

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 at December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, 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 at December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended 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 23 and 24 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

April 23, 2019
Charleston, South Carolina

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,213,119	\$ 1,297,652
Reimbursement and other receivables	120,372	101,096
Unconditional promises to give and grants receivable, net of allowance of \$53,227 for 2018 and \$47,576 for 2017	1,097,271	893,937
Prepaid expenses and other assets	123,142	105,961
Property held for sale	86,500	86,500
Total current assets	2,640,404	2,485,146
<u>Non-Current Assets</u>		
Investments, designated for long-term use	10,925,670	11,036,707
Unconditional promises to give, net of allowance of \$79,768 for 2018 and \$64,965 for 2017	1,392,381	1,218,140
Property and equipment, net	1,031,966	1,046,016
Total non-current assets	13,350,017	13,300,863
Total assets	\$ 15,990,421	\$ 15,786,009
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 131,805	\$ 122,437
Accrued salary and employee benefits payable	133,988	139,950
Promissory note payable, current portion	8,916	8,407
Accrued compensated absences	159,900	158,826
Deferred lease liability	8,031	-
Grants payable	231,936	-
Total current liabilities	674,576	429,620
<u>Non-Current Liabilities</u>		
Promissory note payable, net of current portion	19,455	28,371
Total non-current liabilities	19,455	28,371
Total liabilities	694,031	457,991
<u>Net Assets</u>		
Without donor-imposed restrictions:		
Undesignated	1,220,898	1,859,621
Board designated	10,854,616	10,793,952
Total net assets without donor-imposed restrictions	12,075,514	12,653,573
With donor-imposed restrictions	3,220,876	2,674,445
Total net assets	15,296,390	15,328,018
Total liabilities and net assets	\$ 15,990,421	\$ 15,786,009

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor-Imposed Restrictions			With Donor- Imposed Restrictions	Total
	Undesignated	Board Designated	Total		
Support and Revenue					
Contributions	\$ 3,502,945	\$ -	\$ 3,502,945	\$ 1,322,144	\$ 4,825,089
Grants	848,565	-	848,565	187,545	1,036,110
Food sales - consignment	367,113	-	367,113	-	367,113
Rents	52,171	-	52,171	-	52,171
Investment return, net of fees	2,129	(141,214)	(139,085)	-	(139,085)
Other income	78,625	-	78,625	-	78,625
Total support and revenue	4,851,548	(141,214)	4,710,334	1,509,689	6,220,023
Net assets released from restriction	963,258	-	963,258	(963,258)	-
Total support and revenue and net assets released from restriction	5,814,806	(141,214)	5,673,592	546,431	6,220,023
Expenses					
Program services:					
Land, water and wildlife	2,737,093	-	2,737,093	-	2,737,093
Communities and transportation	777,588	-	777,588	-	777,588
Energy and climate	618,469	-	618,469	-	618,469
Food and agriculture	1,225,400	-	1,225,400	-	1,225,400
Total program services	5,358,550	-	5,358,550	-	5,358,550
Supporting services:					
General and administrative	437,691	-	437,691	-	437,691
Fundraising	455,410	-	455,410	-	455,410
Total supporting services	893,101	-	893,101	-	893,101
Total expenses	6,251,651	-	6,251,651	-	6,251,651
Interfund transfers	(201,878)	201,878	-	-	-
(Decrease) increase in net assets	(638,723)	60,664	(578,059)	546,431	(31,628)
Net assets, beginning of year	1,859,621	10,793,952	12,653,573	2,674,445	15,328,018
Net assets, end of year	\$ 1,220,898	\$ 10,854,616	\$ 12,075,514	\$ 3,220,876	\$ 15,296,390

