CHARLESTON PARKS CONSERVANCY

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Charleston Parks Conservancy
Charleston, South Carolina

We have audited the accompanying financial statements of Charleston Parks Conservancy, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Charleston Parks Conservancy as of December 31, 2019 and 2018, 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.

Accounting Standards Update

As discussed in Note 1, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The Conservancy adopted ASU 2018-08 during the year ended December 31, 2019. The adoption of this standard did not have any impact on the Conservancy's net assets or changes in net assets. Our opinion is not modified with respect to this matter.

Subsequent Events

As discussed in Note 14 to the financial statements, financial impacts related to the COVID-19 outbreak are unknown. Our opinion is not modified with respect to this matter

DCPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
September 9, 2020

CHARLESTON PARKS CONSERVANCY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash	$ 1,385,858	$ 1,974,119
Contributions receivable, net	42,724	72,428
Accounts receivable	6,500	-
Prepaid expenses	31,904	7,099
Investments	8,407,636	7,771,473
Property and equipment, net	51,809	56,529
Total Assets	$ 9,926,431	$ 9,881,648
Liabilities and Net Assets		
Accounts payable	$ 128,019	$ 47,286
Accrued expenses	23,567	201,571
Deferred revenue	25,225	-
Total liabilities	176,811	248,857
Net Assets		
Without donor restrictions		
Board designated operating reserve	9,054,731	8,571,078
With donor restrictions	694,889	1,061,713
Total net assets	9,749,620	9,632,791
Total Liabilities and Net Assets	$ 9,926,431	$ 9,881,648

See the accompanying notes.

CHARLESTON PARKS CONSERVANCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 431,142	$ 250,375	$ 681,517
In-kind contributions	140,198	-	140,198
Special events, net of direct expenses of $260,488	39,662	-	39,662
Program revenues	82,559	2,500	85,059
Interest income	20,130	-	20,130
Dividend income	496,637	-	496,637
Other investment income	5,966	-	5,966
Net realized and unrealized gains	740,531	-	740,531
Subtotal	1,956,825	252,875	2,209,700
Net assets released from restriction	619,699	(619,699)	-
Total support and revenue	2,576,524	(366,824)	2,209,700
EXPENSES			
Program expenses	1,320,791	-	1,320,791
Management and general	400,301	-	400,301
Fundraising	371,779	-	371,779
Total expenses	2,092,871	-	2,092,871
CHANGE IN NET ASSETS	483,653	(366,824)	116,829
NET ASSETS, beginning of the year	8,571,078	1,061,713	9,632,791
NET ASSETS, end of the year	$ 9,054,731	$ 694,889	$ 9,749,620

See the accompanying notes.

CHARLESTON PARKS CONSERVANCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 409,468	$ 679,251	$ 1,088,719
In-kind contributions	127,952	-	127,952
Special events, net of direct expenses of $231,602	2,006	11,080	13,086
Program revenues	82,612	107,550	190,162
Interest income	26,813	63	26,876
Dividend income	492,280	-	492,280
Other investment income	9,986	-	9,986
Net realized and unrealized gain, net	(1,004,039)	-	(1,004,039)
Subtotal	147,078	797,944	945,022
Net assets released from restriction	1,146,305	(1,146,305)	-
Total support and revenue	1,293,383	(348,361)	945,022
EXPENSES			
Program expenses	1,712,397	-	1,712,397
Management and general	311,137	-	311,137
Fundraising	335,223	-	335,223
Total expenses	2,358,757	-	2,358,757
CHANGE IN NET ASSETS	(1,065,374)	(348,361)	(1,413,735)
NET ASSETS, beginning of the year	9,636,452	1,410,074	11,046,526
NET ASSETS, end of the year	$ 8,571,078	$ 1,061,713	$ 9,632,791

See accompanying notes.

