South Carolina Research Authority

Financial Statements and Required Supplementary Information
Year Ended June 30, 2024

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South Carolina Research Authority

Contents

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Independent Auditor's Report

The Board of Trustees
South Carolina Research Authority
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of South Carolina Research Authority ("SCRA"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SCRA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of SCRA, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting policies 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 ("GAAS"). 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 SCRA 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the discretely presented component unit has elected to change its method of accounting retroactively for certain mission-based transactions involving equity instruments and debt instruments to the cost method and amortized cost method, respectively, before the beginning of the year ended June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies 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 SCRA'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.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 SCRA'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 SCRA'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 policies generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net other postemployment benefits liability and related ratios, the schedule of contributions to other postemployment benefits plan, and schedule of investment returns 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.

BDO USA, P.C.

September 26, 2024

This section of SCRA's financial statements presents management's discussion and analysis of SCRA's financial position and activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the accompanying financial statements and notes, which follow this section.

Financial Summary

SCRA relies on rents, contributions to the Industry Partnership Fund ("IPF") (capped at $12 million on a calendar year basis), and income from reserves and contract revenue for funding. In fiscal year 2024, revenues generated from all sources were expended on grants consistent with SCRA's mission and on the infrastructure of talent, facilities and related expenses required to execute its mission. For fiscal 2024, SCRA had an operating loss of approximately $1,337,000 and net non-operating income of approximately $2,029,000, resulting in an overall increase in net position of approximately $692,000, or 1.0%. Net investment in capital assets increased approximately $1,912,000 or 9.1%, while unrestricted net assets decreased approximately $2,740,000 or 6.1%. Restricted net assets increased approximately $1,520,000 or 130.7%. SCRA annual operating revenues, total revenues, change in net position and change in unrestricted net assets for the last two fiscal years are summarized below:

Fiscal Year 2024

- Operating revenues of approximately $15.4 million
- Total revenues of approximately $17.7 million
- Net position increased by 1.0%
- Unrestricted net assets decreased 6.1%

Overview of the Financial Statements

SCRA uses accounting methods like those used by private sector companies and presents basic financial statements annually. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. These statements offer short-term and long-term financial information about its activities.

The statement of net position includes all SCRA's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to SCRA's creditors (liabilities). The statement of net position is presented in a classified format, which distinguishes between current and long-term assets and liabilities. The statement of net position also provides the basis for computing rates of return, evaluating the capital structure of SCRA, and assessing the liquidity and financial flexibility of SCRA.

The statement of revenues, expenses and changes in fund net position accounts for the year's revenues and expenses on the accrual basis and measures the performance of SCRA's operations over the past year. The final basic financial statement is the statement of cash flows. The primary purpose of the statement of cash flows is to provide information about SCRA's cash receipts and cash payments during the year. The statement of cash flows reports changes in cash resulting from operating, investing, capital and related financing, and non-capital financing activities as well as information concerning sources and uses of cash.

The accompanying discretely presented financial statements of SC Launch, Inc. ("SC Launch") includes the financial information of its blended component unit State 2 Capital Associates, LLC.

The following is a summary of SCRA's financial position and results of operations as of and for the year ended June 30, 2024.

Financial Analysis for Fiscal Year 2024 Compared to Fiscal Year 2023

Table A-1:
Condensed Statements of Net Position of SCRA
(In thousands)

June 30,	**2024**	2023	**Increase (Decrease)**
Current assets	**$ 18,918**	$ 11,075	**$ 7,843**
Other long-term assets	**42,131**	52,990	**(10,859)**
Capital assets, net	**39,318**	37,103	**2,215**
Total assets	**100,367**	101,168	**(801)**
Deferred outflow of resources	**165**	291	**(126)**
Total assets and deferred outflows of resources	**$ 100,532**	$ 101,459	**$ (927)**
Current liabilities	**$ 3,009**	$ 2,356	**$ 653**
Long-term liabilities	**14,806**	14,873	**(67)**
Total liabilities	**17,815**	17,229	**586**
Deferred inflow of resources	**14,942**	17,147	**(2.205)**
Net position			
Net investment in capital assets	**22,867**	20,955	**1,912**
Unrestricted	**42,225**	44,965	**(2,740)**
Restricted	**2,683**	1,163	**1,520**
Total net position	**67,775**	67,083	**692**
Total liabilities, defer inflows of resources and net position	**$ 100,532**	$ 101,459	**$ (927)**

Current assets increased primarily due to investment duration of marketable securities shifting from long-term to short-term. Net investment in capital assets increased due to the addition of Greenville ONE Main. Unrestricted net assets decreased approximately $2,740,000 due to timing differences in the collection of IPF receivables. Restricted net assets increased approximately $1,520,000 due to the timing of the collection of IPF receivables.

Table A-2:
Condensed Statements of Revenues, Expenses and Changes in Fund Net Position of SCRA (In thousands)

Year ended June 30,	**2024**	2023	**Increase (Decrease)**
Operating revenues	**$ 15,396**	$ 14,751	**$ 645**
Operating expenses:			
Salaries, wages and other related costs	**5,975**	5,614	**361**
Other expenses	**10,758**	9,873	**885**
Total operating expenses	**16,733**	15,487	**1,246**
Operating loss	**(1,337)**	(736)	**(601)**
Non-operating income (loss)	**2,029**	(502)	**2,531**
Change in net position	**692**	(1,238)	**1,930**
Net position, beginning of year	**67,083**	68,321	**(1,238)**
Net position, end of year	**$ 67,775**	$ 67,083	**$ 692**

Operating revenues increased by approximately $645,000 due primarily to the increase in the Industry Partnership Fund receivable. Non-operating income included interest income on marketable investments of approximately $1,098,000, net realized losses from marketable investments of approximately $12,000, net unrealized gains on marketable investments of approximately $691,000, interest income on leases of approximately $502,000 and contributions to SC Launch, Inc. of $250,000.

Table A-3:
Capital Assets
(In thousands)

June 30,	**2024**	2023
Land and land development costs	**$ 6,688**	$ 6,688
Construction in progress	**389**	456
Buildings	**36,071**	36,020
Leasehold improvements, furniture, fixtures & office equipment	**14,214**	11,298
Right to use assets	**8,998**	7,176
Total capital assets	**66,360**	61,638
Accumulated depreciation and amortization	**(27,043)**	(24,535)
Capital assets, net	**$ 39,317**	$ 37,103

SCRA had approximately $2,900,000 in capital expenditures ("capex") during fiscal 2024, compared to approximately $730,000 in fiscal 2023 due primarily to the addition of the offices at Greenville ONE Main. Depreciation and amortization was approximately $2,525,000 and $2,663,000 for fiscal 2024 and fiscal 2023, respectively.

Capital assets on June 30, 2024 include the Applied Technologies Center ("ATC") in Summerville, SC, the SCRA MUSC Innovation Center at Charleston, the SCRA USC Innovation Center at Columbia, the SCRA Building in the SCRA Innovation Center at Anderson, Greenville ONE Main in Greenville, leasehold improvements at 22 West Edge in Charleston, and right to use assets.

For more detail information regarding SCRA's capital assets, please refer to the notes to the financial statements.

Debt

SCRA's financial statements reflect approximately $10.1 million in notes payable as of June 30, 2024. The proceeds from the notes payable were used to finance SCRA's Innovation Centers and the Applied Technology Center. During the year ended June 30, 2024, there were no new proceeds from notes payable. Principal payments consisted of approximately $0.8 million during the year ended June 30, 2024.

For more detail information regarding SCRA's debt, please refer to the notes to the financial statements.

SC Launch, Inc.

Pursuant to a 2005 amendment to SCRA's enabling legislation, SCRA established SC Launch, Inc. ("SC Launch"), as an affiliated organization. SC Launch is a private nonprofit entity not controlled by SCRA, although SCRA has minority board participation through four appointees to the nine member SC Launch board. SC Launch's bylaws indicate that it is a corporation organized and operated to promote and support activities which are solely for the benefit of, to perform functions of, or to carry out the purposes of SCRA. SC Launch commenced operations during fiscal year 2006.

Effective July 1, 2023, the SC Launch elected to change its method for accounting mission-based equity and debt interests to the cost method and amortized cost method, respectively. In all prior years, these amounts were recognized in accordance with GASB Codification N50, *Nonexchange Transactions*. The change in accounting principles recognizes SC Launch's mission-based equity and debt interests and increases the understandability of the financial statements in the context of SC Launch's mission as well as its primary objective of entering into agreements with qualifying companies to comply with SCRA's enabling legislation to provide funds in furtherance of economic development in the State of South Carolina.

The following is a summary of SC Launch's financial position and results of operations as of and for the years ended June 30, 2024 and 2023.

