

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Charleston, South Carolina

Opinion

We have audited the accompanying consolidated financial statements of and subsidiary (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of and subsidiary as of June 30, 2023 and 2022, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about and subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 and subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about and subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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

Charleston, South Carolina
January 26, 2024

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,699,157	\$ 966,175
Reimbursement and other receivables	257,816	140,162
Unconditional promises to give and grants receivable, net of allowance of \$17,094 for 2023 and \$19,669 for 2022	553,885	389,713
Inventory	56,237	154,434
Prepaid and other expense	85,333	98,499
Total current assets	<u>2,652,428</u>	<u>1,748,983</u>
Non-Current Assets		
Investments, designated for long-term use	14,271,878	13,784,871
Unconditional promises to give, net of allowance of \$54,542 for 2023 and \$75,458 for 2022	793,391	1,366,345
Operating lease - right-of-use asset	345,753	460,574
Note receivable	2,783,200	-
Property and equipment, net	5,205,952	4,280,949
Total non-current assets	<u>23,400,174</u>	<u>19,892,739</u>
Total assets	<u>\$ 26,052,602</u>	<u>\$ 21,641,722</u>

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS FINANCIAL POSITION - CONTINUED
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 155,242	\$ 281,677
Accrued salary and employee benefits payable	61,454	101,654
Accrued interest	-	812
Promissory note payable, current portion	-	300,000
Accrued compensated absences	185,951	186,927
Grants payable	50,000	50,000
Operating lease liability, current	145,646	124,348
Total current liabilities	<u>598,293</u>	<u>1,045,418</u>
Long-term Liabilities		
TCDE QLICI Loan A note	2,783,200	-
TCDE QLICI Loan B note, net of loan costs	991,786	-
Operating lease liability, net of current	226,549	355,867
Total long-term liabilities	<u>4,001,535</u>	<u>355,867</u>
Total liabilities	<u>4,599,828</u>	<u>1,401,285</u>
Net Assets		
Without donor-imposed restrictions:		
Undesignated	5,314,534	4,817,630
Board designated -future operations	448,108	-
Board designated -endowment	14,251,074	13,459,121
Total net assets without donor-imposed restrictions	<u>20,013,716</u>	<u>18,276,751</u>
With donor-imposed restrictions	1,439,058	1,963,686
Total net assets	<u>21,452,774</u>	<u>20,240,437</u>
Total liabilities and net assets	<u>\$ 26,052,602</u>	<u>\$ 21,641,722</u>

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor-Imposed Restrictions</u>			<u>With Donor-Imposed Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>		
Support and Revenue					
Contributions	\$ 3,829,986	\$ 448,108	\$ 4,278,094	\$ -	\$ 4,278,094
Grants	1,140,596	-	1,140,596	-	1,140,596
Food sales, net	348,702	-	348,702	-	348,702
Rents	15,302	-	15,302	-	15,302
Investment return, net of fees	(895)	1,411,114	1,410,219	-	1,410,219
Other income, net	70,152	-	70,152	-	70,152
Total support and revenue	5,403,843	1,859,222	7,263,065	-	7,263,065
Net assets released from restriction	524,628	-	524,628	(524,628)	-
Total support and revenue and net assets released from restriction	5,928,471	1,859,222	7,787,693	(524,628)	7,263,065
Expenses					
Program services	4,691,219	-	4,691,219	-	4,691,219
Supporting services:					
General and administrative	717,187	-	717,187	-	717,187
Fundraising	642,322	-	642,322	-	642,322
Total supporting services	1,359,509	-	1,359,509	-	1,359,509
Total expenses	6,050,728	-	6,050,728	-	6,050,728
Interfund transfers	619,161	(619,161)	-	-	-
Increase (decrease) in net assets	496,904	1,240,061	1,736,965	(524,628)	1,212,337
Net assets, beginning of year	4,817,630	13,459,121	18,276,751	1,963,686	20,240,437
Net assets, end of year	\$ 5,314,534	\$ 14,699,182	\$ 20,013,716	\$ 1,439,058	\$ 21,452,774

