

**SOUTH CAROLINA
COASTAL CONSERVATION LEAGUE, INC.
CHARLESTON, SOUTH CAROLINA**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 AND
THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
South Carolina Coastal Conservation League, Inc.
Charleston, South Carolina

We have audited the accompanying consolidated financial statements of South Carolina Coastal Conservation League, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year ended June 30, 2020 and the six-month period ended June 30, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Coastal Conservation League, Inc. and subsidiary as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended June 30, 2020 and six-month period ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages 24 and 25 are presented for purposes of an additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Glaser and Company, LLC

November 6, 2020
Charleston, South Carolina

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 950,146	\$ 481,966
Reimbursement and other receivables	178,620	162,208
Unconditional promises to give and grants receivable, net of allowance of \$31,326 for 2020 and \$30,939 for 2019	678,019	577,837
Prepaid expenses and other assets	119,600	152,915
Property held for sale	22,500	86,500
Total current assets	1,948,885	1,461,426
Non-Current Assets		
Investments, designated for long-term use	12,876,810	12,937,995
Unconditional promises to give, net of allowance of \$76,679 for 2020 and \$84,935 for 2019	1,416,271	1,489,392
Property and equipment, net	1,234,998	1,417,716
Total non-current assets	15,528,079	15,845,103
Total assets	\$ 17,476,964	\$ 17,306,529
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 101,605	\$ 159,948
Accrued salary and employee benefits payable	137,878	92,423
Accrued interest	1,043	-
Promissory note payable, current portion	9,745	9,737
Accrued compensated absences	191,648	145,498
Deferred lease liability	11,261	6,158
Grants payable	76,513	279,196
Paycheck protection program note	504,533	-
Line of credit	-	200,000
Total current liabilities	1,034,226	892,960
Non-Current Liabilities		
Promissory note payable, net of current portion	5,006	14,197
Total non-current liabilities	5,006	14,197
Total liabilities	1,039,232	907,157
Net Assets		
Without donor-imposed restrictions:		
Undesignated	1,156,715	683,535
Board designated	12,803,025	12,937,995
Total net assets without donor-imposed restrictions	13,959,740	13,621,530
With donor-imposed restrictions	2,477,992	2,777,842
Total net assets	16,437,732	16,399,372
Total liabilities and net assets	\$ 17,476,964	\$ 17,306,529

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor-Imposed Restrictions			With Donor-Imposed Restrictions	Total
	Undesignated	Board Designated	Total		
Support and Revenue					
Contributions	\$ 4,222,788	\$ -	\$ 4,222,788	\$ 136,544	\$ 4,359,332
Grants	885,793	-	885,793	-	885,793
Food sales	217,386	-	217,386	-	217,386
Rents	52,369	-	52,369	-	52,369
Investment return, net of fees	(3,945)	655,699	651,754	-	651,754
Other income	79,676	-	79,676	-	79,676
Loss or impairment of assets	(134,000)	-	(134,000)	-	(134,000)
Total support and revenue	5,320,067	655,699	5,975,766	136,544	6,112,310
Net assets released from restriction	436,394	-	436,394	(436,394)	-
Total support and revenue and net assets released from restriction	5,756,461	655,699	6,412,160	(299,850)	6,112,310
Expenses					
Program services:					
Land, water and wildlife	1,505,396	-	1,505,396	-	1,505,396
Communities and transportation	1,161,337	-	1,161,337	-	1,161,337
Energy and climate	862,542	-	862,542	-	862,542
Food and agriculture	1,386,330	-	1,386,330	-	1,386,330
Total program services	4,915,605	-	4,915,605	-	4,915,605
Supporting services:					
General and administrative	566,576	-	566,576	-	566,576
Fundraising	591,769	-	591,769	-	591,769
Total supporting services	1,158,345	-	1,158,345	-	1,158,345
Total expenses	6,073,950	-	6,073,950	-	6,073,950
Interfund transfers	790,669	(790,669)	-	-	-
Increase (decrease) in net assets	473,180	(134,970)	338,210	(299,850)	38,360
Net assets, beginning of year	683,535	12,937,995	13,621,530	2,777,842	16,399,372
Net assets, end of year	\$ 1,156,715	\$ 12,803,025	\$ 13,959,740	\$ 2,477,992	\$ 16,437,732