CHARLESTON PARKS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	General & Administrative	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Salaries	$ 541,686	$ 88,210	$ 203,441	$ 833,337
Employee benefits	16,323	101,617	6,132	124,072
Payroll taxes	36,889	5,517	13,850	56,256
Total compensation and related expenses	594,898	195,344	223,423	1,013,665
OTHER EXPENSES				
Design	256,730	-	-	256,730
Hardscape	247,405	-	-	247,405
Professional fees	27,004	74,901	64,720	166,625
Occupancy	17	72,012	40	72,069
Advertising and marketing	26,964	-	40,525	67,489
Plants, mulch, and compost	66,365	-	892	67,257
Supplies	24,781	45	2,202	27,028
Other expenses	8,795	7,133	9,616	25,544
Travel expenses	19,562	1,717	1,200	22,479
Office supplies	2,114	13,069	6,523	21,706
Wi-Fi construction and maintenance	19,233	-	-	19,233
Books, subscriptions, and reference	3,574	3,550	8,742	15,866
Depreciation	-	14,681	-	14,681
Insurance	1,030	12,191	-	13,221
Telephone and telecommunications	5,001	4,521	2,721	12,243
Bank service charges	703	542	6,414	7,659
Bad debt expense	6,000.00	-	-	6,000
Postage and delivery	203	595	4,761	5,559
Automobile	4,481	-	-	4,481
Equipment rental	3,149	-	-	3,149
Landscaping	2,782	-	-	2,782
Total expenses	$ 1,320,791	$ 400,301	$ 371,779	$ 2,092,871

See accompanying notes.

CHARLESTON PARKS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	General & Administrative	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Salaries	$ 577,659	$ 74,294	$ 219,057	$ 871,010
Employee benefits	19,729	98,561	6,857	125,147
Payroll taxes	40,857	4,257	15,493	60,607
Total compensation and related expenses	638,245	177,112	241,407	1,056,764
OTHER EXPENSES				
Hardscape	428,834	-	-	428,834
Professional fees	319,060	32,978	22,207	374,245
Design	140,660	-	30	140,690
Advertising and marketing	48,443	-	37,836	86,279
Occupancy	6,567	66,144	397	73,108
Plants, mulch, and compost	46,256	-	-	46,256
Conferences, meetings, and travel	14,920	3,342	10,061	28,323
Supplies	18,686	-	167	18,853
Wi-Fi construction and maintenance	18,000	-	-	18,000
Books, subscriptions, and reference	3,721	3,188	6,622	13,531
Telephone and telecommunications	5,380	4,977	2,219	12,576
Miscellaneous	2,543	467	7,711	10,721
Insurance	2,879	7,781	-	10,660
Office supplies	4,501	5,483	231	10,215
Depreciation	-	8,784	-	8,784
Automobile	7,842	395	-	8,237
Bank service charges	139	466	5,986	6,591
Equipment rental	2,057	-	349	2,406
Landscaping	2,228	-	-	2,228
Meal and entertainment	1,436	20	-	1,456
Total expenses	$ 1,712,397	$ 311,137	$ 335,223	$ 2,358,757

See accompanying notes.

CHARLESTON PARKS CONSERVANCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 116,829	$ (1,413,735)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities		
Depreciation	14,681	8,784
Provision for bad debt	6,000	-
(Increase) decrease in operating assets		
Contributions receivable	23,704	17,556
Accounts receivable	(6,500)	-
Deposits	-	500
Prepaid expenses	(24,805)	(5,608)
Increase (decrease) in operating liabilities		
Accounts payable	80,733	573
Accrued expenses	(178,004)	170,780
Deferred revenue	25,225	-
Net cash provided (used) by operating activities	57,863	(1,221,150)
Cash flows from Investing Activities		
Purchase of property and equipment	(9,961)	(28,496)
Purchase of investments	(1,873,467)	(388,184)
Proceeds from sale of investments	468,000	564,411
Unrealized (gains) losses	778,860	926,300
Realized (gains) losses	(9,556)	-
Net cash (used in) provided by investing activities	(646,124)	1,074,031
Net change in cash and cash equivalents	(588,261)	(147,119)
Beginning cash and cash equivalents	1,974,119	2,121,238
Ending cash and cash equivalents	$ 1,385,858	$ 1,974,119
Supplemental information:		
Foreign taxes paid	$ 1,977	$ 3,443
In-kind contributions	$ 140,198	$ 127,952

See accompanying notes.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose of the Organization

The Charleston Parks Conservancy (the Conservancy) was incorporated in December 2006 as a nonprofit organization under the laws of South Carolina. The Conservancy is a charitable organization with a mission to inspire the people of Charleston to connect with their parks and together create stunning public spaces and a strong community. The Conservancy unites local resources, leverages support and organizes volunteers to be stewards of Charleston's urban parks. The Conservancy's support and revenue come primarily from contributions and grants, special events and income on investments.