Table A-4
Condensed Statements of Net Position of SC Launch
(In thousands)

June 30,	**2024**	2023 (As Restated)	**Increase (Decrease)**
Current assets	**$ 2,839**	$ 1,873	**$ 966**
Non-current assets	**34,275**	35,872	**(1,597)**
Total assets	**$ 37,114**	$ 37,745	**$ (631)**
Current liabilities	**$ -**	$ -	**$ -**
Net position	**37,114**	37,745	**(631)**
Total liabilities and net position	**$ 37,114**	$ 37,745	**$ (631)**

Current assets on June 30, 2024 consisted of cash, accounts receivable, prepaid expenses and short-term marketable investments. Current assets increased by approximately $966,000 primarily due to the maturity date of certain marketable investments shifting from long-term to short-term during the year ended June 30, 2024. Non-current assets decreased by approximately $1,597,000 during the year ended June 30, 2024 primarily due to marketable investments either maturing or shifting from long-term to short-term duration resulting in a decrease to long-term marketable investments of approximately $1,597,000.

Table A-5
Condensed Statements of Revenues, Expenses and Changes in Fund Net Position of SC Launch
(In thousands)

Year ended June 30,	**2024**	2023 (As Restated)	**Increase (Decrease)**
Operating revenues	**$ 712**	$ 1,878	**$ (1,166)**
Operating expenses	**2,084**	112	**1,972**
Operating (loss) income	**(1,372)**	1,766	**(3,138)**
Interest income and net realized gains from marketable investments	**328**	264	**64**
Net unrealized gains (losses) on marketable investments	**121**	(229)	**350**
Other income from mission-based portfolio companies	**42**	11	**31**
Contributions from SCRA	**250**	500	**(250)**
Change in fund net position	**(631)**	2,312	**(2,943)**
Net position, beginning of year	**37,745**	35,433	**2,312**
Net position, end of year	**$ 37,114**	$ 37,745	**$ (631)**

Fiscal year 2024 operating revenues decreased by approximately $1,166,000 from fiscal year 2023 primarily due to a successful exit distribution from one mission-based portfolio company in fiscal 2023 which did not recur in fiscal 2024. Fiscal year 2024 operating expenses increased by approximately $1,972,000 from fiscal year 2023 primarily due to losses related to mission-based portfolio companies of approximately $1,960,000 which consisted of write offs and a provision for loan and note losses on mission-based notes receivable during fiscal 2024. Total interest income, net realized (losses) gains and net unrealized (losses) gains increased by approximately $414,000 from fiscal year 2023 to 2024 primarily due to more favorable market conditions. Additionally, contributions from SCRA decreased by approximately $250,000 from fiscal year 2023 to 2024.

Future Outlook

The Board of Trustees and management are optimistic about the future of SCRA. SCRA's current financial position is expected to provide the organization resources for grants in the case of SCRA and investments in the case of SC Launch that have the potential to have a significant positive economic impact on South Carolina.

Currently Known Facts, Decisions and Conditions

SCRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; injuries to employees; and natural disasters. None of these risks pose a present danger to the future of SCRA.

Requests for Information

This financial report is designed to provide a general overview for all those with an interest in SCRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to SCRA at the following address:

SCRA
Attn: Director of Finance and Administration
1000 Catawba Street
Columbia, SC 29201

Additionally, refer to the separately issued financial statements of SC Launch for supplemental financial information of SC Launch as of and for the year ended June 30, 2024 and 2023. Questions concerning any of the SC Launch information provided in this report or requests for additional SC Launch information should be directed to SC Launch at the following address:

SC Launch, Inc.
Attn: Treasurer
1000 Catawba Street
Columbia, SC 29201

Financial Statements

SCRA

Statement of Net Position

June 30,	2024	
	SCRA	SC Launch, Inc. Component Unit
Assets and Deferred Outflows of Resources		
Current Assets		
Cash, unrestricted	$ 1,469,153	$ 79,958
Accounts receivable, net	404,619	316,702
Industry Partnership Fund contributions receivable	2,682,510	-
Prepaid expenses	323,482	16,000
Short-term marketable investments, at fair value	9,649,504	2,426,679
Current portion of lease receivable	4,388,404	-
Total Current Assets	18,917,672	2,839,339
Noncurrent Assets		
Long-term marketable investments, at fair value	30,561,198	5,080,033
Mission-based notes receivable, net	-	7,381,015
Mission-based interests in portfolio companies	-	21,813,373
Lease receivable, net of current portion	11,569,768	-
Capital assets, not being depreciated or amortized	7,077,458	-
Capital assets, net of accumulated depreciation and amortization	32,240,031	-
Total Noncurrent Assets	81,448,455	34,274,421
Total Assets	100,366,127	37,113,760
Deferred Outflows of Resources		
Amounts related to other postemployment benefits	165,382	-
Total Deferred Outflows of Resources	165,382	-
Total Assets and Deferred Outflows of Resources	$ 100,531,509	$ 37,113,760
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts payable	$ 488,277	$ -
Accrued expenses	439,323	-
Unearned revenue	410,272	-
Current portion of lease liability	824,814	-
Current portion of notes payable	845,800	-
Total Current Liabilities	3,008,486	-
Noncurrent Liabilities		
Lease liability, less current portion	5,570,172	-
Notes payable, less current portion	9,209,666	-
Net other postemployment benefits liability	26,231	-
Total Noncurrent Liabilities	14,806,069	-
Total Liabilities	17,814,555	-
Deferred Inflows of Resources		
Amounts related to leases	14,689,127	-
Amounts related to other postemployment benefits	252,889	-
Total Deferred Inflows of Resources	14,942,016	-
Total Liabilities and Deferred Inflows of Resources	$ 32,756,571	$ -
Net Position		
Net investment in capital assets	22,867,037	-
Unrestricted	42,225,391	-
Restricted - Industry Partnership Fund	2,682,510	-
Restricted - Other	-	37,113,760
Total Net Position	$ 67,774,938	$ 37,113,760

See accompanying notes to financial statements.

SCRA

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30,	2024	
	SCRA	SC Launch, Inc. Component Unit
Operating Revenues		
Contract revenues	$ 1,181,959	$ -
Rental revenues	4,877,652	-
Contributions received	9,215,516	-
Interest income from mission-based notes receivable	-	711,881
Other revenues	120,940	-
Total Operating Revenues	15,396,067	711,881
Operating Expenses		
Salaries, wages and other related costs	5,974,873	-
Professional services	1,291,318	71,256
Facility and research park operating costs	1,884,288	-
Rents and leases	270,835	-
Business meetings	231,906	16,779
General and administrative	960,836	29,822
Interest	308,155	-
Depreciation and amortization	2,534,500	-
Grants	3,276,749	-
Losses and distributions related to mission-based portfolio companies	-	1,965,848
Total Operating Expenses	16,733,460	2,083,705
Operating Loss	(1,337,393)	(1,371,824)
Non-operating Revenues (Expenses)		
Interest income on marktable investments, net of fees	1,098,265	342,912
Net realized losses from marketable investments	(12,488)	(16,137)
Net unrealized gains on marketable investments	691,102	121,202
Other income from mission-based portfolio companies	-	42,410
Interest income from leases	502,177	-
Contributions to SC Launch, Inc.	(250,000)	250,000
Net Non-operating Revenues	2,029,056	740,387
Change in Net Position	691,663	(631,437)
Net Position, beginning of year (as previously reported)	67,083,275	13,860,401
Cumulative effect of change in accounting principles	-	23,884,796
Net Position, beginning of year (as restated)	67,083,275	37,745,197
Net Position, end of year	$ 67,774,938	$ 37,113,760

See accompanying notes to financial statements.