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	Without Donor-Imposed Restrictions			With Donor-Imposed Restrictions	Total
	Undesignated	Board Designated	Total		
Support and Revenue					
Contributions	\$ 1,131,256	\$ -	\$ 1,131,256	\$ 30,211	\$ 1,161,467
Grants	525,005	-	525,005	10,000	535,005
Food sales	233,816	-	233,816	-	233,816
Rents	26,863	-	26,863	-	26,863
Investment return, net of fees	1,118	2,197,572	2,198,690	-	2,198,690
Other income	26,545	-	26,545	-	26,545
Total support and revenue	1,944,603	2,197,572	4,142,175	40,211	4,182,386
Net assets released from restriction	483,245	-	483,245	(483,245)	-
Total support and revenue and net assets released from restriction	2,427,848	2,197,572	4,625,420	(443,034)	4,182,386
Expenses					
Program services:					
Land, water and wildlife	701,823	-	701,823	-	701,823
Communities and transportation	559,566	-	559,566	-	559,566
Energy and climate	700,159	-	700,159	-	700,159
Food and agriculture	631,256	-	631,256	-	631,256
Total program services	2,592,804	-	2,592,804	-	2,592,804
Supporting services:					
General and administrative	236,608	-	236,608	-	236,608
Fundraising	249,992	-	249,992	-	249,992
Total supporting services	486,600	-	486,600	-	486,600
Total expenses	3,079,404	-	3,079,404	-	3,079,404
Interfund transfers	114,193	(114,193)	-	-	-
(Decrease) increase in net assets	(537,363)	2,083,379	1,546,016	(443,034)	1,102,982
Net assets, beginning of year	1,220,898	10,854,616	12,075,514	3,220,876	15,296,390
Net assets, end of year	\$ 683,535	\$ 12,937,995	\$ 13,621,530	\$ 2,777,842	\$ 16,399,372

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Supporting Services				Total
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,835,322	\$ 264,981	\$ 316,028	\$ 581,009	\$ 2,416,331
Benefits and taxes	448,777	67,152	71,809	138,961	587,738
Other	54,165	11,925	12,438	24,363	78,528
	<u>2,338,264</u>	<u>344,058</u>	<u>400,275</u>	<u>744,333</u>	<u>3,082,597</u>
Legal	1,498,216	5,110	-	5,110	1,503,326
Accounting	-	24,795	-	24,795	24,795
Contract projects	260,585	14,385	35,307	49,692	310,277
Media development	25,394	1,498	5,427	6,925	32,319
Information technology	95,342	21,237	18,868	40,105	135,447
Furniture and equipment (non-cap)	12,636	3,528	2,861	6,389	19,025
Occupancy	284,945	44,004	47,597	91,601	376,546
Printing, postage and mailings	26,514	718	19,384	20,102	46,616
Supplies	16,294	3,026	2,199	5,225	21,519
Travel and meals	108,342	3,393	4,759	8,152	116,494
Fees and dues	46,679	8,081	21,726	29,807	76,486
Events and programs	57,290	6,720	19,785	26,505	83,795
Depreciation	110,951	7,295	7,588	14,883	125,834
Bad debts	-	75,443	-	75,443	75,443
Cost of sales - book	7,696	1,314	1,367	2,681	10,377
Grants and support	15,525	-	-	-	15,525
Interest	2,051	1,571	493	2,064	4,115
Miscellaneous	8,881	400	4,133	4,533	13,414
	<u>8,881</u>	<u>400</u>	<u>4,133</u>	<u>4,533</u>	<u>13,414</u>
Total expenses	<u>\$ 4,915,605</u>	<u>\$ 566,576</u>	<u>\$ 591,769</u>	<u>\$ 1,158,345</u>	<u>\$ 6,073,950</u>

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	Supporting Services				
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries	\$ 886,598	\$ 134,219	\$ 149,467	\$ 283,686	\$ 1,170,284
Benefits and taxes	221,246	33,914	35,416	69,330	290,576
Other	24,274	4,544	4,567	9,111	33,385
	<u>1,132,118</u>	<u>172,677</u>	<u>189,450</u>	<u>362,127</u>	<u>1,494,245</u>
Legal	968,459	975	-	975	969,434
Accounting	-	27,601	-	27,601	27,601
Contract projects	111,706	9,271	1,212	10,483	122,189
Media development	12,873	50	3,482	3,532	16,405
Information technology	29,929	8,451	6,448	14,899	44,828
Furniture and equipment (non-cap)	5,150	492	581	1,073	6,223
Occupancy	129,115	20,664	21,233	41,897	171,012
Printing, postage and mailings	8,921	290	3,536	3,826	12,747
Supplies	11,133	1,346	2,527	3,873	15,006
Travel and meals	44,149	2,375	2,583	4,958	49,107
Fees and dues	21,156	6,856	16,229	23,085	44,241
Events and programs	29,333	139	311	450	29,783
Depreciation	60,915	2,142	2,228	4,370	65,285
Bad debts	-	(17,036)	-	(17,036)	(17,036)
Cost of sales - book	5,651	-	-	-	5,651
Grants and support	5,400	-	-	-	5,400
Interest	513	165	172	337	850
Miscellaneous	16,283	150	-	150	16,433
	<u>1,132,118</u>	<u>172,677</u>	<u>189,450</u>	<u>362,127</u>	<u>1,494,245</u>
Total expenses	<u>\$ 2,592,804</u>	<u>\$ 236,608</u>	<u>\$ 249,992</u>	<u>\$ 486,600</u>	<u>\$ 3,079,404</u>