The Conservancy operates a variety of programs to make parks beautiful, keep parks beautiful, and make parks fun and lively. The park Renovations program is aimed at restoring, rejuvenating, and reinventing community parks and green spaces by replacing outdated equipment, developing long-term park functionality plans, and redesigning existing parks for optimal use. With the Garden in the Parks program, the Conservancy partners with local government and community volunteers to provide continuous care and maintenance to various parks and green spaces. The Conservancy is a significant local resource for gardening education, particularly regional and Lowcountry-based gardening practices. Through the Community Garden program, the Conservancy maintains three community gardens and provides opportunities for anyone to lease garden plots, learn to garden naturally, provide fresh food for local food banks, and advance knowledge of the environment and local community. The Conservancy also provides free wifi in several parks, through a partnership with Charleston Digital Corridor and The Speedwell Foundation.

The Conservancy recently introduced a public art initiative, Art in the Parks, a collaborative temporary, contemporary art program within Charleston's public spaces and parks. The Conservancy also hosts many free or low cost community events in the parks including Teddy Bear Picnic, Movie Nights, Jazz Brunch at Hampton Park, and many more.

The activities of the Conservancy are concentrated in the Charleston, South Carolina geographical area.

The Conservancy is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is exempt from state income taxes under related state provisions.

Basis of Accounting

The Conservancy uses the accrual basis of accounting for the preparation of the financial statements. Accrual basis accounting is an accounting principle generally accepted in the United States of America which recognizes revenues when they are earned or billed, rather than when they are received, and expenses when they are incurred, rather than when they are paid.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are place by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the board limits resulting for the nature of the organizations, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor imposed restrictions are perpetual in nature; the Conservancy must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Conservancy, unless the donor provides more specific directions about the period of its use.

Board Designated Net Assets

The Board adopted an Operating Reserve Fund Policy which established a target minimum fund of one year of average monthly operating costs. The calculation of average monthly operating costs shall include all recurring, predicable expenses, such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

The Conservancy considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash in banks and money market accounts. The carrying amounts reported in the financial statements for cash and cash equivalents approximate those assets' fair values.

Contributions Receivable

Contributions receivable are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. The Conservancy uses the allowance method to account for uncollectible promises to give. The allowance is based on management's estimate of the collectability of the promises and historical experience.

Prepaid Expenses

Prepaid expenses consist of prepaid amounts for insurance and wifi service fees. The expense is recognized in the period when the service is provided.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist primarily of assets invested in cash equivalents and alternative investments. The Conservancy accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. Alternative investments are stated at the fair value of their underlying assets and allocated to the investors in proportion to the investor's ownership percentage. Donated investments are recorded as contributions at their fair market value on the date of the gift. The realized and unrealized gain or loss on investments is reflected in the changes in net assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Property and equipment over $2,500 is capitalized and stated at cost or, if donated, at fair value at the date of donation, less accumulated depreciation. The cost of assets retired is otherwise disposed and the related accumulated depreciation is eliminated from the account. The net book value of assets traded is added to the cost of the replacement asset.

Expenditures for maintenance and repairs are charged directly to operations as incurred. Depreciation is charged to operations over the estimated useful lives of the assets, principally ranging from 40 years for buildings, 5 to 7 years for furniture and fixtures and 3 to 5 years for computer equipment, using the straight-line method.

Fair value of Financial Instruments

The estimated fair values of the Conservancy's short-term financial investments, including cash, cash equivalents, pledges receivable, and investments arising in the ordinary course of business, approximate their individual carrying value due to their relatively short period of time between their origination and expected realization. The Conservancy holds other financial instruments for which the fair values are disclosed in Note 5.

Compensated Absences

Compensated absences are earned by employees based on years of service and are given an annual allotment of hours on January 1st each year. Any balance of hours cannot be carried over to the following year and employees cannot be paid for unused leave if not all hours are taken annually.

Accounting of Contributions

Contributions, including contributions receivable, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Contributions receivable with payments due in the future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contributions is clearly intended to support activities in the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until as conditions on which they depend are substantially met.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gifts-In-Kind Contributions

The Conservancy records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional contribution receivable at the date of gift, and the expense is report over the term of the use. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

No amounts have been reflected in the financial statements for donated services. The Conservancy pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Conservancy with campaign solicitations and various committee assignments.

Expense Allocation

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated to the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, and employee benefits are allocated to departments based on area worked. Employees that have more than one area of responsibility are allocated based on time spent working in those areas.
- Expenses that cannot be directly identified are allocated based on management's estimate of the amount of time spent or value used in each department.

Income Tax Status

The Conservancy is a nonprofit corporation status as described under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Conservancy may be subject to income taxes that are classified as unrelated business income.