SCRA

Statement of Cash Flows

Year ended June 30,	2024	
	SCRA	SC Launch, Inc. Component Unit
Operating Activities		
Cash received from customers	$ 1,193,105	$ -
Cash received from tenants	7,051,925	-
Contributions received	7,695,642	-
Cash distributions and interest received from mission-based portfolio companies	-	957,429
Grants made	(3,276,749)	-
Cash paid to employees, suppliers and other expenses	(11,356,817)	(133,857)
Cash disbursed to mission-based portfolio compaines	-	(2,199,999)
Net cash provided by (used in) operating activities	1,307,106	(1,376,427)
Investing Activities		
Interest income from marketable investments	1,116,283	342,912
Proceeds from the sale and maturity of investments, net	9,953,178	1,508,483
Purchases of marketable investments	(8,358,009)	(300,255)
Net cash provided by investing activities	2,711,452	1,551,140
Capital and Related Financing Activities		
Principal payments on notes	(821,752)	-
Purchases of capital assets, net	(4,748,812)	-
Net cash used in capital and related financing activities	(5,570,564)	-
Non-Capital Financing Activities		
Other changes to mission-based interests	-	(524,471)
Contributions made to SC Launch	(250,000)	250,000
Net cash used in non-capital financing activities	(250,000)	(274,471)
Decrease in Cash	(1,802,006)	(99,758)
Cash, beginning of year	3,271,159	179,716
Cash, end of year	$ 1,469,153	$ 79,958
Reconciliation of Operating Deficit to Net Cash Provided by Operating Activities		
Operating Loss	$ (1,337,393)	$ (1,371,824)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Depreciation and amortization	2,534,500	-
Amortization and other changes to other postemployment Benefits	21,156	-
Changes in operating assets and liabilities:		
Accounts receivable	(109,794)	11,397
Lease receivable	1,542,237	-
Prepaid expenses and other long-term assets	(284,564)	(16,000)
Industry Partnership Fund contributions receivable	(1,519,873)	-
Accounts payable	432,512	-
Accrued expenses	48,354	-
Unearned revenue	(20,029)	-
Net Cash Provided by (Used in) Operating Activities	$ 1,307,106	$ (1,376,427)

See accompanying notes to financial statements.

SCRA

Statement of Fiduciary Net Position

June 30,	2024
	OPEB Trust Fund
Assets	
Interest receivable	$ 4,666
Marketable investments:	
Money market	20,040
Government bonds	2,056,745
Total Assets	**$ 2,081,451**
Liabilities	
Benefit payable	$ 18,080
Total Liabilities	**18,080**
Fiduciary Net Position	
Restricted for postemployment benefits other than pensions	2,063,371
Total Fiduciary Net Position	**$ 2,063,371**

See accompanying notes to financial statements.

SCRA

Statement of Changes in Fiduciary Net Position

Year ended June 30,	2024 OPEB Trust Fund
Additions	
Contributions	
Employer	$ 71,708
Total Contributions	**71,708**
Investment loss	
Interest income and unrealized loss on investments, net	87,700
Net Investment Loss Before Investment Expense	**87,700**
Less investment expense	(1,663)
Net Investment Loss	**86,037**
Total Additions	**157,745**
Deductions	
Benefit payments	(89,788)
Total Deductions	**(89,788)**
Net Increase in Fiduciary Net Position	**67,957**
Fiduciary Net Position, beginning of year	1,995,414
Fiduciary Net Position, end of year	**$ 2,063,371**

See accompanying notes to financial statements.

1. Description of Activities and Significant Accounting Policies

SCRA is a South Carolina public nonprofit corporation that was established on April 29, 1983 by an act of the South Carolina General Assembly (enabling legislation). SCRA is governed by an Executive Committee of the Board of Trustees composed of nine members, supported by a Board of Trustees composed of 24 members, including the Executive Committee.

SCRA is presently engaged in four principal activities: providing grants to support a statewide system of research and commercialization of technology-based innovations; managing technology centers around the state that support innovation while producing revenue for SCRA; raising contributions to the Industry Partnership Fund ("IPF"); and providing funding to SC Launch, Inc. ("SC Launch") to make mission-based distributions to qualified start-up technology-based firms.

Pursuant to a 2005 amendment to SCRA's enabling legislation (the 2005 amendment), SCRA established SC Launch as an affiliated organization. SC Launch is a private nonprofit entity not controlled by SCRA, although SCRA has minority board participation through four appointees to the nine member SC Launch board. SC Launch's bylaws provide for three board member appointments to be made individually by (1) the Clemson University Research Foundation, (2) the Medical University of South Carolina Foundation for Research Development, and (3) the South Carolina Research Foundation (the "state's three research university foundations"). In addition, the state's three research university foundations elect an eighth and ninth member to the board of directors. Accordingly, SCRA appoints a minority of the board members.

In 2006, the South Carolina legislature passed legislation ("Industry Partners Amendment") which further amended SCRA's enabling legislation and allows SCRA to provide certification to individual taxpayers who make qualified contributions to the IPF. Contributors can use the certification to claim a dollar-for-dollar South Carolina state tax credit in the year of the contribution. In 2024, legislation was enacted to increase the overall annual cap to $12 million. Previous legislation increased the individual limit to $500,000 with a maximum of $1,000,000 should the overall annual cap not be reached in the first 60 days of the calendar year.

In accordance with a funding agreement between SCRA and SC Launch, SCRA provides services and may provide supplemental funding as required by SC Launch for its ongoing operations.

Under governmental accounting standards, a component unit is a legally separate organization for which the nature and significance of its relationship with a primary government unit is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. SC Launch is a component unit of SCRA. SCRA is a primary government unit for financial reporting purposes because it has a separate governing board of directors, is legally separate, and is fiscally independent of any other state or local government. SC Launch is considered to be a component unit of SCRA because it is fiscally dependent on SCRA, and its bylaws indicate that it shall operate exclusively and solely for the benefit of SCRA. SC Launch historically has received significant funding from SCRA.

Basis of Accounting

SCRA and SC Launch account for their activity in accordance with proprietary enterprise fund accounting guidelines. SC Launch is considered a discretely presented component unit of SCRA under Governmental Accounting Standards Board ("GASB") guidelines. The accompanying financial statements of SCRA and SC Launch are reported using the economic resources measurement focus and the accrual basis of accounting.

The financial statements of the OPEB Trust Fund have been prepared on the accrual basis of accounting. The OPEB Trust Fund does not issue separate financial statements.

Marketable Investment Risks and Policies

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

SCRA is subject to State of South Carolina legislation that places restrictions on the types of investments it may hold. SCRA abides by and complies with an investment policy statement (the "SCRA IPS") and may invest in obligations issued by the federal government or agencies of the federal government, general obligations of the state of South Carolina, investment grade corporate bonds (effective in 2022 because of recently enacted legislation) and certificates of deposit issued by financial institutions that are authorized to do business in the state of South Carolina.

SC Launch is not restricted legislatively in the types of investments it may hold. With respect to its marketable investments portfolio, SC Launch abides by and complies with an Investment Policy Statement ("SC Launch IPS") that allows for investments in government bonds, corporate debt and preferred equities. Only investment grade investments are allowed per the SC Launch IPS. Its credit risk policies are primarily informal and exposure is managed by following the credit quality ratings as issued by Standard & Poor's for marketable investments.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an organization will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The custodial credit risk policies are primarily informal and exposure is managed by holding money market, mutual funds, U.S. Treasury bonds, equity securities and other such investments in SCRA's and SC Launch's name.

Concentrations of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by an organization's investment in a single issuer.

SCRA's statutory language limits its exposure to concentrations of credit risk. In 2022, legislation signed into law permitted SCRA to invest in investment grade corporate bonds or bond funds. As of June 30, 2024, such investments accounted for 16.7% of SCRA's marketable investment portfolio.

Note 2 to the accompanying financial statements describes the types of investments held by SCRA as of June 30, 2024.

SC Launch's exposure to concentrations of credit risk consists of investments in money market funds, investments in corporate bonds and preferred stock holdings in domestic companies through direct investment and by purchasing corporate bond and preferred stock Exchange Traded Funds ("ETFs"). SC Launch manages its concentration of credit risk by limiting holdings from any one entity, other than the government, to less than 7% of the total cash and marketable investment portfolio. That limit was approximately $531,000 based upon the June 30, 2024 cash and marketable investment portfolio totals.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The interest rate risk policies are informal and exposure to declines in fair values is primarily managed by limiting the maximum maturity length of investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There are no investments denominated in foreign currencies and thus there is no foreign currency risk.

Other Risk Management

SCRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; injuries to employees; and natural disasters. SCRA carries commercial insurance for these risks of loss, including but not limited to employment practices, cyber and general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

Use of Estimates

The preparation of financial statements in conformity with accounting policies generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates.

Cash

SCRA and SC Launch consider all funds held in non-interest-bearing checking accounts to be cash.

Restricted Cash

Restricted cash includes deposits made for IPF contributions which have not yet been expended on the execution of the SC Launch program. No restricted cash balances were held by SCRA or SC Launch on June 30, 2024.

Accounts Receivable and Lease Receivables

SCRA's receivables result primarily from tenant leases, pass-through contracts and accrued interest on marketable investments. SCRA provides credit to customers in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition but does not require collateral to support such receivables. Receivable balances are considered past due based on contractual terms. SCRA does not accrue interest on the past due balances. Once management determines that the receivables are not recoverable, the amounts are removed from the financial records along with any corresponding revenue.

Marketable Investments

Short-term marketable investments consist of money-market, mutual funds, short-term fixed income investments, and equity securities. Money market funds, mutual funds and equities do not have stated maturity dates. Short-term fixed income investments have a maturity date of one year or less and are widely traded on recognized exchanges.