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2022

	Without Donor-Imposed Restrictions			With Donor-Imposed	
	Undesignated	Board Designated	Total	Restrictions	Total
Support and Revenue					
Contributions	\$ 4,948,464	\$ -	\$ 4,948,464	\$ 78,530	\$ 5,026,994
Grants	924,349	-	924,349	-	924,349
Food sales, net	413,111	-	413,111	-	413,111
Rents	53,971	-	53,971	-	53,971
Investment return, net of fees	2,675	(1,707,748)	(1,705,073)	-	(1,705,073)
Other income, net	(115)	-	(115)	-	(115)
Total support and revenue	6,342,455	(1,707,748)	4,634,707	78,530	4,713,237
Net assets released from restriction	214,389	-	214,389	(214,389)	-
Total support and revenue and net assets released from restriction	6,556,844	(1,707,748)	4,849,096	(135,859)	4,713,237
Expenses					
Program services	4,270,461	-	4,270,461	-	4,270,461
Supporting services:					
General and administrative	751,923	-	751,923	-	751,923
Fundraising	654,127	-	654,127	-	654,127
Total supporting services	1,406,050	-	1,406,050	-	1,406,050
Total expenses	5,676,511	-	5,676,511	-	5,676,511
Interfund transfers	548,010	(548,010)	-	-	-
Increase (decrease) in net assets	1,428,343	(2,255,758)	(827,415)	(135,859)	(963,274)
Net assets, beginning of year	3,389,287	15,714,879	19,104,166	2,099,545	21,203,711
Net assets, end of year	\$ 4,817,630	\$ 13,459,121	\$ 18,276,751	\$ 1,963,686	\$ 20,240,437

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Supporting Services				
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries	\$ 1,810,110	\$ 386,237	\$ 395,493	\$ 781,730	\$ 2,591,840
Benefits and taxes	451,956	88,110	92,333	180,443	632,399
Other	22,897	71,164	8,391	79,555	102,452
	<u>2,284,963</u>	<u>545,511</u>	<u>496,217</u>	<u>1,041,728</u>	<u>3,326,691</u>
Legal	1,100,656	3,764	-	3,764	1,104,420
Accounting	-	20,823	-	20,823	20,823
Contract projects	85,202	13,478	10,621	24,099	109,301
Media development	87,721	1,913	-	1,913	89,634
Information technology	57,078	16,118	14,411	30,529	87,607
Furniture and equipment (non-cap)	33,205	-	-	-	33,205
Occupancy	320,044	50,456	56,903	107,359	427,403
Printing, postage and mailings	29,140	1,407	25,179	26,586	55,726
Supplies	239,569	5,637	3,440	9,077	248,646
Travel and meals	177,252	9,019	7,702	16,721	193,973
Fees and dues	45,920	30,288	12,475	42,763	88,683
Events and programs	70,532	12,411	2,004	14,415	84,947
Depreciation	128,012	8,162	8,518	16,680	144,692
Bad debt recovery	-	(3,989)	-	(3,989)	(3,989)
Cost of sales - book	-	703	-	703	703
Grants and support	29,448	-	-	-	29,448
Miscellaneous	2,477	1,486	4,852	6,338	8,815
	<u>2,477</u>	<u>1,486</u>	<u>4,852</u>	<u>6,338</u>	<u>8,815</u>
Total expenses	<u>\$ 4,691,219</u>	<u>\$ 717,187</u>	<u>\$ 642,322</u>	<u>\$ 1,359,509</u>	<u>\$ 6,050,728</u>

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Supporting Services				Total
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,763,464	\$ 376,284	\$ 385,301	\$ 761,585	\$ 2,525,049
Benefits and taxes	427,063	83,257	87,247	170,504	597,567
Other	31,397	97,584	11,506	109,090	140,487
	<u>2,221,924</u>	<u>557,125</u>	<u>484,054</u>	<u>1,041,179</u>	<u>3,263,103</u>
Legal	970,372	275	2,250	2,525	972,897
Accounting	-	23,103	-	23,103	23,103
Contract projects	261,312	41,337	32,574	73,911	335,223
Media development	6,870	-	301	301	7,171
Information technology	23,305	6,581	5,884	12,465	35,770
Furniture and equipment (non-cap)	5,062	-	-	-	5,062
Occupancy	345,819	55,947	63,095	119,042	464,861
Printing, postage and mailings	18,675	902	16,137	17,039	35,714
Supplies	98,043	2,307	1,408	3,715	101,758
Travel and meals	141,383	7,218	6,164	13,382	154,765
Fees and dues	45,488	34,610	26,990	61,600	107,088
Events and programs	20,100	3,537	571	4,108	24,208
Depreciation	70,803	9,601	9,823	19,424	90,227
Bad debts	-	8,076	-	8,076	8,076
Cost of sales - book	9,796	-	-	-	9,796
Grants and support	30,069	-	-	-	30,069
Miscellaneous	1,440	1,304	4,876	6,180	7,620
	<u>1,440</u>	<u>1,304</u>	<u>4,876</u>	<u>6,180</u>	<u>7,620</u>
Total expenses	<u>\$ 4,270,461</u>	<u>\$ 751,923</u>	<u>\$ 654,127</u>	<u>\$ 1,406,050</u>	<u>\$ 5,676,511</u>

