reinvestment in certificates of deposit	(9,822)
Purchases of marketable securities	(50,000)
Net reinvestment in marketable securities	(23,778)
Net cash used in investing activities	(88,150)

NET CHANGE IN CASH 21,001

CASH AT BEGINNING OF YEAR 356,825

CASH AT END OF YEAR \$ 377,826

NON-CASH TRANSACTIONS:

Additions to right-of-use assets obtained from operating lease liabilities	\$ 104,517
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization and Operations:

South Carolina Humanities Council, Inc. (the “Organization”) is an affiliate of the National Endowment for the Humanities (NEH), a federal agency created by Congress. The Organization is a South Carolina not-for-profit corporation that was organized to fund humanities programs in the State of South Carolina.

Date of Management’s Review:

Subsequent events were evaluated through January 15, 2025, which is the date the financial statements were available to be issued.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation:

The Organization’s activities and net assets are classified in the financial statements as net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. These classifications are described below:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and 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.

Assets are sequenced on the statement of financial position in general accordance with their nearness of conversion to cash. Liabilities are sequenced in general accordance with the nearness of their maturity and resulting use of cash. The statement of activities presents expenses by functional classification in accordance with the overall mission of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Financial Statement Presentation: (Continued)

Contributions and other support are considered to be available for unrestricted use unless specifically restricted by the donor. Support received that is designated for future periods or is restricted for specific purposes is reported as an increase in net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash Equivalents:

The Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of October 31, 2024.

Certificates of Deposit:

Certificates of deposit are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Purchases and sales of certificates of deposit are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Marketable Securities:

Marketable securities consist of mutual funds and are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis.

Risk and Uncertainties:

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit risks. The Organization regularly evaluates its investments including the performance thereof. However, due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition:

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain grants received may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings, and equipment are presented as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are placed in service.

Accounts Receivable:

The Organization maintains an allowance for credit losses to provide for the estimated lifetime expected losses on accounts receivable. The allowance is based on historical loss rates, adjusted for current conditions and reasonable and supportable future economic forecasts. These factors are used to develop loss rate estimates, which are then applied to the financial assets' amortized cost basis to determine the total expected credit loss. The Organization carries its accounts receivable at cost less the allowance for expected credit losses. Management monitors collectability of its receivables throughout the year. Evaluation occurs and adjustments made at October 31 each year. Management utilizes a loss rate method to develop expected loss estimates. This method considers the entire receivables balance, excluding related party, and applies a percentage to the entire portfolio.

Although, the Organization 's credit risk may still be influenced by various factors, including the economic conditions of the regions where it operates, the financial health of its contributors, and changes in laws and regulations. Management actively monitors these factors and adjusts its credit policies as necessary to mitigate the risk of credit losses.

As of October 31, 2024, management believes that recording a current allowance for credit losses is not necessary.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounts Receivable: (Continued)

However, future economic conditions and market factors may impact the level of credit losses and the allowance required. No significant changes were made to the Organization's percentage being applied under the loss-rate method.

Furniture and Equipment:

The Organization's policy is to capitalize furniture and equipment over \$1,000. Furniture and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation related to assets disposed of are removed from the accounts and the resulting gain or loss is included in the results of operation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Leases:

The Organization follows the guidance in FASB's ASU Update No. 2016-02, Leases (Topic 842). Initial measurement includes recognition of the right-of-use assets and related liabilities using present value calculations for discounted future cash flows at a determined discount rate. The right-of-use assets and related liabilities are being amortized over the leases' terms using the straight-line method. For more detail, see Note 10.

Income Taxes:

The Organization has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Organization has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are required. The Organization is not classified as a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes: (Continued)

Management has analyzed the tax positions taken by the Organization, and has concluded that as of October 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for fiscal years prior to 2021.