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020 AND
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	2020	2019
Cash Flows from Operating Activities:		
Increase in net assets	\$ 38,360	\$ 1,102,982
Adjustments to reconcile increase in net assets to net cash used for operating activities:		
Net realized and unrealized gains on investments	(564,163)	(2,132,106)
Depreciation	125,834	65,285
Change in allowance for doubtful accounts	75,443	(17,036)
Change in discount on unconditional promises to give	16,278	39,435
Impairment in value of property held for sale	64,000	-
Loss on disposal of fixed assets	70,000	-
(Increase) decrease in assets:		
Reimbursements and other receivables	(16,412)	(41,836)
Unconditional promises to give and grants receivable	(118,782)	400,024
Prepaid expenses and other assets	33,315	(29,773)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(58,343)	28,143
Accrued salary and employee benefits payable	45,455	(41,565)
Accrued interest	1,043	-
Accrued compensated absences	46,150	(14,402)
Deferred lease liability	5,103	(1,873)
Grants payable	(202,683)	47,260
Net cash used for operating activities	(439,402)	(595,462)
Cash Flows used in Investing Activities:		
Purchases of investments	(4,938,492)	(2,657,346)
Proceeds from sales of investments	5,563,840	2,777,127
Purchases of property and equipment	(13,116)	(451,035)
Net cash provided by (used for) investing activities	612,232	(331,254)
Cash Flows from Financing Activities:		
(Payments) proceeds from line of credit, net	(200,000)	200,000
Payments on notes payable	(9,183)	(4,437)
Proceeds from Paycheck Protection Program note	504,533	-
Net cash provide by financing activities	295,350	195,563
Net increase (decrease) in cash and cash equivalents	468,180	(731,153)
Cash and cash equivalents, beginning of year	481,966	1,213,119
Cash and cash equivalents, end of year	\$ 950,146	\$ 481,966
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 1,970	\$ 850

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The South Carolina Coastal Conservation League, Inc. (the “Conservation League”) was incorporated on March 12, 1989 as a nonprofit organization under the laws of the State of South Carolina. The primary purpose of the Conservation League is to identify, study, analyze, and research environmental issues and policies affecting the coastal area of South Carolina, as well as to provide public education. The Conservation League has identified four major areas of emphasis: 1) land, water and wildlife, 2) communities and transportation, 3) energy and climate, and 4) food and agriculture. The Conservation League’s programs are supported primarily by contributions.

Global Pandemic

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, the President of the United States declared a national emergency relating to the disease. In addition to the President's declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population, including mandatory business closures. These measures are designed to protect the overall public health, however, are expected to have material adverse impacts on domestic and foreign economies and may result in the United States entering a period of recession.

As a result of COVID-19, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect the Conservation League’s operations, investment portfolio volatility and its level of community support. Because of the uncertainty of these events during this time, management is unable to estimate the total impact the pandemic will have.

Basis of Accounting

The Conservation League prepares its consolidated financial statements in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Consolidation

In April of 2010, the Conservation League formed a single member limited liability company (LLC) to begin development of a distribution center for locally grown agriculture. The legal name of the entity is CCL Realty, LLC (the “Company”) but does business as GrowFood Carolina. The Company is a wholly owned subsidiary of the Conservation League. The accompanying consolidated financial statements include the accounts of the Company. The Conservation League provides administrative support that may result in some inter-company activity. All inter-company activity is eliminated upon consolidation.

Basis of Presentation

Consolidated financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Section 210, *Not-for-Profit Entities, Balance Sheet*. Under ASC 958, Section 210, *Not-for-Profit Entities, Balance Sheet*, the Conservation League is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

During the six-month period ended June 30, 2019, the financial year end of the Conservation League and subsidiary was changed from December 31 to June 30 due to the timing of when a majority of contributions are received. Accordingly, the 2019 financial statements were prepared for six months from January 1, 2019 to June 30, 2019 and as a result, the figures stated in the statements of activities, statements of functional expenses, statements cash flows, and the related notes are not comparable to the 2020 year ended of activity presented.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Conservation League considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Assets and Services

The Conservation League records the value of donated goods or services when there is an objective basis available to measure their values. The Conservation League reflects donated materials and equipment as contributions in the accompanying consolidated statements of activities at their estimated fair values at the date of receipt. The Conservation League received professional services valued at \$1,424,911 and \$934,551, during the year ended June 30, 2020 and six-month period ended June 30, 2019, respectively. The Conservation League has included these amounts in both contributions and expenses in the consolidated statements of activities for the year ended June 30, 2020 and six-month period ended June 30, 2019.

Property Held for Sale

During 2015, the Conservation League received a parcel of land from a donor with a fair market value of \$86,500. The Conservation League is actively listing this property and anticipates selling the property during the year ended June 30, 2021. During the year ended June 30, 2020, the Conservation League adjusted the value of this property down by \$64,000 in accordance with current fair market value estimates of the property.

Property and Equipment, and Depreciation

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line basis over the appropriate estimated useful life. The estimated lives used in determining depreciation are:

Building and improvements	40 years
Vehicles	5 - 10 years
Furniture and equipment	5 - 10 years
Software	3 - 7 years
Leasehold improvement	15 years

Contributions and Grants

Unconditional promises to give are recorded as contributions in the year pledges are made. Contributions for support of current operations are included in the consolidated statements of activities as without donor-imposed restrictions, while pledges for support of future operations are reported as increases in net assets with donor-imposed restrictions until the stipulation expires. Contributions are released from restriction as the nature of the restriction changes, or restrictions are satisfied. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as support and increases in net assets without donor-imposed restrictions.