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor-Imposed Restrictions			With Donor-Imposed Restrictions	Total
	Undesignated	Board Designated	Total		
Support and Revenue					
Contributions	\$ 2,890,594	\$ -	\$ 2,890,594	\$ 926,141	\$ 3,816,735
Grants	400,248	-	400,248	427,683	827,931
Food sales - consignment	281,571	-	281,571	-	281,571
Rents	57,263	-	57,263	-	57,263
Investment return, net of fees	2,920	1,674,628	1,677,548	-	1,677,548
Loss on disposal of fixed asset	(736)	-	(736)	-	(736)
Other income	47,845	-	47,845	-	47,845
Total support and revenue	<u>3,679,705</u>	<u>1,674,628</u>	<u>5,354,333</u>	<u>1,353,824</u>	<u>6,708,157</u>
Net assets released from restriction	<u>1,482,215</u>	<u>-</u>	<u>1,482,215</u>	<u>(1,482,215)</u>	<u>-</u>
Total support and revenue and net assets released from restriction	<u>5,161,920</u>	<u>1,674,628</u>	<u>6,836,548</u>	<u>(128,391)</u>	<u>6,708,157</u>
Expenses					
Program services:					
Land, water and wildlife	804,464	-	804,464	-	804,464
Communities and transportation	1,736,435	-	1,736,435	-	1,736,435
Energy and climate	696,317	-	696,317	-	696,317
Food and agriculture	1,115,196	-	1,115,196	-	1,115,196
Total program services	<u>4,352,412</u>	<u>-</u>	<u>4,352,412</u>	<u>-</u>	<u>4,352,412</u>
Supporting services:					
General and administrative	460,142	-	460,142	-	460,142
Fundraising	464,912	-	464,912	-	464,912
Total supporting services	<u>925,054</u>	<u>-</u>	<u>925,054</u>	<u>-</u>	<u>925,054</u>
Total expenses	5,277,466	-	5,277,466	-	5,277,466
Interfund transfers	<u>(797,359)</u>	<u>797,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net assets	(912,905)	2,471,987	1,559,082	(128,391)	1,430,691
Net assets, beginning of year	<u>2,772,526</u>	<u>8,321,965</u>	<u>11,094,491</u>	<u>2,802,836</u>	<u>13,897,327</u>
Net assets, end of year	<u>\$ 1,859,621</u>	<u>\$ 10,793,952</u>	<u>\$ 12,653,573</u>	<u>\$ 2,674,445</u>	<u>\$ 15,328,018</u>

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Supporting Services				Total
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,826,811	\$ 237,265	\$ 278,145	\$ 515,410	\$ 2,342,221
Benefits and taxes	407,365	49,026	58,753	107,779	515,144
Other	73,739	8,114	18,489	26,603	100,342
	<u>2,307,915</u>	<u>294,405</u>	<u>355,387</u>	<u>649,792</u>	<u>2,957,707</u>
Legal	2,046,875	15,274	-	15,274	2,062,149
Accounting	-	31,278	-	31,278	31,278
Contract projects	192,393	3,600	2,448	6,048	198,441
Media development	42,158	23	5,528	5,551	47,709
Information technology	44,156	12,238	9,894	22,132	66,288
Furniture and equipment (non-cap)	9,528	990	1,929	2,919	12,447
Occupancy	232,207	22,632	29,117	51,749	283,956
Printing, postage and mailings	21,436	634	14,984	15,618	37,054
Supplies	16,777	1,563	4,816	6,379	23,156
Travel and meals	87,613	950	1,862	2,812	90,425
Fees and dues	24,186	11,746	24,956	36,702	60,888
Events and programs	66,730	1,475	1,530	3,005	69,735
Depreciation	93,868	2,016	2,643	4,659	98,527
Bad debts	-	38,872	-	38,872	38,872
Cost of sales - book	67,622	-	-	-	67,622
Grants and support	50,400	-	-	-	50,400
Miscellaneous	54,686	(5)	316	311	54,997
	<u>5,358,550</u>	<u>437,691</u>	<u>455,410</u>	<u>893,101</u>	<u>6,251,651</u>
Total expenses	<u>\$ 5,358,550</u>	<u>\$ 437,691</u>	<u>\$ 455,410</u>	<u>\$ 893,101</u>	<u>\$ 6,251,651</u>