Use of Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Functional Expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses of the Organization include:

- Program service expenses include Organization conducted programs and events, grants and direct assistance to support the humanities, and Organization initiatives to increase public understanding and support of the humanities.
- Management and general expenses include the general, administrative and operation costs of the Organization.
- Fundraising expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Statement of Functional Expenses: (Continued)

The expenses that are allocated and the method of allocation include:

<u>Expense Type</u>	<u>Method of Allocation</u>
Salaries, benefits, payroll taxes	Time and effort
Professional fees	Direct costs to programs; remaining based on time and effort
Rent and utilities	Time and effort
Dues and subscriptions	Direct costs to programs; remaining to management and general
Travel	Direct costs to programs; remaining to management and general
Telephone and internet	Direct costs to programs and fundraising; remaining to management and general
Printing and publications	Direct costs to programs and fundraising; remaining to management and general
Depreciation	Direct costs to programs; remaining to management and general
Postage	Direct costs to programs and fundraising; remaining to management and general
Committee expense	Direct costs to programs; remaining to management and general
Office supplies	Direct costs to programs and fundraising; remaining to management and general
Insurance	Direct costs to management and general
Bank charges/miscellaneous	Direct cost to fundraising; remaining to management and general
Other	Direct cost to programs and fundraising; remaining to management and general

NOTE 2 – AVAILABILITY AND LIQUIDITY:

The following represents the Organization’s financial assets and liabilities at October 31, 2024:

Financial assets at year-end:	2024
Cash	\$ 377,826
Certificates of deposit	210,065
Marketable securities	764,163
Grants receivable	74,173
Pledges receivable	1,200
Total financial assets	<u>1,427,427</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	92,450
Less: net assets with purpose restrictions to be met in less than a year	<u>(11,140)</u>
	<u>(81,310)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,346,117</u>

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 2 – AVAILABILITY AND LIQUIDITY (CONTINUED):

The Organization’s liquidity plan is structured so that its financial assets are available for its general expenditures, liabilities and other obligations as they become due. The Organization invests excess cash in short-term and long-term investments and has the ability to access these funds and redeem certain investments as necessary to meet its obligations.

In addition, the Organization has a Reserve Policy designed to provide financial stability and cash flow to support the mission and essential function of the Organization. The principle reserve need of the Organization is to maintain sufficient liquid reserves to assure fulfillment of its obligations and maintain essential operational functions in the event of a decline in operating income. The Organization’s Reserve Policy sets the minimum threshold of reserves, at any point in time, to equal six months of operating costs plus the funding needed to payoff of all regrant obligations. As of October 31, 2024, this amount is equal to approximately \$688,000. Currently, the reserves of the Organization consist of net assets without donor or Board restrictions that are readily convertible to cash and include money market accounts, certificate of deposit account, and short term and long-term investments.

Periodically, the Finance Committee of the Board of Directors reviews the reserve balance to determine compliance with the policy. The Finance Committee reports its findings to the Board of Directors. If adjustments are needed to transfer funds in order to maintain the minimum reserve balance, the Finance Committee presents its recommendations to the Board of Directors for review and approval. A majority vote of the Board of Directors is required to authorize any transfer of funds.

Reserve funds are to be used only in the event that the Organization is unable to meet its operational financial obligations using income from operations. In the event that reserve funds are needed to meet financial obligations, the Finance Committee reports the circumstances and its recommendations to the Board of Directors for their review and approval. Reserve funds should not be used for expenses that are nonessential to operations.

NOTE 3 – CONCENTRATION OF CREDIT RISK:

At October 31, 2024, the Organization had no cash deposits in excess of federally insured limits.

The Organization receives a substantial amount of its support from the NEH. For the year ended October 31, 2024, such support totaled \$1,153,857 or 80% of total revenues and support.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 4 – GRANTS RECEIVABLE

Grants receivable is made up of the following as of October 31, 2024:

NEH United We Stand funding	\$ 5,004
NEH State Humanities Program funding	61,723
NEH National History Day funding	<u>7,446</u>
Grants receivable	<u>\$ 74,173</u>

NOTE 5 – INVESTMENTS:

Investment return, net is made up of the following as of October 31, 2024:

Interest and dividend income	\$ 39,834
Realized and unrealized gains/(losses)	<u>125,121</u>
Investment return, net	<u>\$ 164,955</u>

NOTE 6 – FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB ASC are described below.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan 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 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.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED):

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used 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. There have been no changes in the methodologies used at October 31, 2024. Certificates of deposit are valued at cost plus accrued interest. The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s financial assets as of October 31, 2024 that are measured at fair value on a recurring basis:

	Fair Value Measurements Using Input Type			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 210,065	\$ -	\$ 210,065	\$ -
Exchange traded funds	74,701	74,701	-	-
Mutual funds	685,638	685,638	-	-
Money market reserves	3,824	3,824	-	-
Total	\$ 974,228	\$ 764,163	\$ 210,065	\$ -

NOTE 7 – PENSION PLAN:

