

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND

COLUMBIA, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2025

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Unaudited)	4-6
Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Governmental Fund Balance Sheet	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance	12
Notes to Financial Statements	13-17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18-19

Independent Auditor's Report

South Carolina Office of Resilience
Columbia, South Carolina

Opinion

We have audited the accompanying financial statements of the South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Revolving Fund’s basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Office of Resilience – Revolving Fund as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of the Revolving Fund, 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 opinion.

Emphasis of Matter

As described in Note 1, the financial statements of the South Carolina Office of Resilience – Revolving Fund are intended to present the financial position and results of operations of only that portion of the funds of the South Carolina Office of Resilience attributable to the transactions of the Revolving Fund. The financial statements do not include any other accounts or funds of the South Carolina Office of Resilience, or any other department or component unit of the State of South Carolina and are not intended to present fairly the financial statements and results of operations of the South Carolina Office of Resilience in conformity with accounting principles generally accepted in the United States of America. 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 principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Revolving Fund'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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Revolving Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Revolving Fund's ability to continue as going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026, on our consideration of the Revolving Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Revolving Fund's internal control over financial reporting and compliance.



Columbia, South Carolina
May 13, 2026

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

Management’s Discussion and Analysis (“MD&A”) of the South Carolina Office of Resilience Revolving Fund (“Revolving Fund”) provides an overview of the Revolving Fund’s financial activities for the year ended June 30, 2025. Please read it in conjunction with the financial statements which follow this section.

THE AGENCY

The South Carolina Office of Resilience (“SCOR”) was established as a governmental entity by the South Carolina Disaster Relief and Resilience Act (“DRRA”), (A163, R153, S259) of 2020. The establishment of SCOR and the enumeration of its responsibilities are set forth at §48-62-10, *et. seq.*, SC Code of Laws, 1976, as amended. Part of this Act provided the Governor with the authority to appoint a Chief Resilience Officer to be the head of SCOR, with the advice and consent of the Senate.

THE REVOLVING FUND

Sections 48-62-310 through 48-62-370 establish the Revolving Fund within SCOR and provide the statutory requirements for operating the Revolving Fund. The statutory authority includes authorization to (1) create policies, rules, regulations, directives, and agreements, which may be promulgated or entered into when governing the Revolving Fund; (2) establish an operational structure within it to administer the Revolving Fund; (3) develop priority systems that ensure consistency with Article 3 provisions of Title 48, Chapter 62 of the South Carolina Code of Laws which is the Disaster Relief and Resilience Act which established the Revolving Fund; (4) receive monies from and deposit monies into the Revolving Fund for program administration and project management; and (5) hire staff and employ agents, advisers, consultants, and other employees including attorneys, financial advisers, engineers, technical advisers, and public accountants for the Revolving Fund, and determine their duties and compensation.

SCOR’s responsibilities include the obligation to (1) execute the Revolving Fund’s purpose to make and service below-market interest rate loans and grants to eligible recipients, (2) prepare annual plans and reports in accord with Article 3 provisions, and (3) have an outside independent audit of the Revolving Fund conducted after each fiscal year. This audit is of the Revolving Fund’s 2024 – 2025 fiscal year.

FINANCIAL HIGHLIGHTS

The Revolving Fund started the 2024 – 2025 Fiscal Year with a fund balance of \$6,281,696 and earned \$198,722 of interest income during the year. For the 2024 - 2025 Fiscal Year, the expenses paid out of this fund have been exclusively related to the preparation of the required financial statements. On April 29, 2025, the Revolving Fund successfully issued its first loan to an applicant. Prior to 2025, the lack of demand in the market for this loan was likely due to the Federal government’s flooding the market with grant funding opportunities. The loan was made to The Nature Conservancy for \$5,000,000 to assist with the purchase of Chelsea Plantation in Jasper County, SC. This loan was made for a period of 10 years at an annual rate of 1.67%. The Nature Conservancy is required to make monthly interest only payments until a balloon principal payment is due in April 2035.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements presented in this document include both government-wide and fund financial statements.