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Supporting Services				Total
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,452,506	\$ 290,022	\$ 264,270	\$ 554,292	\$ 2,006,798
Benefits and taxes	311,622	54,886	62,695	117,581	429,203
Other	51,833	12,999	16,028	29,027	80,860
	<u>1,815,961</u>	<u>357,907</u>	<u>342,993</u>	<u>700,900</u>	<u>2,516,861</u>
Legal	1,653,447	28,374	-	28,374	1,681,821
Accounting	-	26,634	-	26,634	26,634
Contract projects	200,153	5,302	15,125	20,427	220,580
Media development	60,914	31	11,874	11,905	72,819
Information technology	51,691	16,887	18,717	35,604	87,295
Furniture and equipment (non-cap)	14,410	164	308	472	14,882
Occupancy	211,135	26,212	28,810	55,022	266,157
Printing, postage and mailings	36,741	1,842	10,548	12,390	49,131
Supplies	14,918	1,748	4,548	6,296	21,214
Travel and meals	61,115	1,363	3,166	4,529	65,644
Fees and dues	31,726	7,760	17,222	24,982	56,708
Events and programs	49,354	2,243	5,417	7,660	57,014
Depreciation	94,828	4,492	5,067	9,559	104,387
Bad debts	-	(21,028)	-	(21,028)	(21,028)
Cost of sales - book	28,737	-	900	900	29,637
Miscellaneous	27,282	211	217	428	27,710
	<u>4,352,412</u>	<u>460,142</u>	<u>464,912</u>	<u>925,054</u>	<u>5,277,466</u>
Total expenses	<u>\$ 4,352,412</u>	<u>\$ 460,142</u>	<u>\$ 464,912</u>	<u>\$ 925,054</u>	<u>\$ 5,277,466</u>

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>Cash Flows from Operating Activities:</u>		
(Decrease) increase in net assets	\$ (31,628)	\$ 1,430,691
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	264,962	(1,650,192)
Depreciation	98,527	104,387
Change in allowance for doubtful accounts	38,872	(21,028)
Change in discount on unconditional promises to give	107,027	-
Loss on disposal of fixed assets	-	8,236
(Increase) decrease in assets:		
Reimbursements and other receivables	(19,276)	(17,924)
Unconditional promises to give and grants receivable	(523,474)	424,355
Prepaid expenses	(17,181)	(27,085)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	9,368	47,661
Accrued salary and employee benefits payable	(5,962)	83,345
Accrued compensated absences	1,074	6,886
Deferred lease liability	8,031	-
Grants payable	231,936	-
Net cash provided by operating activities	162,276	389,332
<u>Cash Flows from Investing Activities:</u>		
Purchases of investments	(6,176,298)	(20,072,547)
Proceeds from sales of investments	6,022,373	19,007,997
Purchases of property and equipment	(84,477)	(98,402)
Net cash used for investing activities	(238,402)	(1,162,952)
<u>Cash Flows from Financing Activities:</u>		
Payments on notes payable	(8,407)	(7,845)
Net cash used for financing activities	(8,407)	(7,845)
Net decrease in cash and cash equivalents	(84,533)	(781,465)
Cash and cash equivalents, beginning of year	1,297,652	2,079,117
Cash and cash equivalents, end of year	\$ 1,213,119	\$ 1,297,652

See accompanying notes to consolidated financial statements.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The South Carolina Coastal Conservation League, Inc. (the “League”) incorporated on March 12, 1989 as a nonprofit organization under the laws of the State of South Carolina. The primary purpose of the 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 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 League’s programs are supported primarily by contributions.

Basis of Accounting

The 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 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 League. The accompanying consolidated financial statements include the accounts of the Company. The League provides administrative support that may result in some inter-company activity. All inter-company activity is eliminated upon consolidation. Further, the League executed a note for the benefit of the Company associated with an equipment loan.

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 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.

Cash and Cash Equivalents

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

Donated Assets and Services

The League records the value of donated goods or services when there is an objective basis available to measure their values. The 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 League received donated legal services valued at \$2,002,975 and \$1,628,806, and rent of \$47,575 and \$43,620, during the years ended December 31, 2018 and 2017, respectively. The League has included these amounts in both contributions and expenses in the consolidated statements of activities for the years ended December 31, 2018 and 2017.