Long-term markable investments consisted of the long-term portion of fixed income investments.

Mission-Based Notes Receivable

SC Launch's mission-based notes receivable consists of a variety of notes, including loans receivable, promissory notes receivable, and convertible notes receivable. The convertible notes receivable include rights to convert the amounts to equity interests of the respective mission-based portfolio company should certain events occur. Given the mission-based nature of these notes receivable, in which the portfolio companies pay when they are able to, SC Launch does not expect to receive any significant amounts within a year of each year end presented. Similarly, all interest earned but not collected is rolled back into the outstanding principal balance of the notes receivable. Mission-based notes receivable are carried at amortized cost, net of allowance for note and loan losses. The allowance for note and loan losses is based on periodic evaluation of the mission-based notes receivable portfolio.

Capital Assets

Land and Land Development Costs – Land is carried at the lower of cost or net realizable value. Land contributed to SCRA by the state of South Carolina was valued at net realizable value at the time the contribution was made based on appraisals obtained by SCRA. Costs incurred by SCRA related to planning and constructing the infrastructure of the research parks are capitalized as a cost of development.

SCRA MUSC Innovation Center at Charleston – During 2010, SCRA completed construction/renovation of this facility. These assets are carried at cost, net of accumulated depreciation, as leasehold improvements. Depreciation is expensed using the straight-line method over estimated useful lives, which range from 5 to 30 years.

SCRA USC Innovation Center at Columbia – During 2011, SCRA completed construction/renovation of this facility. This asset, including the associated land, is carried at cost, net of accumulated depreciation. Depreciation of the facility construction/renovation is expensed using the straight-line method over estimated useful lives which range from 5 years for facility improvements to 39 years for the main facility.

SCRA Building in the SCRA Innovation Center at Anderson – During 2011, SCRA also completed construction of this facility. These assets are carried at cost, net of accumulated depreciation. Depreciation of the facility is provided using the straight-line method over estimated useful lives which range from 5 years for facility improvements to 39 years for the main facility. The land is leased from Clemson University and has no value on SCRA's statement of net position.

Applied Technologies Center ("ATC") – During 2015, SCRA completed construction of the ATC on land SCRA purchased in July of 2013 in Summerville, SC. This asset, including the associated land and its development, are carried at cost, net of accumulated depreciation. Depreciation of the facility is expensed using the straight-line method over estimated useful lives which range from 5 to 39 years.

22 West Edge – During fiscal 2020, SCRA entered into a long-term lease agreement covering approximately 20,000 square feet of a new development located at 22 West Edge in Charleston. Leasehold improvements of $2.9 million were made consistent with a long-term lease agreement reached with a tenant that occupied the space in April 2020. Depreciation of the leasehold improvements is expensed using the straight-line method over the life of the tenant lease agreement.

Greenville ONE Main - During fiscal 2024, SCRA entered into a long-term lease agreement covering approximately 7,000 square feet located at Greenville ONE Main in Greenville. Leasehold improvements of $2.6 million were made. Depreciation of the leasehold improvements is expensed using the straight-line method over the life of the lease agreement.

Furniture, Fixtures and Office Equipment – SCRA capitalizes furniture, fixtures and office equipment with an original cost more than $5,000. Furniture, fixtures and office equipment are carried at cost, net of accumulated depreciation. Depreciation is expensed using the straight-line method over estimated useful lives, which range from 3 to 5 years.

SCRA records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. No such impairment loss has been recognized in the accompanying financial statements for the year ended June 30, 2024.

Right to Use Assets

The right to use assets represents the right to use the underlying assets for the lease term, and the lease liability represents the commitment to make the lease payments arising from the lease. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Lease Receivable and Deferred Inflow of Resources

Lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of a lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Unearned Revenue

SCRA periodically receives advance payments on various contract agreements. These payments are recorded as unearned revenue and recognized as income during the periods in which the work is performed, or the leased space is occupied, and the related costs are incurred in accordance with SCRA's revenue recognition practices and contract terms.

Revenue Recognition

SCRA

SCRA recognizes revenue under contracts and grant agreements as costs are incurred or as efforts become billable in accordance with the terms and conditions of the individual agreements. Contributions are recognized when all eligibility requirements are met. Other revenues are recognized as the amounts are earned, based on details of the applicable agreements or contracts. Lease revenue is recognized in accordance with GASB Statement No. 87, *Leases* ("GASB 87"). Income from investments is recognized on an accrual basis, with adjustments for premium amortization and discount accretion as applicable.

SC Launch

Distributions from mission-based portfolio companies are recorded upon receipt of funds. Interest income from mission-based notes receivable is recognized and accrued as earned. Income on marketable investments is recognized and accrued as earned.

Revenue and Receivable Concentrations

SCRA

For the year ended June 30, 2024, there were two tenants representing 66% of total rental revenues. There were no material concentrations in contract revenues or contributions received during the year ended June 30, 2024.

At June 30, 2024, there were two tenants representing 68% of total lease receivables. At June 30, 2024 there were four contributors representing 73% of the Industry Partnership fund receivable balance. There were no material concentrations in accounts receivable as of June 30, 2024.

SCRA

There were no significant concentrations in operating revenues during the year ended June 30, 2024. As of June 30, 2024, one mission-based company represented approximately 43% of the total gross mission-based notes receivable balance.

SC Launch Mission and Mission-Based Interests in Portfolio Companies

The 2005 amendment ("Amendment") indicated that the purpose of SCRA included promoting the development of high technology industries and research facilities in South Carolina. Further, the objectives of SCRA include advancing the general welfare of the people and increasing opportunities for employment of citizens of South Carolina; promoting and encouraging expansion of the research and development industry sector; and fostering the perception of South Carolina as an international leader in idea generation and the development, testing, and implementation of new advances in science and technology.

The Amendment requires SCRA to maintain a South Carolina Research Innovation Center ("SCRIC") Division. SCRA created SC Launch as part of its efforts to comply with the Amendment. It required SCRA to establish three research innovation centers in South Carolina to enhance the research and technology transition capabilities of the state's three research university foundations. In addition, the Amendment required SCRA to provide $12,000,000 of funding over a three-year period to implement its expanded mission. Sections 13-17-87 (F) and 13-17-88 of SCRA's enabling legislation provided that SCRA may undertake the following activities in the fulfillment of its mission:

1. Implement and manage the specified programs and other programs as SCRA determines in collaboration with the public and private sectors.
2. Coordinate with basic researchers, both inside and outside this State, and with industry so as to focus on and effect applied research, product development, and commercialization efforts in this State in the targeted field of excellence.
3. Support incubation needs for start-ups and spin-offs in the program area.
4. Support demonstration projects and related teams charged with conceptualizing, attracting, and executing technology in the program area.
5. Work with industry partners to develop collaborative relationships with national and international trade groups, government agencies, research labs, and other universities.
6. Provide financing for industry partners conducting activities in furtherance of the program area.
7. Provide financing for prototype development, clinical trials, and other program related preproduction projects.
8. Make available support for university researchers to work with industry partners on applied research and commercialization in the program area.
9. Support marketing activities including, but not limited to:
    a. building national and international recognition of the program;
    b. recruiting industries and scientific and entrepreneurial talent to the program;
    c. building public awareness; and
    d. supporting South Carolina based trade shows in South Carolina that attract national and international audiences.
10. Support other activities necessary or appropriate in relation to the programs.

Section 13-17-180 of the Amendment provided SCRA with the authority to establish not-for-profit corporations it considers necessary or appropriate to carry out the purposes of the Amendment.

The bylaws of SC Launch indicate that it was organized and shall be operated exclusively for scientific, educational, charitable, and other public purposes within the meaning of IRC Section 501(c)(3). In addition, the bylaws indicate that SC Launch is organized and shall operate exclusively and solely for the benefit of SCRA. In pursuit of its purposes, SC Launch's bylaws authorize it to engage in various activities including administering programs or providing funds to programs, entities, or ventures that promote economic development in the State of South Carolina. Section 13-17-88 (E) specifically provides that financing methods pursuant to sections 13-17-87 and 13-17-88 include grants, loans, investments and other incentives. SC Launch focuses on making mission-based distributions to qualified start-up technology-based firms as part of its process of providing funds to such companies in accordance with the Amendment and section 13-17-88 of the Industry Partners Amendment.