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 1,212,337	\$ (963,274)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(1,264,051)	1,860,147
Depreciation	144,692	90,227
Change in allowance for doubtful accounts	20,916	8,076
Change in discount on unconditional promises to give	25,537	(26,673)
Contributions received restricted for long-term purposes	(418,500)	(1,588,404)
(Increase) decrease in assets:		
Reimbursements and other receivables	(117,654)	11,102
Unconditional promises to give and grants receivable	630,829	761,377
Inventory and prepaid and other expenses	111,363	(84,797)
Operating lease right-of-use asset	114,821	(460,574)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(126,435)	116,515
Accrued salary and employee benefits payable	(40,200)	(75,616)
Accrued interest	(812)	812
Accrued compensated absences	(976)	(4,827)
Operating lease liability	(108,020)	462,949
Grants payable	-	(1,500)
Net cash provided by operating activities	<u>183,847</u>	<u>105,540</u>
Cash Flows used in Investing Activities:		
Purchases of investments	(385,216)	(292,468)
Proceeds from sales of investments	1,162,260	2,847,130
Purchases of property and equipment	(1,069,695)	(3,841,063)
Net cash used for investing activities	<u>(292,651)</u>	<u>(1,286,401)</u>
Cash Flows from Financing Activities:		
Payments on notes payable	(300,000)	(5,010)
Proceeds from notes payable	-	300,000
Proceeds from TCDE QLICI Loan note	1,216,800	-
Purchase for deferred loan costs	(225,014)	-
Contributions collected restricted for long-term purposes	150,000	948,688
Net cash provided by financing activities	<u>841,786</u>	<u>1,243,678</u>
Net increase in cash and cash equivalents	732,982	62,817
Cash and cash equivalents, beginning of year	<u>966,175</u>	<u>903,358</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,699,157</u></u>	<u><u>\$ 966,175</u></u>

See accompanying notes to the consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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.

CCL Farm Conservation, Inc. was formed on April 7, 2023, primarily for the purpose of participating in the Federal New Market Tax Credit program to assist in the funding for the construction of the new GrowFood Carolina warehouse.

Basis of Accounting

The Conservation League prepares its 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 Presentation

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 financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

Principles of Consolidation

These consolidated financial statements include the balances and financial activities of the Conservation League and its wholly owned subsidiary, CCL Farm Conservation, Inc. All inter-entity accounts and transactions have been eliminated.

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, Rent 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 \$961,044 and \$886,814, and donated rent of \$74,382 and \$127,512, during the years ended June 30, 2023 and 2022, respectively. The Conservation League has included these amounts in both contributions and expenses in the consolidated statements of activities for the years ended June 30, 2023 and 2022.

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 range from 3 to 40 years.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Functional Expenses

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

<u>Expense Type</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Legal	Direct costs to programs and supporting services
Contract projects	Direct costs to programs and supporting services
Occupancy	Direct costs to programs and supporting services/square footage
Printing, postage and mailings	Direct costs to programs and supporting services
Travel and meals	Direct costs to programs and supporting services
Fees and dues	Direct costs to programs and supporting services
Depreciation	Direct costs to programs and supporting services/square footage

Use of Estimates

The preparation of the 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 financial statements. The preparation of the 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 natural resource conservation to further our mission of protecting clean and abundant water, natural habitats, and the health of people and wildlife. The Conservation League accomplishes this goal by ensuring public policies are adequate and properly implemented to protect water quality and quantity, wildlife habitat, and valuable landscapes and communicating to a broad audience about how to get involved in decisions affecting these coastal assets.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Examples of priority projects include:

- Fighting inappropriately sited mines that threaten coastal resources and disproportionately impact communities;
- Protecting beaches such as Captain Sam’s Spit and Bay Point Island from irresponsible development;
- Preventing plastic pellet pollution (“nurdles”) and passing local and state laws to hold polluters responsible;
- Opposing Clean Water Rule rollbacks;
- Protecting our shoreline and marine habitats - such as oyster beds and saltmarsh;
- Restoring and protecting wildlife habitat in places such as Crab Bank and Deveaux Bank and advocating for strengthening enforcement and regulations; and
- 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.