Asset Available for Sale

During 2015, the League received a parcel of land from a donor with a fair market value of \$86,500. The League is actively listing this property and anticipates selling during the year ended December 31, 2019.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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 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 basis of expenses charged to each program is based on the direct expenditures incurred. The League allocates all program expenditures not directly chargeable to a program based on an estimation of staff members' time spent on each program.

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 staff is to advocate for clean water and clean air, thereby protecting public health and natural ecosystems. The League accomplishes this goal by ensuring public policies are adequate and properly implemented to protect water and air quality, communicating to a broad audience about how to take action to support this goal, and involving the public in decision-making regarding protection of local water resources and air quality. As part of our work to conserve threatened bird habitat, we led the effort to expand and protect the Crab Bank Seabird Sanctuary, located near Shem Creek in Charleston Harbor. This small spit has provided important habitat for thousands of nesting birds for decades. Increasingly, severe weather events and boat activities have caused it to rapidly erode. In the

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

early 2000's Crab Bank was approximately 23 acres. Today, it is about half an acre. To address the problem, the League worked with a coalition of partners to advocate for the use of the dredge material from the South Carolina Ports Authority Charleston Harbor deepening project to reestablish Crab Bank to 80 acres, with 28 acres being suitable nesting habitat for seabirds and shorebirds.

In an ongoing effort to protect coastal waterways and marine life from plastic pollution, the League worked with conservation partners to pass local plastic bag bans in Mount Pleasant, the City of Charleston, Beaufort County and 13 municipalities across the coast. The League also led an effort to stop a bill in the state legislature that would have prohibited local municipalities from banning plastic bags.

The League continues to work on shoreline policy, water quality safeguards with respect to sewer infrastructure, wetland permitting and groundwater issues.

Communities and Transportation

The objective of this program is to advocate for land conservation and quality of life in South Carolina coastal communities. The League promotes sustainable growth patterns and permanent land protection where appropriate. In some areas, staff analyzes community growth patterns, identifies problems and advocates for policy changes to promote environmentally sensitive and economically responsible growth policies. The League provides technical and professional assistance to local residents to help preserve their land and communities, as well as community organizing expertise. Achievements include the League spearheading and leading a coalition to support stronger floodplain development standards and prevent development in vulnerable places. We led efforts in community planning in urban municipalities, such as West Ashley and Lady's Island, and staved off suburban sprawl by challenging major highway projects that further automobile-dependent sprawl. The League's advocacy efforts gave structure and voice to communities fighting to stop development on historic lands in Berkeley County and the Ashley River Historic Corridor.

The League supported comprehensive planning efforts in Georgetown and Horry Counties, as well as land protection initiatives that protected the Waccamaw National Wildlife Refuge. Alongside the community, the League fought a limestone mine in rural Williamsburg County as well as Interstate 73, which threatens quality of life and transportation dollars otherwise available for regional needs.

The League continued to support bond referendum campaigns for land protection and transportation investments, most recently in Beaufort County.

Energy and Climate

Program staff works in this program to advocate for clean, renewable energy through policy reform, public awareness campaigns and educational outreach. The League promotes energy efficiency, energy conservation and alternative fuel sources as the cheapest and most effective solution to the climate and energy crisis. Achievements include progressive energy policies related to renewable energy, energy efficiency, and climate change—moving the state closer to a clean energy future. In 2018, solar markets continued to grow under Act 236 (2014 legislation that opened the way for more renewable energy production), which the League played an integral role in securing.

The League used the public-oversight failure of the \$9 billion V.C. Summer nuclear project abandonment to expose and address flawed energy regulations, such as: underinvestment in proven energy efficiency measures; lack of rigorous energy planning practices that include public input; and reluctance to remove barriers to growth of renewable energy markets and capacity planning. The League testified at public hearings, participated in regulatory proceedings, authored newspaper editorials, and earned media coverage by highlighting the roles that clean energy, energy efficiency, market competition, and best practice planning should play in moving South Carolina forward in the wake of the failure.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Additionally, the Conservation League emerged as a leader in the state's fight to protect the South Carolina coast from offshore oil and gas drilling and seismic testing. The League rallied hundreds of coastal residents to participate in the permitting process against offshore drilling and filed litigation in federal court to protect South Carolina's coast from seismic testing.