SC Launch enters into agreements with the qualifying companies ("portfolio companies") by executing documents representing mission-based equity interests as well as mission-based debt interests in the form of loans receivable, promissory notes receivable, and convertible notes receivable. The convertible notes receivable include convertible debentures providing for future conversion into equity investments in certain portfolio companies. An important objective of these mission-based interests is to increase opportunities for employment of the citizens of South Carolina and to promote and encourage expansion of research and technology transfer to industry. Accordingly, SC Launch is not entering into such transactions solely based on its own economic self-interest, but rather for the general public interest in the State of South Carolina as provided for by SCRA's enabling legislation.

SC Launch performs various due diligence activities before electing to fund mission-based interests in any technology-based start-up company. These companies are typically firms that do not have readily determinable market values and may not have commenced revenue generating activities. SC Launch does not hold mission-based interests in portfolio companies for the primary purpose of generating income or profit and thus these interests do not meet the definition of an investment as defined by GASB. Accordingly, these amounts are presented as mission-based interests in portfolio companies on the accompanying statement of net position. Mission-based interests that meet the criteria of the equity method are accounted for under the equity method. Mission-based interests that do not meet the criteria of the equity method are carried using the cost method and are reviewed and adjusted for impairment each reporting period.

Income Taxes

SCRA has been granted exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under the legislation which established SCRA. SC Launch has been granted exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. SC Launch is exempt from state income taxes under South Carolina legislation. Both SCRA and SC Launch are subject to income tax on unrelated business income under Section 511 of the Internal Revenue Code. Neither organization had unrelated business income for the year ended June 30, 2024.

Operating and Non-operating Activities

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

SCRA

Operating revenues and expenses are distinguished from non-operating revenues and expenses based on whether the underlying activity pertains to SCRA's mission. Activity directly related to SCRA's mission is recognized as operating and includes revenue from performance of contracts, leasing of facilities, operation of the SC Research Innovation Centers and related facilities, contributions received, and other such activities. Operating expenses include expenses for salaries, wages, other payroll related, professional services, facility and research park operating costs, rents and leases, business meetings, general and administration, interest expense, depreciation and amortization and grants. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

SC Launch

Operating revenues and expenses are distinguished from non-operating revenues and expenses primarily based on whether the underlying activity pertains to SC Launch's mission. Activity directly related to SC Launch's mission is recognized as operating. Operating revenue is recognized from distributions received and interest income earned from mission-based portfolio companies. Operating expenses include expenses for professional services, business meetings, general and administration, and losses and distributions related to mission-based interests in portfolio companies. Losses and distributions related to mission-based interest portfolio companies include a provision for allowance for note and loan losses, write-offs of note receivable balances, and other than temporary decreases in value of mission-based equity interests carried using the cost method.

All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Non-operating revenues and expenses include changes in the carrying balance of mission-based portfolio companies recognized under the equity method which are presented as other income (expense) from mission-based portfolio companies.

Change in Accounting Principles, Cumulative Effect of Change and Related Restatement

Effective July 1, 2023, SC Launch elected to change its method of accounting for mission-based equity and debt interests to the cost method and amortized cost method, respectively. In all prior years, these amounts were recognized in accordance with GASB Codification N50, Nonexchange Transactions. The change in accounting principles recognizes SC Launch's mission-based equity and debt interests and increases the understandability of the financial statements in the context of SC Launch's mission as well as its primary objective of entering into agreements with qualifying companies to comply with SCRA's enabling legislation to provide funds in furtherance of economic development in the State of South Carolina, and thus was deemed to be preferrable.

As a result of the change in accounting principles, net position as of June 30, 2023, as previously reported in SC Launch's 2023 financial statements, was adjusted as follows:

Year ended June 30,	2024
Net Position, beginning of year (as previously reported)	**$ 13,860,401**
Cumulative effect of change in accounting principles	**23,884,796**
Net Position, beginning of year (as restated)	**$ 37,745,197**

Net Position

The statement of net position features a net position presentation. Net position is categorized in three ways: (1) net investment in capital assets; (2) unrestricted; and (3) restricted – Industry Partnership Fund. Net position is reported as restricted when constraints are placed on its use by external parties such as creditors, grantors, contributors, or laws and regulations. Unrestricted net position has no external restrictions on use. When an expense is incurred that can be paid using either restricted or unrestricted resources, the policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

2. Cash and Investments

Cash Deposits with Financial Institutions

In the case of deposits of cash, there is custodial credit risk which, in the event of a bank's failure, an organization's deposits may not be returned to it. SCRA and SC Launch does not have a formal deposit policy for custodial credit risk. On June 30, 2024, SCRA's cash in bank accounts was $1,469,153, of which $236,954 was exposed to custodial credit risk because the amounts uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in SCRA's name. On June 30, 2024, SC Launch's cash balances in bank accounts was $79,958, of which none were exposed to custodial credit risk in either year because the amounts uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in SC Launch's name.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. SCRA and SC Launch do not have cash deposits in foreign currencies and thus there is no foreign currency risk related to these amounts.

Marketable Investments

Marketable investments are carried at fair value. GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and consider the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments whose values are based on quoted prices for identical assets in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

SCRA

The following tables summarize the fair value hierarchy levels and other categories of SCRA's investments as of:

June 30, 2024

	Fair Value Measurement			
Description	***Level 1***	***Level 2***	***Level 3***	***Total***
Marketable Investments:				
Money market	**$ 71,494**	**$ -**	**$ -**	**$ 71,494**
Mutual funds	**2,013,200**	**-**	**-**	**2,013,200**
U.S Treasury bonds	**38,126,008**	**-**	**-**	**38,126,008**
Total Marketable Investments	**$40,210,702**	**$ -**	**$ -**	**$ 40,210,702**

Investments in money market, mutual funds, and U.S. Treasury bonds are carried at fair value which is based on quoted market prices of identical assets. Unrealized gains and losses on these investments are recorded within unrealized gains and losses on marketable investments on the accompanying statements of revenues, expenses and changes in fund net position.

Investments with scheduled maturities as of June 30, 2024 were as follows:

	Maturities				
June 30, 2024	**<1 year**	**1-5 years**	**5-10 years**	**10+ years**	**Total**
Money market	**$ 71,494**	**$ -**	**$ -**	**$ -**	**$ 71,494**
Mutual funds	**2,013,200**				**2,013,200**
U.S. Treasury bonds	**7,564,810**	**16,451,792**	**11,049,029**	**3,060,377**	**38,126,008**
Total	**$ 9,649,504**	**$ 16,451,792**	**$ 11,049,029**	**$ 3,060,377**	**$ 40,210,702**

SC Launch

The following tables summarize the fair value hierarchy levels and other categories of SC Launch's marketable investments as of:

June 30, 2024

	Fair Value Measurement			
Description	***Level 1***	***Level 2***	***Level 3***	***Total***
Marketable Investments:				
Money market	$ 827,791	$ -	$ -	$ 827,791
Fixed income	5,815,488	-	-	5,815,488
Equity securities	863,433	-	-	863,433
Total Marketable Investments	$ 7,506,712	$ -	$ -	$ 7,506,712

Investments in money market, fixed income and equity securities are carried at fair value which is based on quoted market prices of identical assets. Unrealized gains and losses on these investments are recorded within unrealized gains and losses on marketable investments on the accompanying statement of revenues, expenses and changes in fund net position.

Marketable investments with scheduled maturities as of June 30, 2024 were as follows:

	Maturities				
June 30, 2024	<1 year	1-5 years	5-10 years	10+ years	Total
Money market	$ 827,791	$ -	$ -	$ -	$ 827,791
Fixed income	1,598,888	3,114,895	1,101,705	-	5,815,488
Total	$ 2,426,679	$ 3,114,895	$ 1,101,705	$ -	$ 6,643,279

3. Accounts Receivable, Net

SCRA

Accounts receivable, net, outstanding for SCRA as of June 30, 2024 consisted of balances due from contracts and interest transactions:

June 30,	**2024**
Contracts	$ 243,545
Interest	161,074
Total	$ 404,619

SC Launch

As of June 30, 2024, SC Launch had $24,471 in accounts receivable related to interest due on marketable investments and a receivable from a portfolio company of $292,231.

4. Mission-Based Notes Receivable

SC Launch

SC Launch's mission-based notes receivable consisted of the following as of:

June 30,	**2024**
Mission-based notes receivable	
Convertible notes receivable	**$ 6,841,602**
Promissory notes receivable	**322,556**
Loans receivable	**281,060**
Other notes receivable	**464,722**
Total mission-based notes receivable	**7,909,940**
Less: Allowance for note and loan losses	**(528,925)**
Mission-Based Notes Receivable, Net	**$ 7,381,015**

Based on the terms of the mission-based notes receivable, no amounts were current as of June 30, 2024.