Examples of priority projects include:

- Advocating for public transportation and mobility solutions like the Lowcountry Rapid Transit project;
- Advocating against highways, such as I-526, I-73, and Highway 41, that contribute to suburban sprawl and disproportionately impact minority communities;
- Advancing local and state resilience policies that minimize development in low-lying areas and prioritize the use of natural green infrastructure for coastal protection;
- 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; and
- Working through local land use planning to establish strong urban growth and urban service boundaries (especially in Berkeley County, Johns Island, and Horry County).

Energy

The objective of this program is to advocate for clean energy as 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, retirement of fossil fueled energy equipment, and renewable energy as the cheapest and most effective solutions to the climate, health, and social justice crises associated with our current energy system.

Examples of priority projects include:

- Creating and implementing regulatory processes that ensure fair consideration of clean energy in the planning and operation of the electricity and natural gas supply, transmission, and distribution systems;
- Establishing regulatory and financial mechanisms to promote implementation of energy efficient technologies;
- Reducing carbon emissions from dirty fuel sources, like coal and other fossil fuels, through advocacy and state policy reform;

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Reducing single occupancy cars on the road and electrifying transportation;
- Promoting market-based procurement processes that can speed the transition to cleaner energy systems; and
- Preventing offshore oil and gas exploration and drilling

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 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 \$11 million of local products, facilitating more than \$9 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 120 growers producing on more than 6,000 acres throughout South Carolina. GrowFood Carolina markets more than 400 items including fresh fruits, vegetables, nuts, grains, dairy, honey, eggs and salt to major retail chains, more than 400 restaurants, and a growing number of institutions and corporate campuses.

In March 2020, 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 300,000 pounds of produce have been donated to families in need. These programs helped our farmers stay in business.

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 40,000 boxes of SC-grown produce to families in need annually, during the pandemic and for as long as community need persists.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessee’s statement of financial position and disclosing key information about leasing arrangements for leases classified as operating under the previous GAAP. Under this update, lessees should recognize in the consolidated statements of financial position an asset representing its right to use the underlying asset for the lease term and a liability related to future lease payments. The guidance is effective for fiscal years beginning after December 15, 2021. The Conservation League adopted this standard for fiscal year 2023 and recorded a right-of use asset and lease liability on the consolidated statements of financial position. See note 14 for additional information.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Conservation League's net assets or changes in net assets.

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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 \$151,156 and \$145,919 in matching expenses for the years ended June 30, 2023 and 2022, respectively.

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, 2023, the Conservation League’s temporary cash investments exceeded federally insured limits by \$1,130,142.

Credit risk for promises to give is concentrated with a few significant donors. Approximately 76% and 62% of the total gross balance of unconditional promises to give are due from five donors at June 30, 2023 and 2022, 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 statements 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, 2023				
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	\$ 406,060	\$ -	\$ -	\$ 406,060
United States Treasury Notes	658,543	-	-	658,543
Government bonds - Foreign	269,448	-	-	269,448
Corporate bonds	2,381,345	-	-	2,381,345
Equities - US	9,767,332	-	-	9,767,332
Equities - Foreign	789,150	-	-	789,150
	<u>\$ 14,271,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,271,878</u>
June 30, 2022				
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	\$ 596,788	\$ -	\$ -	\$ 596,788
United States Treasury Notes	1,213,012	-	-	1,213,012
Government bonds - Foreign	120,066	-	-	120,066
Corporate bonds	1,971,620	-	-	1,971,620
Equities - US	9,222,112	-	-	9,222,112
Equities - Foreign	661,273	-	-	661,273
	<u>\$ 13,784,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,784,871</u>

The following schedule summarizes the return on investments for the years ended June 30:

	2023	2022
Dividends and interest	\$ 258,768	\$ 283,573
Investment expenses	(112,777)	(128,499)
Net realized and unrealized gains (losses)	<u>1,264,228</u>	<u>(1,860,147)</u>
Total investment return, net	<u>\$ 1,410,219</u>	<u>\$ (1,705,073)</u>

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4. FAIR VALUE MEASUREMENTS AND INVESTMENTS – Continued

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 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 0.26% to 4.49% at June 30, 2023. The net unamortized discount on promises to give at June 30, 2023 and 2022 is \$89,234 and \$67,364, 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 \$0 at June 30, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Net present value - current	\$ 570,979	\$ 409,382
Allowances for uncollectible amounts - current	<u>(17,094)</u>	<u>(19,669)</u>
Total net, current	<u>553,885</u>	<u>389,713</u>
Net present value - non-current	847,933	1,441,803
Allowances for uncollectible amounts - non-current	<u>(54,542)</u>	<u>(75,458)</u>
Total net, non-current	<u>793,391</u>	<u>1,366,345</u>
Total	<u><u>\$ 1,347,276</u></u>	<u><u>\$ 1,756,058</u></u>