Food and Agriculture

League staff coordinates and networks between farmers, producers, chefs and consumers. These efforts facilitate the process of getting food from the producers to chefs and consumers and make it easier for all in South Carolina to buy locally with the ultimate goal of preserving agricultural lands and supporting the local economy. The consolidated activities associated with GrowFood Carolina, the League's local food hub, and CCL Realty, LLC are included in this program area. The local food hub project, GrowFood Carolina, is the state's first local food hub. GrowFood Carolina creates economic opportunities for local farmers by providing services and infrastructure that enable them to access wholesale markets. This work helps to conserve South Carolina's productive agricultural landscapes and provide a sustainable local food system for the communities. Since opening in 2011, GrowFood has sold over \$6.8 million of local products, facilitating \$5.5 million of revenue back to South Carolina's small and mid-sized farmers over the last seven years. Today, the League partner with more than 85 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 & salt to major retail chains more than 200 restaurants, and a growing number of institutions and corporate campuses.

Grant money was received in 2018 to support the establishment of a statewide food hub network. As part of this grant, funding was given to GrowFood Carolina to pass through to the other food hubs in the state to support their efforts to grow this network. Funding that was earmarked for the other food hubs but not paid out in 2018 was set aside in a liability account called Grants Due to Partner Organizations and is anticipated to be used in 2019.

Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 *Not-for Profit Entities* (Topic 958) – *Presentation of the Financial Statements of Not-for-Profit Entities*. The amendments in the update make certain improvements that address many of the identified issues of current financial reporting for nonprofits. A second phase of the project is expected to address more protracted issues identified by the FASB. The update addresses some of the current financial reporting challenges as follows: 1) reduces complexity in reporting donor imposed restrictions; 2) improves transparency and utility in assessing a nonprofit's liquidity; and 3) enhances the consistency of reporting of nonprofit expenses by nature and function. The amendments in this update go into effect for annual financial statements issued for years beginning after December 15, 2017. The League has implemented the provisions of this standard at and for the year ended December 31, 2018.

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 statement of financial position 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.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
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FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2. RETIREMENT PLAN

The 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 League matches employee contributions dollar for dollar up to a maximum of 5% of an employee’s annual compensation. All regular employees who work greater than 20 hours per week are eligible to participate in the plan immediately. Employees are eligible to participate in the match 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 League incurred \$113,447 and \$66,072 in matching expenses for the years ended December 31, 2018 and 2017, respectively.

3. CONCENTRATION OF CREDIT RISK

The League places its temporary cash investments with financial institutions. These temporary investments primarily consist of cash and money market accounts, which potentially subject the League to concentration of credit risk for the amounts in excess of federally insured limits. At December 31, 2018, the League’s temporary cash investments exceeded federally insured limits by \$487,796.

Credit risk for promises to give is concentrated with a few significant donors. Approximately 56% and 35% of the total gross balance of unconditional promises to give are due from five donors at December 31, 2018 and 2017, respectively.

4. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The 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 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.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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4. FAIR VALUE MEASUREMENTS AND INVESTMENTS - Continued

Assets measured at fair value on a recurring basis at December 31:

2018				
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	\$ 422,646	\$ -	\$ -	\$ 422,646
United States Treasury Notes	1,227,256	-	-	1,227,256
Government bonds - Foreign	317,950	-	-	317,950
Municipal bonds	25,198	-	-	25,198
Corporate bonds	1,489,598	-	-	1,489,598
Equities - US	6,487,281	-	-	6,487,281
Equities - Foreign	955,741	-	-	955,741
	<u>\$ 10,925,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,925,670</u>