5. Mission-Based Interests in Portfolio Companies

SC Launch

The following summarizes the methods used SC Launch to determine the carrying balances of the mission-based interests in portfolio companies as of:

June 30,	**2024**
Mission-based interests in portfolio companies:	
Carrying balance determined using the cost method	**$ 15,491,379**
Carrying balance determined using the equity method	**6,321,994**
Total Mission-Based Interests in Portfolio Companies	**$ 21,813,373**

6. Capital Assets

SCRA

Capital asset activity was as follows:

Year ended June 30, 2024	Beginning of Year	Additions	Deletions	End of Year
Capital assets, not being depreciated or amortized:				
Land and land development costs	$ 6,687,939	$ -	$ -	$ 6,687,939
Construction in-progress	455,707	3,013,443	(3,079,632)	389,518
Total capital assets, not being depreciated or amortized	7,143,646	3,013,443	(3,079,632)	7,077,457
Capital assets, being depreciated or amortized:				
Applied Technologies Center	14,626,245	-	-	14,626,245
Innovation Centers at Charleston, Columbia, and Anderson	21,393,634	51,419	-	21,445,053
22 West Edge leasehold improvements	3,026,298	-	-	3,026,298
Greenville ONE Main		2,575,487		2,575,487
Furniture, fixtures and office equipment	8,272,334	339,734	-	8,612,068
Right to use assets:				
Buildings	7,108,976	1,888,764	-	8,997,740
Equipment	66,907	4,393	(71,300)	-
Total capital assets, being depreciated or amortized	54,494,394	4,859,797	(71,300)	59,282,891
Less accumulated depreciation and amortization:				
Applied Technologies Center	(3,854,435)	(379,320)	-	(4,233,755)
Innovation Centers at Charleston, Columbia, and Anderson	(10,636,585)	(524,919)	-	(11,161,504)
22 West Edge leasehold improvements	(988,477)	(300,912)	-	(1,289,389)
Greenville ONE Main		(21,462)	-	(21,462)
Furniture, fixtures and office equipment	(6,756,622)	(506,699)	-	(7,263,321)
Right to use assets:				
Buildings	(2,272,542)	(800,888)	-	(3,073,430)
Equipment	(26,206)	-	26,206	-
Total accumulated depreciation and amortization	(24,534,867)	(2,534,200)	26,206	(27,042,861)
Total capital assets, being depreciated or amortized, net	29,959,529	2,325,597	(45,094)	32,240,032
Total capital assets, net	$37,103,175	$ 5,339,040	$(3,124,726)	$39,317,489

7. Land and Land Development Costs

SCRA

The fair value of land contributed has been valued based on appraisals at the time of contribution. The appraisals consider the proposed use of the property, primarily as restricted research parks, and accordingly, the values are less than if no restrictions as to use of the land had been imposed. SCRA has received reimbursements from various governmental entities for certain costs associated with land improvements in the research parks and such amounts were credited to land development costs.

8. Leases

SCRA

SCRA manages approximately 1.35 million square feet of research, lab and office space at six locations in South Carolina. This space is leased to businesses, universities and municipal entities under revenue leases that generally have terms of one to ten years and annual rate escalators that vary from 0% to 6%. None of the leases call for variable payments, and none have residual value guarantees not included in the lease liability. There were also no commitments made prior to the commencement of the lease terms. Further, all such leases are with unrelated third parties. In addition, SCRA subleases two floors of an eight-story building to a tenant. None of the leases are variable, and tenants' have 30 days after expiration to renew. The table below discloses the total inflow of resources recognized from leases where SCRA is lessor for fiscal 2024 and 2023:

Revenue Type		**2024**
Interest	$	**502,177**
Lease		**4,877,652**
Totals	$	**5,379,829**

SCRA is lessor of certain unused space in the Applied Technologies Center and the Innovation Centers to unrelated entities. Future minimum revenue on noncancelable leases are as follows on June 30, 2024:

Years		**Cash Receipts**		**Interest Revenue**		**Principal Reduction**
2025	$	4,751,521	$	387,524	$	4,354,122
2026		4,037,795		269,076		3,760,195
2027		2,251,618		190,483		2,056,482
2028		2,003,868		132,718		1,866,928
2029		1,698,738		85,035		1,610,065
2030-2034		1,883,219		118,689		1,760,645
2035-2039		487,223		26,989		549,735
Totals	$	**17,113,982**	$	**1,210,514**	$	**15,958,172**

In addition to subleased building space referenced above, SCRA is lessee on four leases related to multi-function office machines obtained from an unrelated third party. The original term of the building lease is ten years and equipment leases are five years, and all carry fixed monthly payments. Regarding the equipment leases, supplies and per copy charges are billed outside of the leases.

The table below summarizes the maturities of the lease liability balance, projecting undiscounted cash flows for leases where SCRA is the lessee:

Years	Cash Payments	Interest Expense	Liability Reduction
2025	$ 1,003,033	$ 176,269	$ 824,814
2026	1,022,243	151,030	869,159
2027	1,044,614	124,392	918,052
2028	1,067,558	96,525	968,744
2029	1,091,020	66,607	1,021,998
2030-2033	1,872,191	75,810	1,792,219
Totals	$ 7,100,659	$ 690,633	$ 6,394,986

9. Long-Term Debt Obligations

SCRA MUSC Innovation Center at Charleston

On June 28, 2016, SCRA entered into an obligation with a financial institution, in the amount of $4,000,000, which accrues interest at a fixed rate of 2.67% and requires monthly payments of principal and interest in the amount of $27,067 through the payment due date of June 28, 2026. The obligation is collateralized by the property captioned above. On the loan maturity date of June 28, 2026, SCRA may refinance the note or pay all outstanding principal balance, any unpaid accrued interest and any other outstanding obligations. As of June 30, 2024, the outstanding balance on this obligation was $2,069,018.

SCRA complied with all debt covenant provisions under this obligation as of June 30, 2024.

SCRA USC Innovation Center at Columbia

On July 24, 2017, SCRA entered into a mortgage collateralized by the property captioned above with a financial institution in the amount of $4,335,000, which accrues interest at a fixed rate of 3.79% and requires monthly payments of principal and interest of $31,725 through the maturity date of August 1, 2027. On the maturity date SCRA may refinance the note or pay all outstanding principal balance, any unpaid accrued interest and any other outstanding obligations. On March 24, 2021, SCRA and the financial institution executed a modification agreement reducing the interest rate to 2.50% while leaving all other terms unchanged. As of June 30, 2024, the outstanding balance on this obligation was $2,466,513.

SCRA complied with all debt covenant provisions under this obligation as of June 30, 2024.

Applied Technologies Center ("ATC")

On April 1, 2015, SCRA entered into a mortgage collateralized by the property captioned above with a financial institution in the amount of $9,000,000 calling for equal quarterly payments of principal in the amount of $112,500 plus interest at LIBOR plus 0.55% commenced with payments scheduled to continue the first day of each July, October, January and April thereafter through a maturity date of January 1, 2024. Effective June 1, 2018, the interest rate was fixed at 3.50% and the quarterly principal payment was changed to a monthly payment of $37,500 plus applicable interest. On April 23, 2021, the Company entered into a loan for $6,400,000 with another financial institution. These funds were paid directly by the financial institution to pay off the existing mortgage balance of $6,238,325. The remaining net proceeds to SCRA were used to offset the outstanding loan balance. The new loan, which matures on April 23, 2028, has a fixed rate of 3.15% and monthly principal and interest payments of $35,368. At maturity SCRA may pay the remaining balance or refinance the debt. As of June 30, 2024, the outstanding balance on this obligation was $5,519,935.

SCRA complied with all debt covenant provisions under this obligation as of June 30, 2024.

Interest Expense and Maturities of Long-Term Debt

Interest paid and expensed on long-term obligations during fiscal year 2024 and totaled $308,155.

For the three obligations, SCRA may refinance the note or pay all outstanding principal balance, any unpaid accrued interest and any other outstanding monetary obligations at maturity. The following schedule is based on SCRA not refinancing the obligations and paying the remaining outstanding balance at each respective maturity date. Future principal and interest under SCRA's long-term debt agreements are as follows on June 30, 2024:

Year Ending June 30	Principal Payments	Interest Payments	Total Debt Service
2025	$ 845,800	$ 284,107	$ 1,129,907
2026	2,386,944	260,234	2,647,178
2027	606,961	198,148	805,109
2028	6,215,761	126,108	6,341,869
Total	$ 10,055,466	$ 868,597	$ 10,924,063

10. Long-Term Liabilities

SCRA

Long-term liability activity for the year ended June 30, 2024 was as follows:

Year ended June 30, 2024	Beginning of Year	Additions	Reductions	End Of Year	Due Within One Year
Lease liability	$ 5,270,922	$ 1,910,296	$ (786,231)	$ 6,394,987	$ 824,814
Notes payable	10,877,218	-	(821,752)	10,055,466	845,800
Net OPEB liability	203,601	-	(177,370)	26,231	-
Total	$ 16,351,741	$ 1,910,296	$ (1,785,353)	$ 16,476,684	$ 1,670,614

11. Employee Benefit Plan

SCRA

SCRA has established a 403(b) retirement plan (the “SCRA 403(b) Retirement Plan”) covering all employees. SCRA provides a matching contribution equal to 1.4 times the participating employee’s contribution up to a maximum of 5% of the employee’s pay. SCRA may amend or terminate this plan at any time. SCRA’s matching contributions in fiscal year 2024 were $230,926, which is included in salaries, wages and other related costs in the accompanying statement of revenues, expenses and changes in fund net position.