The Organization has a simplified employee pension plan (SEP) which covers all applicable employees who have completed one year of service. During the year ended October 31, 2024, the Organization’s contribution rate was 7% of the participant’s salary to the plan. Retirement expense for the year ended October 31, 2024 amounted to \$16,774.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS:

Changes in net assets with donor restrictions were as follows:

	Balance <u>10/31/23</u>	<u>Revenues</u>	Net Assets Released from <u>Restrictions</u>	Balance <u>10/31/24</u>
NEH Programs	\$ -	\$ 1,153,857	\$ (1,153,857)	\$ -
Book Festival	54,040	-	(54,040)	-
South Carolina Encyclopedia	81,310	-	-	81,310
Self Family Foundation Spark Grant	-	12,500	(12,500)	-
Smithsonian Spark Grant	-	10,000	-	10,000
Non-NEH National History Day	1,581	4,691	(6,272)	-
Non-NEH United We Stand	963	9,496	(10,459)	-
SCAC – Fast Track Literacy Grant	-	10,265	(9,125)	1,140
	<u>\$ 137,894</u>	<u>\$ 1,200,809</u>	<u>\$ (1,246,253)</u>	<u>\$ 92,450</u>

NOTE 9 – CONTINGENCIES AND ECONOMIC DEPENDENCY:

The various federal programs administered by the Organization are subject to examination by federal grantor agencies. Expenditures of federal funds by the Organization may be disallowed by federal grantor agencies. The funds would then have to be returned to the sponsoring federal agency. Payments to subrecipients, if any, which may be disallowed, would be recoverable from the subrecipient. At the present time, the Organization has not been notified of the need to return federal funds and has not determined amounts which may be due to federal grantors if so notified.

The Organization depends heavily on the support it receives from the NEH. The continuation of support from the NEH is dependent on future appropriations from the federal budget. The Organization’s ability to continue its programs is significantly contingent upon continuation of this support.

NOTE 10 – LEASE COMMITMENTS:

The Organization leased its office space under an operating lease expiring in March 2024. In April 2024, the Organization entered into an amendment to extend the lease through March 2027. The Organization recorded a right-of-use asset and lease liability of \$107,662 during the year ended October 31, 2024 using the risk-free rate at the date of the amendment. As of October 31, 2024, the right-of-use asset has been amortized to \$87,845. The corresponding lease liability has been paid down to \$88,178. Operating lease expense of \$38,005 has been recognized related to this lease during the year ended October 31, 2024.

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 10 – LEASE COMMITMENTS (CONTINUED):

The Organization leases a copier under an operating lease expiring in July 2025. The right-of-use asset and lease liability of \$5,188 was determined using the risk free rate at the time of adoption of the lease standard. As of October 31, 2024, the right-of-use asset has been amortized to \$1,479. The corresponding lease liability has been paid down to \$1,479. Operating lease expense of \$2,009 has been recognized related to this lease during the year ended October 31, 2024.

Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 36,603
ROU assets obtained in exchange for new operating lease liabilities	104,517
Weighted-average remaining lease term in years for operating leases	2.39
Weighted-average discount rate for operating leases	4.51%

Maturities of the leases are as follows:

Year ended October 31, 2025	\$ 39,579
Year ended October 31, 2026	38,643
Year ended October 31, 2027	<u>16,201</u>
Total Undiscounted Cash Flows	94,423
Less: Present Value Discount	<u>(4,766)</u>
Total Lease Liabilities	<u>\$ 89,657</u>

NOTE 11 – EXPENDED AND AUTHORIZED NEH GRANT FUNDS:

The Organization receives various grant awards under the NEH State Humanities Program.

Every three years, a new operations grant is awarded. Currently, there is one General Operations grants that has been awarded with a period of performance that falls within the fiscal year ending October 31, 2024.

In addition, supplemental NEH grants are awarded periodically as needed. For the year ended October 31, 2024, there were two supplemental NEH grants that included United We Stand and National History Day.

The periods of performance for all NEH grant awards vary and are provided in the schedule below that summarizes the cumulative activity related to the various funding awards. NEH general support grant awards incorporate donor-imposed conditions concerning the use of the funds. Therefore, the Organization only recognizes NEH grant revenue when the conditions of the grant are met (i.e. as allowable expenditures are incurred).