Income Taxes

The Conservation League is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expenses

The basis of expenses charged to each program is based on the direct expenditures incurred. The Conservation League allocates all program expenditures not directly chargeable to a program based on an estimation of staff members' time spent on each program, utilization of Conservation League resources and other specific identification methods.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. The preparation of consolidated financial statements also requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, the unamortized discount on promises to give, the estimated useful lives of property and equipment, the fair market value of donated property and services, and the allocation of expenses by function. It is at least reasonably possible that the estimates used will change within the near term.

Description of Programs

Land, Water and Wildlife

The objective of this program is to advocate for land and water conservation to further our mission of protecting clean water and air and furthering healthy natural and manmade systems. The Conservation League accomplishes this goal by ensuring public policies are adequate and properly implemented to protect water and air quality, wildlife habitat, and valuable landscapes and communicating to a broad audience about how to get involved in decisions affecting these coastal assets.

Examples of priority projects include:

- Fighting massive water withdrawals by tech giants like Google and industrial farms
- Halting the Able Construction trash fire in Jasper County
- Preventing plastic pellet pollution (“nurdles”), and single-use plastic pollution through local ordinances and state policy
- Opposing Clean Water Rule rollbacks
- Protecting our shoreline and marine habitats—such as oyster beds and saltmarsh
- Opposing hard structures on Harbor Island and Debidue beach
- Preventing offshore oil and gas exploration and drilling
- Advancing conservation funding in counties and at the state level
- Ensuring that wetland fill is avoided, and when necessary, adequately mitigated through land protection and restoration
- Working through local land use planning to establish strong urban growth and urban service boundaries (especially in Berkeley County, Johns Island, and Horry County)
- Advocating for resilient coastlines and prioritized land conservation that will help with marsh migration and carbon sequestration

Communities and Transportation

The objective of this program is to advocate for land conservation and quality of life in South Carolina coastal communities by advocating for sustainable urban growth patterns, efficient and clean transportation systems, and permanent land protection where appropriate. The Conservation League provides technical and professional assistance to local residents to help preserve their land and communities, advocates for good land use policies, and provides community organizing expertise.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Examples of priority projects include:

- Advocating for public transportation and mobility solutions
- Advocating against highways, such as I-526 and I-73, that contribute to suburban sprawl
- Advancing resilience policy through a state funding bill
- Including resilience elements that take into account sea level rise in the Charleston and Beaufort County comprehensive land use plans
- Advocating for leadership, policies, programs, and investments that will ensure that the coast is prepared for increased development and climate change, including advocating for the recommendations outlined in the Dutch Dialogues and overlay districts
- Influencing major projects, like the Army Corps of Engineers' 3x3 plan for a wall around the Charleston peninsula, as well as poorly planned projects like the construction of new lakes, as laid out in the Governor's Floodwater Commission Report

Energy and Climate

The objective of this program is to advocate for clean, renewable energy—components of a healthy ecosystem and quality of life—through policy reform, public awareness campaigns, and educational outreach. The Conservation League promotes energy efficiency, energy conservation, and alternative fuel sources as the cheapest and most effective solution to the climate and energy crisis.

Examples of priority projects include:

- Progressive energy policies related to renewable energy, energy efficiency, and climate change—moving the state closer to a clean energy future
- Reducing carbon emissions from dirty fuel sources, like coal and fossil fuels, through advocacy and state policy reform
- Reducing single occupancy cars on the road
- Advocating for better planning and oversight, as well as renewable energy **investments**

Food and Agriculture

Rural lands are being converted to urban uses every day. Farmland has been hit hardest by this change, which represents an ecological, economic, cultural and public health crisis for South Carolinians. This challenge was the impetus for the creation of GrowFood Carolina as a wholly-owned subsidiary in 2011.

GrowFood Carolina supports small and mid-sized South Carolina farmers by marketing, promoting, and selling their produce across the coast, but primarily to restaurants in the Charleston area. Since opening in 2011, GrowFood has sold over \$9.5 million of local products, facilitating \$8 million of revenue back to South Carolina's small and mid-sized farmers over the last nine years. Today, GrowFood Carolina works with more than 100 growers producing on more than 2,500 acres throughout South Carolina. GrowFood Carolina markets more than 300 items including fresh fruits, vegetables, nuts, grains, dairy, honey, eggs and salt to major retail chains, more than 200 restaurants, and a growing number of institutions and corporate campuses.

In March when the pandemic hit South Carolina, restaurant sales plummeted to nearly zero. That meant that local farmers who had planted fields full of fresh vegetables to sell to GrowFood Carolina and to other retailers no longer had enough buyers to sustain their farm businesses. GrowFood Carolina, under the direction of its General Manager quickly pivoted to create and sell boxes of food directly to Charleston-area families, while applying for newly available funding from USDA and SCDA to give similar boxes to families in need. Through food box sales and partnerships with nonprofits Enough Pie, Humanities Foundation, and the Lowcountry Food Bank, more than 2,000 boxes have been sold and more than 75,000 pounds of produce have been donated to families in need. These programs helped our farmers stay in business.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

GrowFood Carolina is uniquely positioned and prepared to continue to serve people in need—work we feel is necessary to sustain resilient coastal communities. With support from generous donors, the “Soil to Sustenance” program has been created to help provide more than 5,100 boxes of SC-grown produce to families in need annually, during the pandemic and for as long as community need persists.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The amendments in this Update are effective for fiscal years beginning after December 15, 2019.