SCRA also has a 457(b) deferred compensation plan covering all employees. Employee participants may make salary reduction contributions to this plan. SCRA does not make any matching contributions to this plan.

12. Retiree Health Care Plan

Plan Description

SCRA participates in the Employee Insurance Program (“EIP”) administered by the South Carolina Budget and Control Board. SCRA provides medical insurance benefits at prescribed premiums to eligible retirees and their spouses as adopted from the state’s plan. Qualified retirees of SCRA are eligible to participate in the postretirement medical benefits program offered by the State of South Carolina (the “State”). SCRA pays a percentage of premiums for retirees, but the retirees pay costs of premiums associated with retirees’ dependents. Governmental Accounting Standards Board Statements No. 74 *Accounting for Postemployment Benefits Other Than Pensions* (“GASB 74”), is the accounting standard to be followed in accounting for post-retirement benefits other than pensions, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”) establishes accounting and financial reporting requirements for state and local government employers that provide their employees with postemployment benefits other than pensions. The SCRA plan is considered a single-employer plan.

The postemployment benefits other than pensions (“OPEB”) plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. The OPEB is reported as a fiduciary fund by SCRA.

Benefits Provided

Eligible employees may participate in the retiree health and dental care plans as offered by the Employee Insurance Program of the State of S.C. Plan options and premiums are set by the State of S.C. See 2023 Active Monthly Insurance Rates/Employer and 2023 Retirees Insurance Rates (with State-funded benefits). The plans include:

- The State Health Plan Savings Plan (non-Medicare eligible retirees only)
- The State Health Plan
- The State Health Plan Medicare Supplemental Plan (Medicare eligible retirees only)
- An HMO/PPO offered in the retiree's county of residence
- The State Dental Plan
- Dental Plus

Spouses or children who are covered as dependents under the State Health Plan or an HMO/PPO are eligible as survivors for a one-year premium waiver. After the premium has been waived for one year, the survivor must pay the full premium to continue coverage. Dental premiums are not waived; however, survivors can continue dental coverage by paying the full premium.

Regular employees who retire due to permanent and full disability are immediately eligible for retiree health and dental benefits. The portion of the employer premium paid for by SCRA is governed by the same service requirements as listed under Normal Retirement.

The plan holder reserves the right at any time to alter, amend, change, supplement, revoke or reduce the benefits under the OBEP plan or increase or decrease the premiums charged under this Plan.

Plan Membership

Plan membership consisted of:

June 30,	**2024**
Inactive plan members or beneficiaries currently receiving benefits	**22**
Inactive plan members entitled to but not yet receiving benefits	**-**
Active plan members	**31**
Total plan members	**53**

As of June 30, 2024, the plan is open to new entrants.

Contributions and Funding Policy

The contribution requirements of plan members and SCRA are established and may be amended by SCRA. The required contribution is based on projected transfers of assets to a qualifying trust, with an additional amount to prefund benefits as determined annually by SCRA. For fiscal year, SCRA contributed $71,708 to the plan. Plan members receiving benefits contributed $36,594, or 19.9% of the total premiums, through their required contribution of $98 per month for retiree-only standard coverage, $253 per month for retiree and spouse standard coverage, $299 per month for retiree and family (spouse not Medicare eligible) coverage and $307 per month for retiree and family standard coverage.

Net OPEB Liability

Annual OPEB Cost and Net OPEB Liability

SCRA's annual other postemployment benefits cost (expense) is calculated based on the *annual required contribution of the employer ("ARC");* an amount actuarially determined in accordance with the parameters of GASB 74. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of net position, consistent with the long-term perspective of the calculations. An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years.

The total OPEB liability was based on pattern of practice using the following actuarial methods and assumptions:

June 30, 2024

Actuarial valuation date:	June 30, 2023
Measurement date:	June 30, 2024
Actuarial cost method:	Individual Entry-Age Normal
Asset valuation method:	Market Value
Assumptions:	
Inflation:	2.25%
Investment rate of return:	3.25%, net of investment expenses, including inflation
Health cost trend rates:	Initial rate of 5.75% declining to an ultimate rate of 4.00% after 12

For the year ended June 30, 2024, the demographic assumptions were based on the experience study covering the five-year period ending June 30, 2019`, as conducted for the South Carolina Retirement System.

For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with the following multipliers applied to the base tables: 97% for male members and 107% for female members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.

The assumptions include details on the health care trend assumption, the aging factors as well as the cost method used to develop the OPEB expense. Except for the retirement rates, the demographic assumptions are based on the assumptions that were developed for the SCRS defined benefit pension valuation. The demographic assumptions that are specific to OPEB are based on the plan’s individual experience and are revisited during each full valuation. The healthcare trend assumption is based on the framework developed in the Society of Actuaries’ Getzen Model.

Long-Term Expected Rate of Return and Discount Rate

The target investment pool is to invest substantially all funds into fixed income investments. For the actuarial valuation, the expected rate of return on OPEB plan investments is 3.25%; the municipal bond rate is 3.97% and the resulting discount rate is 3.25%.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The target allocation and expected arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic bonds and mortgage backed securities	**95.00%**	0.60%
Cash equivalents	**5.00**	0.35%
Totals	**100.00%**	

Plan Investments

Investment Policy

The OPEB plan follows the investment policies set by the SCRA IPS and minimizes loss exposure by investing in lower risk instruments such as money market funds and U.S. Treasury bonds. The plan holder reserves the right at any time to alter, amend, or change the investment policy of the OPEB plan.

Investment Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on plan investments, net of investment expenses, was approximately 4.3%. The annual money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Other Investment Information

The following tables summarize the fair value hierarchy levels and other categories of the OPEB Trust Fund's investments as of:

June 30, 2024

	Fair Value Measurement			
Description	***Level 1***	***Level 2***	***Level 3***	***Total***
Marketable investments:				
Money market	**$ 20,040**	**$ -**	**$ -**	**$ 20,040**
U.S Treasury bonds	**2,056,745**	**-**	**-**	**2,056,745**
Total investments	**$ 2,076,785**	**$ -**	**$ -**	**$ 2,076,785**

Investments in money market and U.S. Treasury bonds are carried at fair value which is based on quoted market prices of identical assets. Unrealized gains and losses on these investments are recorded within unrealized gains and losses on marketable investments on the accompanying statement of revenues, expenses and changes in fund net position.

Investments with scheduled maturities as of June 30, 2024 were as follows:

	Maturities				
June 30, 2024	<1 year	1-5 years	5-10 years	10+ years	Total
Money market	$ 20,040	$ -	$ -	$ -	$ 20,040
U.S. Treasury bonds	381,835	1,183,162	491,748	-	2,056,745
Total	$ 401,875	$ 1,183,162	$ 491,748	$ -	$ 2,076,785

Changes in the Net OPEB Liability

The following tables summarize the changes in net OPEB liability:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances on June 30, 2023	$ 2,199,015	$ 1,995,414	$ 203,601
Service cost	65,225	-	65,225
Interest on total OPEP liability	60,135	-	60,135
Difference between expected and actual experience	(9,367)	-	(9,367)
Changes in assumptions	(135,618)	-	(135,618)
Employer contributions	-	71,708	(71,708)
Net investment income	-	86,037	(86,037)
Benefit payments	(89,788)	(89,788)	-
Net changes	(109,413)	67,957	(177,370)
Balances on June 30, 2024	$ 2,089,602	$ 2,063,371	$ 26,231

The plan fiduciary net position as a percentage of the total OPEB liability was 98.74% as of June 30, 2024.