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024

NOTE 11 – EXPENDED AND AUTHORIZED NEH GRANT FUNDS (CONTINUED):

The table below presents the cumulative conditional grant awards for each of the current NEH grant awards as compared to the allowable expenditures made to date. The net amount of these two figures titled "Unspent Grant Awards" represents the amount of NEH grant award funding that has been authorized (i.e. promised) but not expended (i.e. conditions not met) by the Organization as of the end of the fiscal year October 31, 2024.

In addition, the last line of the schedule below provides the expenditure of federal funds by grant award for the fiscal year ended October 31, 2024 as reported on the Schedule of Expenditure of Federal Awards.

	Grant Awards from Inception of Performance Period Through Fiscal Year Ended October 31, 2024			
	General Operations SO-282962-22 (11/1/21 – 10/31/26)	National History Day Supplemental Funding under SSO-296685-23 (9/1/23 – 2/28/25)	United We Stand Supplemental Funding under SSO-296452-23 (9/1/23 – 10/31/24)	Total
Cumulative Conditional Grants Awarded through October 31, 2024	\$ 3,145,730	\$ 20,000	\$ 50,779	\$ 3,216,509
Cumulative Allowable Federal Expenditures of Grants as Certified on Federal Financial Report for reporting period ended October 31, 2024	1,905,140	-	49,480	1,954,620
Unspent Grant Award as of October 31, 2024	\$ 1,240,590	\$ 20,000	\$ 1,299	\$ 1,261,889
	Expenditure of Federal Awards for the Fiscal Year Ended October 31, 2024			
Grant Awards Expended During the fiscal year ended October 31, 2024	\$ 1,102,692	\$ 7,446	\$ 43,719	\$ 1,153,857

SUPPLEMENTARY INFORMATION

**SOUTH CAROLINA HUMANITIES COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED OCTOBER 31, 2024**

<u>Federal Grantor/ Pass-Through Grantor Program of Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES:			
Promotion of the Humanities: Federal/State Partnership	45.129	\$ 358,483	\$ 1,102,692
United We Stand Supplements - Promotion of the Humanities: Federal/State Partnerships	45.129	-	43,719
National History Day Supplements - Promotion of the Humanities: Federal/State Partnerships	45.129	-	<u>7,446</u>
Total		<u>\$ 358,483</u>	<u>\$ 1,153,857</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SOUTH CAROLINA HUMANITIES COUNCIL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED OCTOBER 31, 2024

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of South Carolina Humanities Council, Inc., under programs of the federal government for the year ended October 31, 2024. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of South Carolina Humanities Council, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Carolina Humanities Council, Inc.

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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – SUBRECIPIENTS:

Of the federal expenditures presented in the Schedule, South Carolina Humanities Council, Inc. provided a total of \$358,483 in federal awards to subrecipients from its State Humanities Program award (Federal Assistance Listing #45.129).

NOTE 4 – INDIRECT COST RATE:

South Carolina Humanities Council, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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 of
South Carolina Humanities Council, Inc.

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 South Carolina Humanities Council, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of October 31, 2024, 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 January 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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.

Burkett Burkett & Burkett

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
January 15, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

To the Board of Directors of
South Carolina Humanities Council, Inc.

Report on Compliance for *Promotion of the Humanities: Federal/State Partnership*

Opinion on Promotion of the Humanities: Federal/State Partnership

We have audited South Carolina Humanities Council, Inc. (the "Organization")'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 *Promotion of the Humanities: Federal/State Partnership* for the year ended October 31, 2024. The Organization's major federal program is also identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *Promotion of the Humanities: Federal/State Partnership* for the year ended October 31, 2024.

Basis for Opinion on Promotion of the Humanities: Federal/State Partnership

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 Organization 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 *Promotion of the Humanities: Federal/State Partnership*. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

(Continued next page)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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.

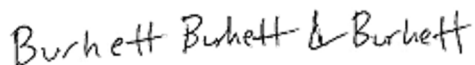
Report on Internal Control over Compliance

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.



BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
January 15, 2025

**SOUTH CAROLINA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2024**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
Major program:	

Federal Assistance Listing:

45.129 National Endowment for the Humanities -
State Humanities Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Part II FINDINGS - FINANCIAL STATEMENT AUDIT

None

Part III FINDINGS AND QUESTIONED COSTS - MAJOR AWARDS PROGRAMS AUDIT

None

**SOUTH CAROLINA HUMANITIES COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2024**

There were no findings or questioned costs reported in the prior year.