In November 2019, the Board issued Accounting Standards Update No. 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. The amendments in Update 2019-10 deferred the effective dates for Leases for entities in the “all other” category by an additional year. Therefore, Leases was effective for all other entities for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. The deferrals responded to feedback from stakeholders and the Board’s monitoring of the implementation of major Updates, which provided a greater understanding of the implementation challenges encountered by all types of entities when adopting a major Update. In June 2020, the FASB issued Accounting Standards Update No. 2020-05, Financial Instruments—Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for certain entities. The amendments in Update 2020-05 further deferred the effective dates for Leases for entities in the “all other” category by an additional year.

2. RETIREMENT PLAN

The Conservation League has a 403(b) Plan (the “Plan”) to provide retirement and incidental benefits for its employees. Employees may contribute to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Conservation League matches employee contributions dollar for dollar up to a maximum of 6% of an employee’s annual compensation. All regular employees who work greater than 20 hours per week are eligible to participate in the plan and the match is effective on the first day of employment. Participants are 50% vested at the end of one year of employment and 100% vested after two years of employment. The Conservation League incurred \$132,874 and \$75,187 in matching expenses for the year ended June 30, 2020 and six-month period ended June 30, 2019, respectively.

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3. CONCENTRATION OF CREDIT RISK

The Conservation League places its temporary cash investments with financial institutions. These temporary investments primarily consist of cash and money market accounts, which potentially subject the Conservation League to concentration of credit risk for the amounts in excess of federally insured limits. At June 30, 2020, the Conservation League's temporary cash investments exceeded federally insured limits by \$792,797.

Credit risk for promises to give is concentrated with a few significant donors. Approximately 69% and 64% of the total gross balance of unconditional promises to give are due from five donors at June 30, 2020 and 2019, respectively.

4. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Conservation League measures fair value using a three-level hierarchy for fair value measurements. The fair value measurement accounting standard applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements. These standards emphasize that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the assets or liabilities and establishes a fair value hierarchy. Financial assets recorded on the consolidated statement of financial position are categorized based on the inputs of the valuation techniques as follows:

LEVEL 1

Financial assets whose values are based on the unadjusted quoted prices for identical assets in an active market that the Conservation League has the ability to access.

LEVEL 2

Financial assets whose values are based on quoted prices in markets that are not active that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by unobservable market data through correlation or other means for substantially the full term of the asset or liabilities.

LEVEL 3

Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions about pricing the asset.

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4. FAIR VALUE MEASUREMENTS AND INVESTMENTS – Continued

Assets measured at fair value on a recurring basis at:

JUNE 30, 2020				
Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs	Total
Cash and money markets	\$ 126,711	\$ -	\$ -	\$ 126,711
United States Treasury Notes	1,556,462	-	-	1,556,462
Government bonds - Foreign	477,171	-	-	477,171
Corporate bonds	1,633,203	-	-	1,633,203
Equities - US	8,863,978	-	-	8,863,978
Equities - Foreign	219,285	-	-	219,285
	<u>\$ 12,876,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,876,810</u>

JUNE 30, 2019				
Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs	Total
Cash and money markets	\$ 71,595	\$ -	\$ -	\$ 71,595
United States Treasury Notes	1,034,096	-	-	1,034,096
Government bonds - Foreign	616,913	-	-	616,913
Municipal bonds	194,239	-	-	194,239
Corporate bonds	1,396,492	-	-	1,396,492
Equities - US	9,336,586	-	-	9,336,586
Equities - Foreign	288,074	-	-	288,074
	<u>\$ 12,937,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,937,995</u>

The following schedule summarizes the return on investments for the year and six-month period ended June 30:

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4. FAIR VALUE MEASUREMENTS AND INVESTMENTS – Continued

	<u>2020</u>	<u>2019</u>
Dividend, interest and net realized gains and losses	\$ 68,623	\$ 120,601
Investment expenses	(101,668)	(52,391)
Net unrealized gains	<u>684,799</u>	<u>2,130,480</u>
Total investment return, net	<u>\$ 651,754</u>	<u>\$ 2,198,690</u>

The Board of Directors (the “Board”) has directed the Conservation League to designate the investments for future use. Funds designated by the Board for future use have been classified as designated in the consolidated financial statements. Investment returns classified as operating include interest income on cash accounts, which is not designated for future use by the Board. The Conservation League reports investment income and gains and losses on investments as increases or decreases in net assets without donor-imposed restrictions unless a donor or law temporarily or permanently restricts their use.

5. UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE

Unconditional promises to give and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discount rates used to estimate future cash flows ranged from 1.01% to 3.17% at June 30, 2020. The net unamortized discount on promises to give at June 30, 2020 and 2019 is \$140,648 and \$124,370, respectively, and the amortization of the discount is reported as contributions in the consolidated statements of activities. The allowance for doubtful accounts is estimated based on historical data as 5% of outstanding pledges receivable plus any specific balances whose collection appears doubtful by management. Amounts receivable are deemed past due when they are outstanding beyond the terms of the donor’s pledge. The Conservation League does not accrue interest on past due amounts. Amounts are charged off when they are deemed uncollectible by management. Amounts that are over 90 days past due total \$62,500 and \$53,900 at June 30, 2020 and 2019, respectively.

The following is a summary of unconditional promises to give, grants receivable and the allowance at:

	<u>2020</u>	<u>2019</u>
Net present value - current	\$ 709,345	\$ 608,776
Allowances for uncollectible amounts - current	<u>(31,326)</u>	<u>(30,939)</u>
Total net, current	<u>678,019</u>	<u>577,837</u>
Net present value - non-current	1,492,950	1,574,327
Allowances for uncollectible amounts - non-current	<u>(76,679)</u>	<u>(84,935)</u>
Total net, non-current	<u>1,416,271</u>	<u>1,489,392</u>
Total	<u>\$ 2,094,290</u>	<u>\$ 2,067,229</u>

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5. UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE - Continued

Amounts due over the next five years at June 30, 2020 are as follows:

2021	\$ 709,345
2022	450,698
2023	347,700
2024	200,200
2025	115,000
Thereafter	<u>520,000</u>
Total promises to give	2,342,943
Less: unamortized discount	<u>(140,648)</u>
Total discounted promises to give	2,202,295
Less: allowance for uncollectible promises to give	<u>(108,005)</u>
Net promises to give	<u><u>\$ 2,094,290</u></u>

6. IN-KIND CONTRIBUTIONS

The Conservation League received donated professional services with an estimated fair value of \$1,424,911 and \$934,551 for the year ended June 30, 2020 and six-month period ended June 30, 2019, respectively. The donated legal and professional services were primarily used in the land, water and wildlife programs.

7. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below at June 30:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 886,166	\$ 886,166
Vehicles	189,289	178,957
Furniture and equipment	284,273	562,186
Software	-	140,004
Furnishings	94,029	143,654
Leasehold improvements	<u>369,705</u>	<u>365,505</u>
Total	1,823,462	2,276,472
Accumulated depreciation	<u>(588,464)</u>	<u>(858,756)</u>
Net property and equipment	<u><u>\$ 1,234,998</u></u>	<u><u>\$ 1,417,716</u></u>

Depreciation expense for the year ended June 30, 2020 and six-month period ended June 30, 2019 totaled \$125,834 and \$65,285, respectively.

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8. LINES OF CREDIT

On May 1, 2018, the Conservation League signed a \$250,000 line of credit. The line bears interest at the prime rate (4.00% at June 30, 2020) and matures on September 24, 2020. The line is unsecured and has a balance of \$0 and \$200,000 at June 30, 2020 and 2019, respectively.

On April 25, 2017, the Conservation League signed a \$150,000 line of credit which is intended for use by GrowFood Carolina if such a need develops. The line bears interest at the prime rate (4.00% at June 30, 2020) and matures on September 24, 2020. The line is unsecured and has a balance of \$0 at June 30, 2020 and 2019, respectively.

9. PROMISSORY NOTE PAYABLE

On December 14, 2016, the Conservation League signed a \$44,623 equipment note with Ford Motor Credit Company for a 2017 Ford Transit. The agreement requires (60) monthly payments of \$862 of principal and interest at a rate of 5.89%. The note matures in December of 2021. Total estimated future payments of the notes payable at June 30, 2020 are as follows:

2021	\$	9,745
2022		5,006
Thereafter		-
	\$	14,751

10. PAYCHECK PROTECTION PROGRAM NOTE

On April 16, 2020, the Conservation League was issued a note through the Small Business Administration and the Paycheck Protection Program. The note bears interest of 1% and matures in April 2022. The note has a balance of \$504,533 at June 30, 2020 and must be used for payroll costs, employee benefits, mortgage payments, rent, utilities and interest on obligations. The Conservation League intends to use the proceeds for qualifying expenses. Under the Paycheck Protection Program, certain amounts, up to the entire loan balance, may be forgiven under the terms of the loan. The Conservation League anticipates the loan will be fully forgiven in 2021 and accordingly has presented the note as a current liability.

11. RELATED PARTY TRANSACTIONS

Various board members, committee members, employees, their families and companies contributed a total of \$545,865 and \$46,740 during the year ended June 30, 2020 and the six-month period ended June 30, 2019, respectively. Unconditional promises to give from related parties at June 30, 2020 and 2019 totaled \$1,149,940 and \$1,276,634, respectively.

12. BOARD DESIGNATED ENDOWMENT

The Conservation League's endowment consists of a fund designated by the Board to function as an endowment which is held in the without donor-imposed restrictions net asset class. This fund is held in the form of cash and cash equivalents, and other equity investments and classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Conservation League's policy is to preserve the fair value of the original endowment gift at the gift date of the funds unless there are explicit donor stipulations to the contrary. The Conservation League classifies as

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12. BOARD DESIGNATED ENDOWMENT – Continued

net assets with donor-imposed restrictions: (1) the original gift, (2) the original value of subsequent gifts, and (3) accumulations to the endowment in accordance with the direction of the original donor gift (if there are any). Subsequent accumulations of total investment returns are classified as with donor-imposed restrictions until those amounts are appropriated for expenditure by the Conservation League in a manner consistent with the standard of prudence established by UPMIFA.