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5. UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE - Continued

Amounts due over the next five years at June 30, 2023 are as follows:

2024	\$ 520,979
2025	458,334
2026	212,500
2027	120,000
2028	100,000
Thereafter	100,000
Total promises to give	1,511,813
Less: unamortized discount	(92,901)
	<u>1,418,912</u>
Total discounted promises to give	1,418,912
Less: allowance for uncollectible promises to give	(71,636)
	<u>1,347,276</u>
Net promises to give	<u>\$ 1,347,276</u>

6. IN-KIND CONTRIBUTIONS

The Conservation League received donated professional services with an estimated fair value of \$961,044 and \$886,814 for the years ended June 30, 2023 and 2022, respectively. The Conservation League received donated rent of \$74,382 and \$127,512, during the years ended June 30, 2023 and 2022, respectively. The donated legal and professional services were primarily used in the land, water and wildlife programs. The donated rent was primarily in support of the Conservation League's sustainable agriculture programs.

7. PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Buildings and land	\$ 4,951,099	\$ 3,884,276
Vehicles	200,525	200,525
Furniture and equipment	284,273	284,273
Furnishings	94,029	94,029
Leasehold improvements	372,876	369,705
	<u>5,902,802</u>	<u>4,832,808</u>
Total	5,902,802	4,832,808
Accumulated depreciation	(696,850)	(551,859)
	<u>5,205,952</u>	<u>4,280,949</u>
Net property and equipment	<u>\$ 5,205,952</u>	<u>\$ 4,280,949</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$144,692 and \$90,227, respectively.

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8. PURCHASE AND SALE OF REAL PROPERTY

Purchase of 1814 Harmon Street (New GrowFood Location)

In November 2021, The Conservation League purchased a new location for its GrowFood Carolina operations. The new facility cost \$2,963,000 and will triple the warehouse capacity and food distribution operations of the program. The facility was under construction and upfit during 2022 and was completed during 2023.

Sale and Lease of 990 Morrison Drive (Previous GrowFood Location)

On July 2, 2020, the Conservation League signed a purchase and sale agreement with a third-party for the sale of 990 Morrison Drive, its main office and operations center for GrowFood Carolina. The sale included 0.63 acres of land and the building for \$2,400,000.

On January 14, 2021, this agreement was amended to allow the parties additional time to close on the sale of the property until February 15, 2021. For this extension, the Conservation League retained the initial escrow deposit of \$50,000 under the terms of the agreement as additional sales price. The sale and purchase agreement closed on February 15, 2021, and the Conservation League recognized a gain on sale in the amount of \$1,711,712, net of closing costs, net book value in the property, and the additional \$50,000 fee for extension of closing. Under the terms of the agreement, the Conservation League was leasing the property back from the buyer at an annual cost of \$1 per year for the earlier of up to (24) months (February 15, 2023) or a replacement facility is identified and a certificate of occupancy is obtained for its GrowFood Operations. In accordance with this agreement, the Conservation League had recognized the fair market value of this donated rent period for the year ended June 30, 2023 and 2022 in the amount of \$74,382 and \$127,512, respectively.

9. NOTE RECEIVABLE

On May 25, 2023, the Conservation League entered into a New Markets Tax Credit transaction detailed in Note 18. As part of that transaction, the Conservation League holds a 30-year long-term note receivable with CCL Charleston Investment Fund, LLC in the amount of \$2,783,200. The note matures on May 25, 2053. Over this period the note is interest-bearing at an interest rate of 1%. The note receivable is not secured by any assets of the organization. See Note 11 and 18 for New Market Tax Credit terms and put/call provisions impacting the acceleration of the maturity of this note receivable.

10. LINES OF CREDIT

On May 1, 2018, the Conservation League signed a \$250,000 line of credit, and it has been extended annually. The line bears interest at the prime rate and matures on December 15, 2023. The line is unsecured and has a balance of \$0 at June 30, 2023 and 2022.

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 has been extended annually. The line bears interest at the prime rate and matured on December 15, 2023, and was extended. The line is unsecured and has a balance of \$0 at June 30, 2023 and 2022.

11. NOTES PAYABLE

On November 19, 2021, the Conservation League signed a \$2,000,000 note to be utilized for the upfit of the Conservation League's new GrowFood Carolina location. The note bore interest at the prime rate less 0.75% (4.0% at June 30, 2022). Minimum payments of interest only were paid through December 19, 2022. Then monthly payments of \$44,530 of principal and interest began until the note is paid in full. The note was to mature on November 19, 2026. The outstanding balance of the note is \$0 and \$300,000 at June 30, 2023 and 2022, respectively. The note was paid in full and surrendered during 2023.