Management has evaluated the tax positions of the Conservancy and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the year ended December 31, 2019. The Conservancy's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. The Conservancy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The amendments in the ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The ASU also clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The amendments in this ASU also require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Conservancy adopted the new standard effective January 1, 2019, the first day of the Conservancy's fiscal year, using the modified prospective basis.

Analysis of various provisions of this standard resulted in no significant changes in the way the Conservancy recognizes contribution.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the 2019 presentation without affecting the previously reported net assets.

NOTE 2 - AVAILABLITY AND LIQUIDITY

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of December 31, 2019 and 2018, comprise of the following at December 31:

	2019	2018
Financial assets:		
Cash and cash equivalents, without donor restrictions	$ 1,385,858	$ 1,974,119
Investments	8,407,636	7,771,473
Contributions receivable, net	42,724	72,428
Accounts receivable	6,500	-
Total financial assets	9,842,718	9,818,020
Less financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets	(694,389)	(1,046,213)
Less financial assets not available within one year:		
Contributions receivable	(500)	(7,160)
Amount available for general expenditures within one year	$ 9,147,829	$ 8,764,647

As part of its liquidity plan, the Conservancy has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Board designates funds for future operations and therefore those restrictions are not reflected as outside future obligations.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of December 31:

	2019	2018
Contributions receivable, gross	$ 52,224	$ 80,768
Less: unamortized discount	-	(4,840)
Less: allowance for uncollectible pledges	(9,500)	(3,500)
Contributions receivable, net	$ 42,724	$ 72,428

A summary of contributions receivable expected to be collected are as follows:

Less than one year	$ 42,224
Two to five years	500
Total	$ 42,724

NOTE 4 - INVESTMENTS

Investments held by the Conservancy are in cash equivalents and limited partnership funds. Investments are stated at fair market value and consist of the following at December 31:

	2019	
	Cost	Market Value
Cash equivalents	$ 63,442	$ 63,442
Corporate bonds	1,964,263	1,981,154
Equity securities	5,913,862	6,304,972
Limited partnership funds:		
Fixed income	3,137	3,137
Global equities	22,820	22,820
Hedge funds	32,111	32,111
	$ 7,999,635	$ 8,407,636

	2018	
	Cost	Market Value
Cash equivalents	$ 827,522	$ 827,522
Limited partnership funds:		
Fixed income	518,746	533,862
Global equities	3,320,000	3,511,687
Hedge funds	2,793,999	2,898,402
	$ 7,460,267	$ 7,771,473

The cost basis for the limited partnership funds are based on historical cost.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities have been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value. The fair value of investments is based on quoted market rates.

Cash equivalents including US Treasury Obligations: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last day of business of the fiscal year if the same or obligation with a similar maturity is actively traded.

Bonds: Valued at the closing price reported in the active market in which the bond is traded or based on yields currently available on comparable securities of issuers with similar credit ratings.

Equities: Valued at the closing price reported in the active market in which the individual securities are traded.

Limited Partnerships: Funds are valued based on the percentage of ownership in the partnership and its underlying investments as determined by the partnership agreement. The limited partnerships invest with the managers through funds or in separately managed accounts pursuing various US equity market equities, emerging market equities, international developed equities, hedge and fixed income strategies. Within the limited partnerships, inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The determination of what constitutes "observable" requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be the market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple independent sources that are actively involved in the relevant market. The categorization of an instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	December 31, 2019			
Description	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 63,442	$ -	$ -	$ 63,442
Corporate bonds	1,981,154	-	-	1,981,154
Equity securities	6,304,972	-	-	6,304,972
Limited partnership funds:				
Fixed income	-	3,137	-	3,137
Global equities	-	22,820	-	22,820
Hedge funds	-	32,111	-	32,111
Total	$ 8,349,568	$ 58,068	$ -	$ 8,407,636

	December 31, 2018			
Description	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 827,522	$ -	$ -	$ 827,522
Limited partnership funds:				
Fixed income	-	533,862	-	533,862
Global equities	-	3,511,687	-	3,511,687
Hedge funds	-	2,898,402	-	2,898,402
Total	$ 827,522	$ 6,943,951	$ -	$ 7,771,473

Management evaluates significant transfers between levels based upon the nature of the financial instrument and size of the transfer related to net assets. There were no significant transfers between levels 1, 2 or 3 during the years ended December 31, 2019 and 2018.

NOTE 6 - CONCENTRATIONS

The Conservancy maintains its cash and cash equivalents with various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). Cash guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Conservancy's uninsured cash balance was $839,313 and $1,438,837 as of December 31, 2019 and 2018, respectively.