In accordance with Conservation League policy, the Board designated endowment is recorded at the amount stipulated by the Board and classified as net assets without donor-imposed restrictions. It is the intention of the Board to maintain the designations in perpetuity, with subsequent accumulations of total investment return classified as net assets without donor-imposed restrictions until those amounts are appropriated for expenditure by the Conservation League in a manner consistent with their policy.

Board designated net assets consist of endowment assets to be held indefinitely for the following purposes at June 30:

	2020	2019
Board designated endowment	\$ 12,803,025	\$ 12,937,995
	\$ 12,803,025	\$ 12,937,995

The composition of the Conservation League’s endowment by net asset class as follows:

June 30, 2020			
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Board-designated endowment funds	\$ 12,803,025	\$ -	\$ 12,803,025
Total funds	\$ 12,803,025	\$ -	\$ 12,803,025
June 30, 2019			
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Board-designated endowment funds	\$ 12,937,995	\$ -	\$ 12,937,995
Total funds	\$ 12,937,995	\$ -	\$ 12,937,995

The Conservation League follows an investment policy with long-term growth as the main objective. The Conservation League relies on a total return strategy in which investment returns are achieved through

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12. BOARD DESIGNATED ENDOWMENT – Continued

both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservation League utilizes a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Board appropriates amounts for specifically identified expenses as needed.

The Board takes into consideration the following factors in making a determination to appropriate endowment funds for expenditure:

- General economic conditions;
- Possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution;
- The purpose of the fund and its relationship to the mission of the Conservation League; and
- The Conservation League’s investment policies.

The following details the changes in the Conservation League’s endowment net assets for the year ended:

	June 30, 2020		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of year	\$ 12,937,995	\$ -	\$ 12,937,995
Investment return:	655,699	-	655,699
	655,699	-	655,699
Amounts appropriated for expenditure	(790,669)	-	(790,669)
Endowment net assets, end of year	<u>\$ 12,803,025</u>	<u>\$ -</u>	<u>\$ 12,803,025</u>
	June 30, 2019		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of period	\$ 10,854,616	\$ -	\$ 10,854,616
Contributions	110,447	-	110,447
Investment return	2,197,572	-	2,197,572
	2,308,019	-	2,308,019
Amounts appropriated for expenditure	(224,640)	-	(224,640)
Endowment net assets, end of period	<u>\$ 12,937,995</u>	<u>\$ -</u>	<u>\$ 12,937,995</u>

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FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

13. LEASES

On December 5, 2002, the Conservation League entered into an agreement to lease office space at 709B Front Street in the City of Georgetown, South Carolina. The lease automatically renews each year for a term of one year. Rent payments for the location are \$950 per month and are due on the first day of the month. The lease matured and was not renewed during the year ended June 30, 2020. Rent expense for this lease for the year ended June 30, 2020 and six-month period ended June 30, 2019 was \$7,025 and \$4,350, respectively.

On June 16, 2016, the Conservation League entered into an agreement to lease office space at 1212 King Street in the City of Beaufort, South Carolina for one year beginning July 1, 2016. Effective July 1, 2017 this lease converted to a month-to-month basis. Rent payments for the location are \$500 per month and are due on the first day of the month. Rent expense for this lease for the year ended June 30, 2020 and six-month period ended June 30, 2019 was \$6,000 and \$3,000, respectively.

On June 29, 2017, the Conservation League signed a one-year lease beginning August 1, 2017 for 1219 Assembly Street in Columbia, South Carolina. Rent payments for the location are \$1,182 per month and are due on the first day of the month. The lease may be extended by the Conservation League and is currently month to month. Rent and additional premises expenses for this lease for the year ended June 30, 2020 and six-month period ended June 30, 2019 was \$14,184 and \$7,092, respectively.

On October 18, 2018, the Conservation League signed a seven-year and four-month lease for its future corporate offices. The lease provides for a rent-free period from October 19, 2018 to February 9, 2019. Effective the month starting February 10, 2019, rent at a rate of \$9,667 per month was due. Rent will increase annual at 3% and additional common area charges will be due. The lease matures on February 9, 2026. Rent expense incurred was \$126,978 and \$50,584 for the year ended June 30, 2020 and the six-month period ended June 30, 2019, respectively.

On November 12, 2019, the Company signed a (60) month operating lease with Penske Leasing for vehicles for its Grow Food operations. The lease has a minimum lease payment of \$1,693 per month.

Future minimal lease payments at June 30, 2020 are as follows:

2021	\$ 141,250
2022	144,730
2023	148,210
2024	151,691
2025	143,320
Thereafter	<u>79,849</u>
	<u><u>\$ 809,050</u></u>

GrowFood Carolina leases space in its operating facility to various third parties under operating leases. Lease terms range from one to seven years. Monthly payments received by GrowFood Carolina range from \$550 to \$685 per month. Total lease payments received for the year ended June 30, 2020 and six-month period ended June 30, 2019 were \$52,369 and \$26,863, respectively.