GOVERNMENT-WIDE STATEMENTS:

Government-wide statements include a Statement of Net Position and a Statement of Activities. The government-wide financial statements of the Revolving Fund are presented on the accrual basis of accounting and provide short-term and long-term information about the Revolving Fund.

The Statement of Net Position includes all the Revolving Fund’s assets and liabilities, with the difference between the two reported as net position and provides information about the nature and amounts of investments in resources (assets) and the obligations to Revolving Fund creditors (liabilities).

All the current year’s revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the Revolving Fund’s operations over the past year and can be used to determine the Revolving Fund’s financial health.

FUND STATEMENTS:

The fund financial statements include the Governmental Fund Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance. The governmental fund financial statements are presented on the modified accrual basis of accounting which focus on the near-term inflows and outflows of resources available for expenditure for the fiscal year.

SUMMARY AND COMPARISON OF FINANCIAL RESULTS

Table 1 summarizes the Revolving Fund’s Statement of Net Position for the period ended June 30, 2025, as compared to June 30, 2024.

Table 1: Summary Statement of Net Position

	June 30, 2025	June 30, 2024	Change
Assets			
Current assets	\$ 1,491,335	\$ 6,281,696	\$ (4,790,361)
Non-current assets	5,000,000	-	5,000,000
Total assets	<u>\$ 6,491,335</u>	<u>\$ 6,281,696</u>	<u>\$ 209,639</u>
Restricted Net position	<u>\$ 6,491,335</u>	<u>\$ 6,281,696</u>	<u>\$ 209,639</u>

As discussed previously, a loan to The Nature Conservancy was made during the year ended June 30, 2025, and as a result, current assets decreased significantly while non-current assets increased due to the anticipated repayment of the loan. The overall increase in total assets was driven by interest income of \$209,639.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

Table 2 summarizes the Revolving Fund's Statement of Activities for the period ending June 30, 2025, and includes comparative data to the period ending June 30, 2024.

Table 2: Summary Statement of Activities

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Revenues	\$ 212,639	\$ 158,912	\$ 53,727
Expenses	<u>3,000</u>	<u>3,500</u>	<u>(500)</u>
Change in net position	209,639	155,412	54,227
Net position - beginning of year	<u>6,281,696</u>	<u>6,126,284</u>	<u>155,412</u>
Net position - end of year	<u>\$ 6,491,335</u>	<u>\$ 6,281,696</u>	<u>\$ 209,639</u>

The Revolving Fund's revenues increased from the year ended June 30, 2024, due to increased interest earned on the Revolving Fund's cash balances as well as accrued interest on the note receivable from The Nature Conservancy. For the year ending June 30, 2025, interest income consisted of \$198,722 from cash balances and \$13,917 accrued on the note receivable, while interest income was \$158,921 for the year ended June 30, 2024, related to the Revolving Fund's cash balances.

ECONOMIC OUTLOOK OF THE REVOLVING FUND

The Revolving Fund is actively considering additional loan requests, however, as of the date of these financial statements, no additional loans have been made. The Revolving Fund will continue to promote its availability to local political subdivisions during the upcoming fiscal years.

CONTACTING THE REVOLVING FUND

Those needing additional information concerning this report or otherwise needing to contact the Revolving Fund should address requests to:

SC Office of Resilience
Attn: Finance Director
2100 Bull Street
Columbia, SC 29201

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

Assets

Current assets

Cash and cash equivalents, restricted	\$ 1,477,418
Accrued interest receivable	<u>13,917</u>
Total current assets	1,491,335