Cash (money market fund) in an investment account is held in safekeeping at a national brokerage firm. The firm participates in the Securities Investor Protection Corporation (SIPC), which protects SPIC-eligible assets in each account up to a maximum of $500,000, of which $250,000 may be in cash. At December 31, 2019 and 2018, the total cash and money market funds held by the firms for the Conservancy was $63,442 and $827,522, respectively of which $0 and $577,522, respectively was uninsured.

The Conservancy serves one geographical area which is located in Charleston, South Carolina.

The Conservancy received 21% of revenue from two sources and 47% of revenue from two sources during the years ended December 31, 2019 and 2018, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following for the years ended December 31:

	2019	2018
Furniture and fixtures	$ 49,609	$ 70,810
Software	-	32,662
Vehicles and equipment	63,794	63,794
Total cost	113,403	167,266
Less: accumulated depreciation	(61,594)	(110,737)
Net property and equipment	$ 51,809	$ 56,529

Depreciation expense charged to operations was $14,681 and $8,784 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 - IN KIND CONTRIBUTIONS

The Conservancy is provided the use of office space by the City of Charleston Department of Parks as an in-kind contribution. The Conservancy records the in-kind contribution and related occupancy expense as the estimated fair value of the rent. The Conservancy recognized an in-kind contribution of $7,200 related to office space during the years ended December 31, 2019 and 2018, respectively.

The Conservancy received other in-kind contributions for various services and products, including donated program supplies and other goods and services contributed as in-kind sponsorships for various Conservancy programs and events. The recorded amounts for other in-kind contributions totaled $132,998 and $120,752 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9 - ADVERTISING EXPENSES

Advertising costs are expensed as incurred. Advertising and marketing expenses was $67,489 and $86,279 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 - RETIREMENT PLAN

The Conservancy offers a section 401(k) retirement plan to employees. Full time employees are eligible to participate and contribute up to the maximum amount permitted by law. The Conservancy matches up to 3% of employee salary deferrals. During the years ended December 31, 2019 and 2018, the Conservancy made matching contributions totaling $25,222 and $25,993, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

A board member works with a firm that provides design services for many of the Conservancy projects. The Conservancy paid $14,761 and $10,313 for these design services during 2019 and 2018, respectively.

Board members made various contributions to the Conservancy during the 2019 and 2018.

NOTE 12 - LEASE COMMITMENTS

The Conservancy leases office space under a five year non-cancelable lease agreement dated March 1, 2017. Monthly payments start at $4,000 with a yearly increase of $500 beginning on March 1, 2018. Future minimum lease payments under the agreement are as follows for the year ended December 31:

2020	$ 65,000
2021	71,000
2022	12,000
	$ 148,000

- continued -

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

The Conservancy has net assets with donor restrictions that are available for the following purposes as of December 31, 2019 and 2018:

	2019	2018
Purpose restrictions, available for spending:		
Art in the Parks	$ -	$ 16,924
Capital Projects	20,000	-
Charleston Trees	90,532	65,090
Colonial Lake	122,911	188,518
Community Engagement	-	50,000
Corrine Jones Community Garden	-	550
Hampton Park	-	155,315
Hazel Parker Playground	-	194
Logan Street Triangle	-	243
Magnolia Community Garden	-	378
Maybank Tennis Center	-	496
Maybank Tennis Center- Backboard	-	80
Moultrie Playground	211,126	281,034
Muni Golf Course	26,850	11,550
Olmsted Intern	3,601	7,949
Professional Development	22,226	23,422
Riley Waterfront Park	9,793	9,043
Riverland Terrace Triange	-	500
St. Julian Devine	142,047	155,481
Susie Jackson Freedom Memorial Garden	11,502	-
Tiedemann Park	-	315
West Ashley Greenway	1,150	-
West Ashley Greenway General Program	23,964	50,000
Wi-Fi in the Park	8,687	29,131
Total purpose restrictions	694,389	1,046,213
Time restrictions:		
Contribution receivables not restricted by donors, but are unavailable for expenditure until due	500	15,500
Total time restrictions	500	15,500
Total net assets with donor restrictions	$ 694,889	$ 1,061,713

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, and has concluded the following subsequent events meet the criteria of professional accounting standards to be recognized or not recognized, but disclosed, in these financial statements.

COVID-19

The impact on the accompanying consolidated financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak of the financial operations of the Conservancy are difficult to assess and predict. The Conservancy is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.