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11. NOTES PAYABLE - Continued

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 required (60) monthly payments of \$862 of principal and interest at a rate of 5.89%. The note matured in December of 2021.

On May 25, 2023, CCL Farm Conservation, Inc., signed a 30-year \$2,783,200 note payable with TCDE 104, LLC (Note A), associated with the issuance of new market tax credits (see note 18). The note bears interest at 1% and quarterly interest only payments are due through May 25, 2030. Beginning July 25, 2030, principal and interest payments are due through maturity on May 25, 2053. Prepayments on principal are not allowed under the note agreement until after the 7th year anniversary on May 25, 2030. See Note 18 for New Market Tax Credit terms and put/call provision impacting the acceleration of the maturity of this note payable.

On May 25, 2023, CCL Farm Conservation, Inc., signed a 30-year \$1,216,800 note payable with TCDE 104, LLC (Note B), associated with the issuance of new market tax credits (see note 18). The note bears interest at 1% and quarterly interest only payments are due through May 25, 2030. Beginning July 25, 2030, principal and interest payments are due through maturity on May 25, 2053. Prepayments on principal are not allowed under the note agreement until after the 7th year anniversary on May 25, 2030. See Note 18 for New Market Tax Credit terms and put/call provision impacting the acceleration of the maturity of this note payable.

Future minimum principal payments on debt are estimated to be as follows at June 30:

2024	\$	-
2025		-
2026		-
2027		-
2028		-
Thereafter		4,000,000
		<hr/>
	\$	<u>4,000,000</u>

12. RELATED PARTY TRANSACTIONS

Various board members, committee members, employees, their families and companies contributed a total of \$305,280 and \$228,001 during the years ended June 30, 2023 and 2022, respectively. Unconditional promises to give from related parties at June 30, 2023 and 2022 totaled \$481,745 and \$1,039,716, respectively.

13. BOARD DESIGNATED NET ASSETS

During 2023, the Board of Directors established a reserve that is to be utilized to support future operation of the Conservation League at the discretion of management and approval of the board of directors. The funds are retained in the Conservation League's cash and cash equivalent balances.

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.

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13. BOARD DESIGNATED NET ASSETS - CONTINUED

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 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:

	<u>2023</u>	<u>2022</u>
Board designated future operations	\$ 448,108	\$ -
Board designated endowment	<u>14,251,074</u>	<u>13,459,121</u>
	<u>\$ 14,251,074</u>	<u>\$ 13,459,121</u>

The composition of the Conservation League's board designated endowment by net asset class is as follows:

	<u>June 30, 2023</u>		
	<u>Without Donor- Imposed Restrictions</u>	<u>With Donor- Imposed Restrictions</u>	<u>Total</u>
Board-designated endowment funds	<u>\$ 14,251,074</u>	<u>\$ -</u>	<u>\$ 14,251,074</u>
Total funds	<u>\$ 14,251,074</u>	<u>\$ -</u>	<u>\$ 14,251,074</u>

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13. BOARD DESIGNATED NET ASSETS - Continued

	June 30, 2022		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Board-designated endowment funds	\$ 13,459,121	\$ -	\$ 13,459,121
Total funds	<u>\$ 13,459,121</u>	<u>\$ -</u>	<u>\$ 13,459,121</u>

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 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 board designated endowment net assets for the years ended:

	June 30, 2023		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of year	\$ 13,459,121	\$ -	\$ 13,459,121
Investment return	1,411,114	-	1,411,114
	<u>1,411,114</u>	<u>-</u>	<u>1,411,114</u>
Amounts appropriated for expenditure	<u>(619,161)</u>	<u>-</u>	<u>(619,161)</u>
Endowment net assets, end of year	<u>\$ 14,251,074</u>	<u>\$ -</u>	<u>\$ 14,251,074</u>

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13. BOARD DESIGNATED ENDOWMENT – Continued

	June 30, 2022		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of year	\$ 15,714,879	\$ -	\$ 15,714,879
Investment return	(1,707,748)	-	(1,707,748)
	(1,707,748)	-	(1,707,748)
Amounts appropriated for expenditure	(548,010)	-	(548,010)
Endowment net assets, end of year	<u>\$ 13,459,121</u>	<u>\$ -</u>	<u>\$ 13,459,121</u>

14. LEASES

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.