Non-current assets

Notes receivable	<u>5,000,000</u>
Total assets	<u><u>\$ 6,491,335</u></u>

Net position

Restricted	<u>\$ 6,491,335</u>
Total net position	<u><u>\$ 6,491,335</u></u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Program expenses	
Administrative expenses	\$ 3,000
Net program expenses	<u>3,000</u>
General revenues	
Interest income	<u>212,639</u>
Total revenues	<u>212,639</u>
Excess of revenues over expenses	<u>209,639</u>
Change in net position	209,639
Net position, at beginning of year	<u>6,281,696</u>
Net position, at end of year	<u><u>\$ 6,491,335</u></u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2025

Assets

Current assets

Cash and cash equivalents, restricted	\$ 1,477,418
Accrued interest receivable	<u>13,917</u>
Total current assets	1,491,335

Non-current assets

Note receivable	<u>5,000,000</u>
Total assets	<u><u>\$ 6,491,335</u></u>

Deferred inflows of resources

Note receivable	<u>\$ 5,000,000</u>
Total deferred inflows of resources	5,000,000

Fund balance

Restricted	<u>1,491,335</u>
Total fund balance	<u><u>\$ 6,491,335</u></u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Governmental fund balance	\$ 1,491,335
Notes receivable are no current financial resources and, therefore, are not reported in the governmental fund.	5,000,000
Net position of governmental activities	<u>\$ 6,491,335</u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025

Revenues	
Interest income	\$ 212,639
Total revenues	<u>212,639</u>
Expenditures	
Administrative	3,000
Issuance of note receivable	<u>5,000,000</u>
Total expenditures	5,003,000
Excess of revenues over expenditures	<u>(4,790,361)</u>
Change in fund balance	(4,790,361)
Fund balance, at beginning of year	<u>6,281,696</u>
Fund balance, at end of year	<u><u>\$ 1,491,335</u></u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in governmental fund balance	\$ (4,790,361)
The issuance of a note receivable is an expenditure in the governmental fund while such amounts are reported as an asset in the statement of net position.	5,000,000
Change in net position of governmental activities	<u>\$ 209,639</u>

The Notes to Financial Statements are an integral part of this statement.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1. Summary of Significant Accounting Policies

General

The financial statements of the South Carolina Office of Resilience Revolving Fund ("Revolving Fund") were prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The more significant of the Revolving Fund's accounting policies are described below.

Reporting Entity

The Revolving Fund was created by Act 163 of 2020 of the South Carolina General Assembly as a public instrumentality of the State of South Carolina (the "State"), codified as the South Carolina Resilience Revolving Fund under Title 48 of Chapter 62 of the South Carolina Code of Laws 1976, as amended (the "Act"). The Revolving Fund is managed by the South Carolina Office of Resilience ("SCOR") under the supervision of the Chief Resilience Officer and the Governor.

The core of a financial reporting entity is the primary government which has a separately elected governing body. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Revolving Fund has determined that it does not qualify as a primary entity, it is a special revenue fund of SCOR, and it has no component units.

SCOR administers the Revolving Fund. The accompanying financial statements present the financial position and results of operations solely of the Revolving Fund special revenue fund and do not include any other divisions, instrumentalities, or any component units of the State of South Carolina.

Basis of Accounting

The Revolving Fund reports under the provisions of GASB Statement No. 34 ("GASB 34"), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB 34, as amended by GASB Statement No. 63 ("GASB 63"), which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Government-wide financial statements (i.e., the statement of net position and the statement of activities) do not provide information by fund. Significantly, the statement of net position may include non-current assets and liabilities, which generally are not included in the fund statements. The statement of net position includes three components of net position.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

- (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Revolving Fund does not have any capital assets; thus, this classification is not used.
- (2) Restricted net position consists of net position subject to external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The Revolving Fund reports that portion of its net position restricted by statutory constraints as restricted net position. All net position of the Revolving Fund is restricted.
- (3) Unrestricted net position consists of net position that does not meet the definition of restricted net position or invested in capital assets, net of related debt. The Revolving Fund reports that portion of its net position not externally constrained, primarily funds available for payment of its authorized operating expenses, as unrestricted net position. The Revolving Fund does not have any unrestricted net position; thus, this classification is not used.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues. The Revolving Fund has no program revenues.