Discount Rate and Healthcare Rate Sensitivity

Regarding the sensitivity of the net OPEB liability to changes in the discount rate, the following presents the plan's net OPEB liability, calculated using a discount rate of 3.25% at June 30, 2024, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease	Current Assumption	1% Increase
June 30, 2024	$ 311,602	$ 26,231	$ (208,760)

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following 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 it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Assumption	1% Increase
June 30, 2024	$ (255,548)	$ 26,231	$ 381,560

OPEB Expense (Benefit) and Deferred Items Summary

During the year ended June 30, 2024, SCRA recognized OPEB expense (benefit) of $92,864 . As of June 30, 2024 and 2023, SCRA reported deferred outflows of resources and deferred inflows of resources related to the PSOPEB from the following sources:

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience, liability	$ 4,756	$ 143,160
Changes in assumptions	67,080	109,729
Difference between expected and actual experience, assets	93,546	-
Total	$ 165,382	$ 252,889

Amounts reported as deferred outflows of resources and deferred inflows of resources as of June 30, 2024 related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows)
2025	$ 16,894
2026	(12,272)
2027	(45,590)
2028	(39,939)
2029	(6,600)
Total	$ (87,507)

Other OPEB Information

SCRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net benefit payable was as follows as of and for the year ended June 30, 2024:

Year ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Benefit Payable
2024	**$ 89,788**	**80%**	**$ 18,080**

13. Other SC Launch Information and Activity

SC Launch does not have any employees, and substantially all its administrative functions are performed by SCRA, pursuant to an agreement between the parties.

In March 2008, SCRA and SC Launch signed an agreement (the "Agreement") to adjust and clarify the respective roles of SCRA and SC Launch. The signing of the Agreement effectively terminated all prior agreements between SCRA and SC Launch. In December 2016, in accordance with the terms and conditions of this Agreement, the term of the Agreement was extended by five years upon agreement of the parties. During fiscal 2019 the Agreement was amended to provide greater flexibility in funding arrangements between the firms while remaining in compliance with all applicable laws and regulations. The amended Agreement is in effect until December 31, 2026.

Under the Agreement, SCRA will provide support to SC Launch operations out of program funds raised as part of the IPF and will continue to provide fiscal support as required by SC Launch. SCRA provided $250,000 in fiscal year 2024 to support SC Launch operations.

14. Subsequent Events

SCRA and SC Launch have evaluated subsequent events from July 1, 2024 through September 26, 2024 (the date of the audit report and the date the financial statements were available to be issued). No material recognizable events were identified during this period.

Required Supplementary Information

SCRA

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Retiree Health Care Plan (Unaudited)

Year ended June 30,	**2024**	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	**$ 65,225**	$ 72,520	$ 57,790	$ 50,738	$ 44,280	$ 37,459	$ 55,758
Interest on total OPEB liability	**60,135**	62,596	61,780	68,034	68,182	103,449	101,858
Difference between expected and actual experience	**(9,367)**	(219,313)	863	35,132	(5,524)	(746,647)	(5,990)
Changes in assumptions	**(135,618)**	87,960	-	100,046	(13,687)	78,168	-
Benefit payments	**(89,788)**	(89,379)	(106,910)	(101,658)	(100,424)	(100,087)	(101,138)
Net change in total OPEB liability	**(109,413)**	(85,616)	13,523	152,292	(7,173)	(627,658)	50,488
Total OPEB Liability, beginning of year	**2,199,015**	2,284,631	2,271,108	2,118,816	2,125,989	2,753,647	2,703,159
Total OPEB Liability, end of year	**$ 2,089,602**	$ 2,199,015	$ 2,284,631	$ 2,271,108	$ 2,118,816	$ 2,125,989	$ 2,753,647
Plan Fiduciary Net Position*							
Employer contributions	**$ 71,708**	$ 69,922	$ 44,340	$ 42,972	$ 41,644	$ 100,087	$ 217,138
OPEB plan net investment income	**86,037**	(11,759)	(106,536)	12,315	93,784	159,558	(25,708)
Benefit payments	**(89,788)**	(89,379)	(106,910)	(101,658)	(100,424)	(100,087)	(101,138)
Net change in plan fiduciary net position	**67,957**	(31,216)	(169,106)	(46,371)	35,004	159,558	90,292
Plan Fiduciary Net Position, beginning of year	**1,995,414**	2,026,630	2,195,736	2,242,107	2,207,103	2,047,545	1,957,253
Plan Fiduciary Net Position, end of year	**$ 2,063,371**	$ 1,995,414	$ 2,026,630	$ 2,195,736	$ 2,242,107	$ 2,207,103	$ 2,047,545
Net OPEB Liability, ending	**$ 26,231**	$ 203,601	$ 258,001	$ 75,372	$ (123,291)	$ (81,114)	$ 706,102
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**98.74%**	90.74%	88.71%	96.68%	105.82%	103.82%	74.36%
Covered-Employee Payroll	**$ 3,015,992**	$ 3,287,731	$ 3,096,431	$ 2,986,431	$ 2,788,325	$ 2,897,201	$ 1,985,823
Net OPEB Liability as a Percentage of Covered-Employee Payroll	**0.87%**	6.19%	8.33%	2.52%	-4.42%	-2.80%	35.56%

Information is not available for preceding years, to the extent 10 years of information is not presented.

See notes to required supplementary information.

SCRA

Schedule of Contributions to Other Postemployment Benefits Plan
Retiree Health Care Plan (Unaudited)

Year Ended June 30,	Actuarial Determined Contribution	Actual Contribution	Contribution (Excess) Deficiency	Covered-Employee Payroll	Contribution as a % of Covered Payroll
2018	**$ 116,402**	$ 217,138	$ (100,736)	$ 1,985,823	10.93%
2019	**116,402**	100,087	16,315	2,897,201	3.45%
2020	**41,644**	41,644	-	2,788,328	1.49%
2021	**42,972**	42,972	-	2,986,431	1.44%
2022	**44,340**	44,340	-	3,096,431	1.43%
2023	**69,922**	69,922	-	3,287,731	2.13%
2024	**71,708**	**71,708**	**-**	**3,015,992**	**2.38%**

Information is not available for preceding years, to the extent 10 years of information is not presented.
See notes to required supplementary information.

SCRA

Schedule of Investment Returns
Retiree Health Care Plan (Unaudited)

Year ended June 30,	**2024**	2023	2022	2021	2020	2019
Retiree Health Care Plan Annual Money-Weighted Rate of Return, Net of Investment Expense	**4.26%**	-0.57%	-4.86%	0.54%	4.18%	7.52%

Information is not available for preceding years, to the extent 10 years of information is not presented.

See notes to required supplementary information.

1. Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios

Additional information related to certain fiscal years within the schedule of changes in net other postemployment benefits liability and related ratios is as follows:

- Fiscal Year 2024 – Changes of assumptions reflect the effects of a change in the long-term rate of return assumptions from 2.75% to 3.25%.
- Fiscal Year 2023 - Changes of assumptions reflect updates to the health care trend rates to better reflect the plan's anticipated experience.
- Fiscal Year 2022 – There were no changes to assumptions.
- Fiscal Year 2021 - Changes of assumptions reflect the effects of a change in the long-term rate of return assumption from 3.25% to 2.75%. Additionally, the demographic and salary increase assumptions were updated to reflect the 2020 SCRS Experience Study, the two-person assumption for females was decreased, and the health care trend rates were updated to better reflect the plan's anticipated experience.
- Fiscal Year 2020 - The ultimate trend assumption was decreased from 4.15% to 4.00% as a result of the repeal of the "Cadillac Tax" on December 20, 2019.
- Fiscal Year 2019 - Changes of assumptions reflect the effects of a change in the long-term rate of return assumption from 3.80% to 3.25%, and slightly updated health care trend assumptions.

2. Schedule of Contributions to Other Postemployment Benefits Plan

Valuation Date

The actuarially determined contribution for fiscal year ending June 30, 2024 was developed in the June 30, 2021 valuation.

Methods and Assumptions

The methods and assumptions used to determine contribution rates for most recent year were as follows:

Actuarial cost method:	Individual Entry-Age Normal
Amortization method:	Level Dollar
Amortization period:	Closed, 9 years as of fiscal year 2024
Asset valuation	Market Value
Investment rate of return:	2.75%, net of investment expenses, including inflation
Inflation:	2.25
Salary increases:	3.00% to 9.50%, including inflation

Demographic assumptions:	Based on the experience study covering the five-year period ending June 30, 2019 as conducted for the South Carolina Retirement System
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with the following multipliers applied to the base tables: 97% for male members and 107% for female members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Healthcare cost trend rates:	Initial rate of 5.30% declining to an ultimate rate of 3.70% after 15 years.
Participation rates:	90% for retirees who are eligible for the full employer subsidy; 75% for retirees who are eligible for a partial employer subsidy; and 10% for retirees who are not eligible for any employer subsidy.

3. Schedule of Investment Returns

The annual money-weighted rate of return is calculated as the internal rate of return on the plan investments, net of plan investment expense. An annual money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.