On July 2, 2020, the Conservation League signed a purchase and sale agreement with a third-party for the sale of 990 Morrison Drive property, the home of its GrowFood Carolina operations. This agreement also provided terms to allow the facility to be leased back for a period of up to (24) months, as provided in the agreement, for an annual lease amount of \$1. The Conservation League exited the lease during the 2023 year.

On October 18, 2018, the Conservation League signed a seven-year and four-month lease for its then 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. In accordance with ASC 842, Leases, the Conservation League determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statements of financial position. The Conservation League currently does not have any financing leases that require recognition under this standard.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Conservation League's leases does not provide an implicit rate, we elected to use a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Conservation League's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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14. LEASES - Continued

Total right-of-use assets and lease liabilities at June 30:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use asset	\$ 345,753	\$ 460,574
Operating lease liability, current	145,646	124,348
Operating lease liability, long-term portion	<u>226,549</u>	<u>355,867</u>
	<u>\$ 372,195</u>	<u>\$ 480,215</u>
Discount rate for operating leases	0.89%	0.89%
Remaining lease term years	2.6	3.6

Future minimum lease payments at June 30, 2023 are as follows

2024	\$ 151,691
2025	143,320
2026	79,849
Thereafter	<u>-</u>
	374,860
Less imputed interest	<u>(29,107)</u>
	<u>\$ 345,753</u>

Rent expense under these leases for the years ended June 30, 2023 and 2022 was \$226,714 and \$260,490, respectively.

GrowFood Carolina leased space in its previous operating facility to various third parties under operating leases. Monthly payments received by GrowFood Carolina ranged from \$550 to \$685 per month. Total lease payments received for the years ended June 30, 2023 and 2022 were \$15,302 and \$53,971, respectively.

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15. NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Energy programs	\$ -	\$ 15,977
Rational roads	20,146	21,968
Food access programs	70,000	95,000
Salt Marsh Project	-	74,556
Total	<u>90,146</u>	<u>207,501</u>
Subject to the passage of time:		
Future operations	<u>1,348,912</u>	<u>1,756,185</u>
Total	<u>1,348,912</u>	<u>1,756,185</u>
	<u><u>\$ 1,439,058</u></u>	<u><u>\$ 1,963,686</u></u>

16. ADVERTISING

During the years ended June 30, 2023 and 2022, the Conservation League incurred \$4,510 and \$7,171, 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 2023 and 2022 were expensed as incurred.

17. DISCLOSURE OF LIQUIDITY INFORMATION

The following reflects the Conservation League's financial assets as of the consolidated 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.

	<u>2023</u>	<u>2022</u>
Financial assets	\$ 17,576,127	\$ 16,647,266
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Subject to satisfaction of donor-imposed restrictions	(990,834)	(1,441,803)
Board designations:		
Designated for endowment	<u>(14,251,074)</u>	<u>(13,459,121)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,334,219</u></u>	<u><u>\$ 1,746,342</u></u>

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FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

18. NEW MARKET TAX CREDITS

On May 25, 2023, CCL Farm Conservation, Inc., entered into a financing transaction with the Truist Community Capital, LLC related to reimbursement of prior construction, acquisition, furnishings, and equipping expenditures for the new GrowFood Carolina warehouse. To affect the transaction, Truist Community Capital, LLC made a capital contribution to CCL Charleston Investment Fund, LLC, (the "Investment Fund"). Additionally, the Conservation League (the "Leverage Lender"), made a loan to the Investment Fund. The transaction qualified under the New Markets Tax Credit Program ("NMTC Program"), provided for in the Community Renewal Tax Relief Act of 2000 (the "Act"). The NMTC Program is intended to induce capital investment in qualified low-income communities. The Act permits taxpayers to claim credits against federal income taxes for up to 39% of qualified investments in certain Community Development Entities ("CDEs"). CDEs are privately managed entities that are certified to make qualified low-income community investments to qualified projects.

By virtue of its capital contribution to the Investment Fund, Truist Community Capital, LLC is entitled to substantially all of the benefits derived from the new market tax credits ("NMTCs"). This transaction includes a put/call provision whereby the Conservation League may be obligated or entitled to repurchase Truist Community Capital, LLC's interest in the Investment Fund. The Conservation League believes Truist Community Capital, LLC will exercise the put option in May 2030 at the end of the recapture period. The value attributed to the put/call is de minimis. The NMTC is subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code. The Conservation League is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Noncompliance with applicable requirements could result in projected tax benefits not being realized and, therefore, could require the Conservation League to indemnify Truist Community Capital, LLC for any loss or recapture of NMTCs related to the financing until such time as the Conservation League's obligation to deliver tax benefits is relieved. The Conservation League does not anticipate any credit recaptures will be required in connection with this arrangement.