2017				
Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs	Total
Available for sale securities	\$ 242,755	\$ -	\$ -	\$ 242,755
Cash and money markets	352,979	-	-	352,979
United States Treasury Notes	741,238	-	-	741,238
Government agency bonds	532,494	-	-	532,494
Municipal bonds	25,216	-	-	25,216
Corporate bonds	1,602,130	-	-	1,602,130
Equities - US	7,121,678	-	-	7,121,678
Equities - Foreign	418,217	-	-	418,217
	<u>\$ 11,036,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,036,707</u>

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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4. FAIR VALUE MEASUREMENTS AND INVESTMENTS – Continued

The following schedule summarizes the return on investments for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Dividend, interest and net realized gains	\$ 199,088	\$ 129,573
Investment expenses	(94,265)	(92,360)
Net unrealized (losses) gains	<u>(243,908)</u>	<u>1,640,335</u>
Total investment return (loss), net	<u>\$ (139,085)</u>	<u>\$ 1,677,548</u>

The Board of Directors (the “Board”) has directed the League to designate the investments for future use. Funds designated by the Board for future use has 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 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 .54% to 3.21% at December 31, 2018. The net unamortized discount on promises to give at December 31, 2018 and 2017 is \$123,225 and \$16,198, 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 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 \$46,569 and \$53,900 at December 31, 2018 and 2017, respectively.

The following is a summary of unconditional promises to give and grants receivable and the allowance at December 31:

	<u>2018</u>	<u>2017</u>
Net present value, promises to give - current	\$ 1,150,498	\$ 941,513
Allowances for uncollectible promises - current	<u>(53,227)</u>	<u>(47,576)</u>
Net promises to give, current	<u>1,097,271</u>	<u>893,937</u>
Net present value, promises to give - non-current	1,472,149	1,283,105
Allowances for uncollectible promises - non-current	<u>(79,768)</u>	<u>(64,965)</u>
Net promises to give, non-current	<u>1,392,381</u>	<u>1,218,140</u>
Total promises to give	<u>\$ 2,489,652</u>	<u>\$ 2,112,077</u>

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE - Continued

Amounts due over the next five years at December 31, 2018 are as follows:

2019		\$	1,150,498
2020			666,028
2021			237,846
2022			151,500
2023			110,000
Thereafter			430,000
Total promises to give			2,745,872
Less: unamortized discount			(123,225)
Total discounted promises to give			2,622,647
Less: allowance for uncollectible promises to give			(132,995)
Net promises to give		\$	2,489,652

6. IN-KIND CONTRIBUTIONS

The League received donated legal services with an estimated fair value of \$2,002,975 and \$1,628,806 in 2018 and 2017, respectively. The donated legal and professional services were primarily used in the land, water and wildlife programs.

The League received donated rent with an estimated fair value of \$47,475 and \$43,620 for the years ended December 31, 2018 and 2017, respectively. The donated rent is allocated to all program service expenses and supporting services expenses. These in-kind contributions are included in contributions without donor-imposed restrictions and expenses on the consolidated statements of activities.

7. PROPERTY AND EQUIPMENT

Major classifications of property and equipment at December 31 are summarized below:

	2018		2017
Buildings	\$ 886,166	\$	886,166
Vehicles	178,957		127,695
Furniture and equipment	562,186		537,470
Software	140,004		140,004
Furnishings	49,625		49,625
Assets under development	8,500		-
Total	1,825,438		1,740,960
Accumulated depreciation	(793,472)		(694,944)
Net property and equipment	\$ 1,031,966	\$	1,046,016

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$98,527 and \$104,387, respectively.

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8. PROMISSORY NOTE PAYABLE

On December 14, 2016, the 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 December 31, 2018:

2019	\$	8,916
2020		9,455
2021		10,000
Thereafter		-
	\$	28,371

9. RELATED PARTY TRANSACTIONS

Various board members, committee members, employees, their families and companies contributed a total of \$1,692,041 and \$448,761 during the years ended December 31, 2018 and 2017, respectively. Unconditional promises to give from related parties at December 31, 2018 and 2017 totaled \$1,184,695 and \$321,583, respectively.

10. BOARD DESIGNATED ENDOWMENT

The 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 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 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 League in a manner consistent with the standard of prudence established by UPMIFA.