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14. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to purpose restrictions:		
Salt Marsh Project	\$ 13,423	\$ -
Berkeley County program work	-	10,000
Gippy Plantation and Berkeley County program work	2,451	29,451
DB Conservation Fund	186,832	494,579
South Coast Office program work	-	150
131 Spring Street	-	610
Publications	-	9,949
Land conservation	8,700	-
Food waste program	2,494	-
Food hub subgrantees	31,513	60,000
Food box program	30,284	-
Total	<u>275,697</u>	<u>604,739</u>
Subject to the passage of time:		
Future operations	<u>2,202,295</u>	<u>2,173,103</u>
Total	<u>2,202,295</u>	<u>2,173,103</u>
	<u>\$ 2,477,992</u>	<u>\$ 2,777,842</u>

15. ADVERTISING

During the year ended June 30, 2020 and six-month period ended June 30, 2019, the Conservation League incurred \$32,319 and \$16,405, respectively, in advertising and media development costs. This advertising included social media, radio, and newspaper spots advertising public meetings and transportation reform. All advertising costs during 2020 and 2019 were expensed as incurred.

16. DISCLOSURE OF LIQUIDITY INFORMATION

The following reflects the Conservation Leagues' financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position (June 30th). Amounts not available include amounts set aside for long-term investing in board reserves and designations that could be drawn upon if the governing board approves that action.

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16. DISCLOSURE OF LIQUIDITY INFORMATION – Continued

	2020	2019
Financial assets	\$ 16,122,366	\$ 15,735,898
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Subject to satisfaction of donor-imposed restrictions	(2,477,992)	(2,777,842)
Board designations:		
Designated for endowment	(12,803,025)	(12,937,995)
Financial assets available to meet cash needs for general expenditures within one year	\$ 841,349	\$ 20,061

17. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Conservation League evaluated events at June 30, 2020 through November 6, 2020, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements, beyond those described below.

Subsequent to year end, the Conservation League has signed one-year extensions on its two lines of credit.

Subsequent to year end, the Conservation League has submitted the necessary documentation to receive a forgiveness of its \$504,533 paycheck protection program note. The note will be converted to government grant income during the year ended June 30, 2021.

SUPPLEMENTAL SCHEDULES

**CCL REALTY, LLC
BALANCE SHEETS
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 220,150	\$ 334,521
Accounts receivable	178,620	162,208
Due from related party	3,494	13,493
Grants receivable	22,053	-
Promises to give, net of allowance for doubtful accounts of \$7,450 and \$6,050 for 2020 and 2019	141,550	104,950
Prepaid expenses	40,129	50,228
Total current assets	605,996	665,400
Non-Current Assets		
Promises to give, net of allowance for doubtful accounts of \$5,450 for 2019	-	101,290
Property and equipment, net of accumulated depreciation of \$519,928 for 2020 and \$468,560 for 2019	809,823	948,859
Total non-current assets	809,823	1,050,149
Total assets	\$ 1,415,819	\$ 1,715,549
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 65,666	\$ 64,110
Accrued payroll and taxes	27,661	20,752
Accrued compensated absences	34,208	22,276
Due to related party - promissory note current portion	9,745	9,737
Grants payable	26,513	55,760
Due to related party	142,451	48,535
Total current liabilities	306,244	221,170
Non-Current Liabilities		
Due to related party - promissory note, net of current portion	5,006	14,197
Total Liabilities	311,250	235,367
Member's Equity		
Total liabilities and member's equity	\$ 1,415,819	\$ 1,715,549

See independent auditors' report

CCL REALTY, LLC
INCOME STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 AND
THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Contributions	\$ 158,767	\$ 40,541
Grants	312,864	33,953
Consigned produce sales, net	287,174	224,558
Rent income	52,369	26,863
Shipping and delivery	15,946	9,258
Box and merchandise sales	6,898	9,617
Event revenue	7,609	-
Loss on disposal of software	(70,000)	-
Miscellaneous	2,309	85
Total revenue	<u>773,936</u>	<u>344,875</u>
Operating expenses		
Salaries, payroll taxes and benefits	681,333	322,446
Depreciation	79,368	51,643
Marketing and business development	14,775	5,758
Produce box costs	67,831	14,450
Auto and truck expenses	65,763	18,253
Insurance	28,323	4,194
Utilities	16,116	8,285
Telephone and network charges	18,649	8,964
Professional fees	94,557	11,396
Repairs, maintenance and equipment	24,259	16,095
Travel and meetings	5,947	4,546
Office supplies	10,407	7,082
Miscellaneous	4,933	2,647
Events and fundraising	10,012	2,601
Bank and credit card processing fees	6,317	2,177
Printing and postage	375	208
Dues and subscriptions	7,049	5,479
Grants and support	14,275	5,400
Change in allowance for doubtful accounts	(740)	11
Total expenses	<u>1,149,549</u>	<u>491,635</u>
Net Loss	<u>\$ (375,613)</u>	<u>\$ (146,760)</u>

See independent auditors' report