Truist Community Capital, LLC's contribution is included in notes payable in the accompanying consolidated statements of financial position, as detailed in Note 11. Debt issuance costs of \$225,014 were incurred and are being amortized on a straight-line basis over the life of the loan. Unamortized debt issuance costs of \$225,014 at June 30, 2023 are recorded as a reduction to the note payable on the accompanying consolidated statements of financial position. Incremental costs to maintain the facility during the compliance period are recognized as incurred.

19. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2023</u>	<u>2022</u>
Cash paid during the year for interest	\$ 25,647	\$ 812
<i>Supplemental Information on Investing and Financing Activities:</i>		
Note receivable funded through issuance of note payable	\$ (2,783,200)	\$ -
Not payable funded through issuance of note receivable	\$ 2,783,200	\$ -

20. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Conservation League evaluated events at June 30, 2023 through January 26, 2024, 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, aside those presented below:

On December 15, 2023, the Conservation League's lines of credit matured and were extended for a one-year period in January 2024.

SUPPLEMENTAL SCHEDULES

GROWFOOD CAROLINA
(AN OPERATING UNIT OF THE SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.)
BALANCE SHEETS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 58,284	\$ 211,238
Accounts receivable	257,816	140,162
Due from affiliate	-	264,120
Grants and promises to give, net of allowance	239,748	211,647
Inventory	56,237	154,434
Prepaid expenses	34,458	23,727
Total current assets	<u>646,543</u>	<u>1,005,328</u>
Non-Current Assets		
Investments, designated for long-term use	6,769	6,592
Promises to give, net, net of allowance for doubtful accounts	288,248	395,834
Property and equipment, net	4,918,969	3,951,244
Total non-current assets	<u>5,213,986</u>	<u>4,353,670</u>
 Total assets	 <u>\$ 5,860,529</u>	 <u>\$ 5,358,998</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 93,201	\$ 260,839
Accrued interest	-	812
Accrued payroll and taxes	12,920	55,466
Accrued compensated absences	52,328	46,250
Due to affiliate	305,396	1,390
Promissory note	-	300,000
Total current liabilities	<u>463,845</u>	<u>664,757</u>
 Total liabilities	 463,845	 664,757
Net Assets	<u>5,396,684</u>	<u>4,694,241</u>
 Total liabilities and net assets	 <u>\$ 5,860,529</u>	 <u>\$ 5,358,998</u>

See independent auditors' report

GROWFOOD CAROLINA
(AN OPERATING UNIT OF THE SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.)
OPERATING STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenue and Support		
Product sales		
Produce sales	\$ 2,109,932	\$ 2,231,062
Less: cost of sales	<u>(1,765,209)</u>	<u>(1,817,951)</u>
Gross margin	<u>344,723</u>	<u>413,111</u>
Other Support		
Contributions	882,086	2,654,025
Grants	1,014,318	148,773
Rent income	15,302	53,971
Shipping and delivery	19,770	19,009
Box and merchandise sales	1,393	1,974
Event revenue	11,387	886
Miscellaneous	28,702	-
Investment return, net of fees	<u>177</u>	<u>3,504</u>
	<u>1,973,135</u>	<u>2,882,142</u>
 Total revenue	 <u>2,317,858</u>	 <u>3,295,253</u>
 Operating expenses		
Salaries, payroll taxes and benefits	834,540	813,385
Depreciation	99,098	42,491
Marketing and business development	1,499	2,007
Produce box costs	223,913	81,198
Auto and truck expenses	144,947	99,432
Insurance	30,500	17,332
Utilities	27,185	22,389
Telephone and network charges	15,019	13,561
Professional fees	3,884	936
Rent expense, in-kind	74,382	127,512
Repairs, maintenance and equipment	31,436	27,658
Travel and meetings	2,671	3,379
Office supplies	14,202	13,161
Miscellaneous	34,424	10,897
Events and fundraising	10,088	11,240
Bank and credit card processing fees	33,659	8,734
Printing and postage	228	31
Dues and subscriptions	35,539	9,468
Grants and support	1,448	13,869
Change in allowance for doubtful accounts	<u>(3,247)</u>	<u>33,185</u>
Total expenses	<u>1,615,415</u>	<u>1,351,865</u>
 Net Income	 <u>\$ 702,443</u>	 <u>\$ 1,943,388</u>

See independent auditors' report