In accordance with 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 League in a manner consistent with their policy.

Board designated net assets at December 31, consist of endowment assets to be held indefinitely for the following purposes:

	2018	2017
General endowment	\$ 10,854,616	\$ 10,793,952
	\$ 10,854,616	\$ 10,793,952

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
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FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

10. BOARD DESIGNATED ENDOWMENT - Continued

The composition of the League's endowment by net asset class at December 31 is as follows:

	2018		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Board-designated endowment funds	\$ 10,854,616	\$ -	\$ 10,854,616
Total funds	\$ 10,854,616	\$ -	\$ 10,854,616
	2017		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Board-designated endowment funds	\$ 10,793,952	\$ -	\$ 10,793,952
Total funds	\$ 10,793,952	\$ -	\$ 10,793,952

The League follows an investment policy with long-term growth as the main objective. The 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 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 League; and
- The League's investment policies.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

10. BOARD DESIGNATED ENDOWMENT - Continued

The following details the changes in the League's endowment net assets for the year ended December 31:

	2018		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of year	\$ 10,793,952	\$ -	\$ 10,793,952
Contributions	400,626	-	400,626
Investment return:	(141,214)	-	(141,214)
	259,412	-	259,412
Amounts appropriated for expenditure	(198,748)	-	(198,748)
Endowment net assets, end of year	\$ 10,854,616	\$ -	\$ 10,854,616
	2017		
	Without Donor- Imposed Restrictions	With Donor- Imposed Restrictions	Total
Endowment net assets, beginning of year	\$ 8,321,965	\$ -	\$ 8,321,965
Contributions	902,776	-	902,776
Investment return	1,674,628	-	1,674,628
	2,577,404	-	2,577,404
Amounts appropriated for expenditure	(105,417)	-	(105,417)
Endowment net assets, end of year	\$ 10,793,952	\$ -	\$ 10,793,952

11. LEASES

On June 16, 2016, the 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 each of the years ended December 31, 2018 and 2017 was \$6,000.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

11. LEASES - continued

On December 5, 2002, the 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 on January 1, for a term of one year. Rent payments for the location were \$625 per month and were due on the first day of the month. On August 1, 2016, rent payments increased to \$650 per month. Rent payments were increased for a second time to \$725 per month on January 1, 2017. Rent expense for this lease for each of the years ended December 31, 2018 and 2017 was \$9,000.

On June 29, 2017, the 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 League for an additional one year with rent increasing 2% upon renewal. Rent and additional premises expenses for this lease for the years ended December 31, 2018 and 2017 was \$14,302 and \$7,560, respectively.

On December 5, 2018, the League signed a four-month lease for temporary office space as its future office is prepared and upfitted. The lease provides for monthly rent of \$2,750 and can be extended by one month.

On October 18, 2018, the 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 will be due. Rent will increase annual at 3% and additional common area charges will be due. The lease matures on February 9, 2026.

Future minimal lease payments at December 31, 2018 are as follows:

2019	\$	116,293
2020		119,782
2021		123,368
2022		127,073
2023		130,886
Thereafter		261,782
	\$	879,184

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 years ended December 31, 2018 and 2017 was \$52,171 and \$51,739, respectively.

12. GROWING TOGETHER CAMPAIGN

The League has helped preserve the South Carolina coast for over 27 years. The League's work today is more important than ever. The League is attempting to ensure that new development is smart and sustainable while promoting transportation systems that are efficient, diversified, and can accommodate the projected growth. The League is the only organization equipped to address these challenges, and the Growing Together Campaign began on January 1, 2015 to help the League achieve these goals.

**SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

12. GROWING TOGETHER CAMPAIGN - Continued

The League's \$20 million Growing Together campaign will:

- \$11 million - expand the League's programs to protect the quality of life along the coast, including significant investment in the League's local food hub, GrowFood Carolina;
- \$1 million - increase the League's support base by engaging a new legion of conservationists; and
- \$8 million - build the League's board designated endowment and internal infrastructure to help implement the League's mission long into the future

13. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2018	2017
Subject to purpose restrictions:		
Energy programs	\$ 64,545	\$ 141,135
Land conservation programs	-	33,795
DB Conservation Fund	494,579	418,585
Publications	9,949	-
Total	569,073	593,515
Subject to the passage of time:		
Endowment	50,000	-
Future operations	2,601,803	2,080,930
Total	2,651,803	2,080,930
	\$ 3,220,876	\$ 2,674,445

14. ADVERTISING

During the years ended December 31, 2018 and 2017, the League incurred \$47,709 and \$72,819, respectively, in advertising and media development costs. This advertising included radio and newspaper spots advertising public meetings and transportation reform. All advertising costs during 2018 and 2017 were expensed as incurred.

SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

15. DISCLOSURE OF LIQUIDITY INFORMATION

The following reflects the 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 balance sheet date. 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.

Financial assets, at end of year	\$ 14,835,313
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation for payables and obligations	(674,576)
Subject to satisfaction of donor-imposed restrictions	(3,220,876)
Board designations:	
Designated for endowment	<u>(10,854,616)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 85,245</u></u>

16. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the League evaluated events at December 31, 2018 through April 23, 2019, 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.

SUPPLEMENTAL SCHEDULES

**CCL REALTY, LLC
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

	2018	2017
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 343,329	\$ 320,613
Accounts receivable	107,650	101,096
Due from related party	275,083	3,751
Promises to give, net of allowance for doubtful accounts of \$6,050 for 2018 and \$2,325 for 2017	104,950	34,175
Prepaid expenses	36,840	43,203
Total current assets	867,852	502,838
<u>Non-Current Assets</u>		
Promises to give, net of allowance for doubtful accounts of \$5,525 for 2018 and \$4,464 for 2017	103,170	83,927
Property and equipment, net of accumulated depreciation of \$416,917 for 2018 and \$335,285 for 2017	1,000,502	1,006,156
Total non-current assets	1,103,672	1,090,083
Total assets	\$ 1,971,524	\$ 1,592,921
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 57,868	\$ 69,586
Accrued payroll and taxes	48,325	35,398
Accrued compensated absences	35,493	35,379
Due to related party - promissory note current portion	8,916	8,407
Grants payable	80,000	-
Due to related party	94,525	-
Total current liabilities	325,127	148,770
<u>Non-Current Liabilities</u>		
Due to related party - promissory note, net of current portion	19,455	28,371
Total Liabilities	344,582	177,141
<u>Member's Equity</u>		
Total liabilities and member's equity	\$ 1,971,524	\$ 1,592,921

See independent auditors' report

CCL REALTY, LLC
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Contributions	\$ 367,340	\$ 61,909
Grants	406,061	272,472
Consigned produce sales, net	352,824	271,073
Rent income	52,171	51,739
Shipping and delivery	14,289	10,498
Box and merchandise sales	26,692	23,909
Event revenue	7,742	5,362
Loss on disposal of asset	-	(8,236)
Miscellaneous	-	24,318
Total revenue	<u>1,227,119</u>	<u>713,044</u>
Operating expenses		
Salaries, payroll taxes and benefits	620,556	548,677
Depreciation	81,632	82,915
Marketing and business development	21,480	8,359
Produce box costs	49,781	26,639
Auto and truck expenses	45,995	19,711
Insurance	20,208	21,368
Utilities	18,021	16,019
Telephone and network charges	15,721	19,089
Professional fees	12,208	23,380
Repairs, maintenance and equipment	29,500	30,825
Travel and meetings	9,689	11,046
Office supplies	10,654	9,544
Miscellaneous	3,895	3,208
Events and fundraising	8,030	9,079
Bank and credit card processing fees	3,803	3,459
Printing and postage	281	6,683
Meals and entertainment	-	1,564
Dues and subscriptions	3,352	1,615
Grants and support	50,400	-
Change in allowance for doubtful accounts	10,751	(4,594)
Total expenses	<u>1,015,957</u>	<u>838,586</u>
Net Income (Loss)	<u>\$ 211,162</u>	<u>\$ (125,542)</u>

See independent auditors' report