In addition to the government-wide financial statements, SCOR has prepared fund financial statements for this governmental fund. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Revolving Fund considers revenues to be available if they are collected within one year after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Fund Accounting

The Revolving Fund uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances and changes therein which are segregated to carry on specific activities or attain certain objectives in accordance with applicable regulations, restrictions, or limitations. Separate accounts are maintained for each fund.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is, in turn, divided into separate "fund types."

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

As of June 30, 2025, the Revolving Fund held all its cash balances with the South Carolina State Treasurer, and pursuant to State law, all such bank deposits are fully insured. During the year ended June 30, 2025, \$198,722 of interest income was earned on cash and cash equivalents.

Note Receivable

The note receivable is reported at face value less an allowance of uncollectible amounts, if any, as determined by the Revolving Fund's management. The Revolving Fund determined that no allowance was necessary as of June 30, 2025.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net assets that apply to future reporting periods. The Revolving Loan Fund has recorded a deferred inflow of resources in the Governmental Fund Balance Sheet in connection with its note receivable, further discussed at Note 3. Based on the Revolving Fund's availability criteria, the repayment of the principal amount of the note receivable has been determined not to be available, and thus a related deferred inflow of resources has been recorded under the modified accrual basis of accounting.

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance

The Revolving Fund reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications for governmental funds that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported therein. The Statement requires governments to disclose information in the notes about the processes through which constraints are imposed, as well as accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to be spent.

The Revolving Fund conforms its fund balance reporting to the classification and hierarchy structure of the State, generally as follows:

Restricted

Fund balance is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors, grantors, contributors, laws, or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources from resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party can compel the government to honor. The Revolving Fund reports \$1,491,335 of fund balance as restricted.

Committed

Fund balance is reported as committed if the Revolving Fund's by-laws or official actions constrain the use of its resources. Committed constraints can be removed only through similar actions that created the constraint.

Assigned

Fund balance is reported as assigned if the fund balance is constrained by the Revolving Fund's intent to spend resources for specific purposes. Such intent may be expressed by an official or body pursuant to delegation by the Revolving Fund.

Non-spendable

Fund balance is reported as non-spendable if the balance has a lack of availability in form or substance of the assets and liabilities reported in the fund to meet its obligations in the near future.

Unassigned

Fund balance is reported as unassigned for all residual amounts, not otherwise classified.

The Revolving Fund has no committed, assigned, non-spendable or unassigned fund balance.

Use of Estimates

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

Note 2. Related Party Transactions

The Department of Administration provides administrative services including certain finance, accounting, and other reporting and support services to the Office pursuant to a Memorandum of Agreement; however, no reimbursements were made by the Revolving Fund during the fiscal year ended June 30, 2025, to cover costs of providing these services.

Note 3. Notes Receivable

On April 29, 2025, the Revolving Fund made a loan to The Nature Conservancy, a charitable nonprofit organization, in the amount of \$5,000,000. The loan bears interest at 1.67%, with interest only payments due monthly until April 2035, when the outstanding principal balance is due. At the end of the term of the loan or upon full repayment of the outstanding principal balance, whichever occurs first, The Nature Conservancy is eligible for an incentive allowing it to convert \$250,000 of the loan into a grant which does not require repayment. Interest income of \$13,917 was earned related to the note receivable for the year ended June 30, 2025. Such amounts were accrued and payable to the Revolving Fund as of June 30, 2025, and received after year end.

Note 4. Subsequent Events

The Revolving Fund has evaluated all events subsequent to the Statement of Net Position date of June 30, 2025, through the date these financial statements were available for issuance, May 13, 2026.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

South Carolina Office of Resilience
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Revolving Fund’s basic financial statements, and have issued our report thereon dated May 13, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Revolving Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Columbia, South Carolina
May 13, 2026