

CHARLESTON PARKS CONSERVANCY
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

CHARLESTON PARKS CONSERVANCY

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Charleston Parks Conservancy, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Charleston Parks Conservancy, as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Charleston Parks Conservancy's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

DCLPAS, LLC dba Davis' Company CPAs

Mount Pleasant, South Carolina
March 24, 2022

**CHARLESTON PARKS CONSERVANCY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 1,203,088	\$ 1,019,921
Contributions receivable	24,000	13,500
Grants receivable	33,700	43,067
Prepaid expenses	21,436	20,066
Investments	9,316,003	8,672,277
Property and equipment, net	<u>51,174</u>	<u>36,405</u>
Total Assets	\$ <u>10,649,401</u>	\$ <u>9,805,236</u>
Liabilities and Net Assets		
Accounts payable	\$ 30,663	\$ 125,388
Accrued expenses	<u>34,460</u>	<u>26,813</u>
Total liabilities	65,123	152,201
Net Assets		
Without donor restrictions		
Undesignated	624,000	624,000
Board designated operating reserve	9,551,278	8,748,661
With donor restrictions	<u>409,000</u>	<u>280,374</u>
Total net assets	<u>10,584,278</u>	<u>9,653,035</u>
Total Liabilities and Net Assets	\$ <u>10,649,401</u>	\$ <u>9,805,236</u>

See the accompanying notes.

**CHARLESTON PARKS CONSERVANCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 514,773	\$ 191,316	\$ 706,089
Grants	15,000	166,000	181,000
In-kind contributions	16,370	11,280	27,650
Special events, net of direct expenses of \$67,656	184,902	-	184,902
Program revenues	80,286	-	80,286
Investment income, net of fees of \$17,967	194,000	-	194,000
Realized gains on investments	259,769	-	259,769
Unrealized gains on investments	820,196	-	820,196
	<u>2,085,296</u>	<u>368,596</u>	<u>2,453,892</u>
Subtotal	2,085,296	368,596	2,453,892
Net assets released from restriction	<u>239,970</u>	<u>(239,970)</u>	<u>-</u>
Total support and revenue	2,325,266	128,626	2,453,892
EXPENSES			
Program expenses	779,693	-	779,693
Management and general	370,355	-	370,355
Fundraising	372,601	-	372,601
	<u>1,522,649</u>	<u>-</u>	<u>1,522,649</u>
Total expenses	1,522,649	-	1,522,649
CHANGE IN NET ASSETS	802,617	128,626	931,243
NET ASSETS, beginning of the year	<u>9,372,661</u>	<u>280,374</u>	<u>9,653,035</u>
NET ASSETS, end of the year	<u>\$ 10,175,278</u>	<u>\$ 409,000</u>	<u>\$ 10,584,278</u>

See the accompanying notes.

**CHARLESTON PARKS CONSERVANCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 521,134	\$ 101,882	\$ 623,016
Grants	10,000	34,500	44,500
In-kind contributions	21,107	-	21,107
Special events, net of direct expenses of \$73,785	106,406	-	106,406
Program revenues	75,271	-	75,271
Investment income, net of fees of \$15,450	155,013	464	155,477
Realized gains on investments	188,874	-	188,874
Unrealized gains on investments	547,313	-	547,313
Subtotal	1,625,118	136,846	1,761,964
Net assets released from restriction	551,361	(551,361)	-
Total support and revenue	2,176,479	(414,515)	1,761,964
EXPENSES			
Program expenses	1,187,366	-	1,187,366
Management and general	303,387	-	303,387
Fundraising	367,796	-	367,796
Total expenses	1,858,549	-	1,858,549
CHANGE IN NET ASSETS	317,930	(414,515)	(96,585)
NET ASSETS, beginning of the year	9,054,731	694,889	9,749,620
NET ASSETS, end of the year	\$ 9,372,661	\$ 280,374	\$ 9,653,035

See accompanying notes.

**CHARLESTON PARKS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 524,170	\$ 75,226	\$ 177,888	\$ 777,284
Employee benefits	59,988	24,026	20,347	104,361
Payroll taxes	<u>37,459</u>	<u>5,317</u>	<u>12,705</u>	<u>55,481</u>
Total compensation and related expenses	621,617	104,569	210,940	937,126
OTHER EXPENSES				
Professional fees	24,600	121,707	67,366	213,673
Occupancy	76	84,140	6	84,222
Advertising and marketing	2,052	362	64,657	67,071
Hardscape	67,697	-	(11,280)	56,417
Books, subscriptions, and reference	3,048	6,002	15,322	24,372
Plants, mulch, and compost	21,566	-	-	21,566
Supplies	13,694	239	5,339	19,272
Conferences, meetings, and travel	3,702	10,898	779	15,379
Depreciation	-	15,229	-	15,229
Bank service charges	179	2,839	10,817	13,835
Insurance	1,091	10,544	-	11,635
Miscellaneous	2,903	5,061	1,991	9,955
Telephone and telecommunications	3,366	4,357	1,762	9,485
Office supplies	4,576	2,721	2,027	9,324
Automobile	5,380	69	-	5,449
Bad debt expense	2,000	-	2,000	4,000
Interest expense	-	1,618	-	1,618
Landscaping	1,313	-	-	1,313
Equipment rental	100	-	875	975
Wi-Fi construction and maintenance	<u>733</u>	<u>-</u>	<u>-</u>	<u>733</u>
Total expenses	<u>\$ 779,693</u>	<u>\$ 370,355</u>	<u>\$ 372,601</u>	<u>\$ 1,522,649</u>

See accompanying notes.

**CHARLESTON PARKS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 582,570	\$ 87,670	\$ 189,001	\$ 859,241
Employee benefits	74,096	25,691	27,447	127,234
Payroll taxes	41,883	6,336	13,569	61,788
Total compensation and related expenses	<u>698,549</u>	<u>119,697</u>	<u>230,017</u>	<u>1,048,263</u>
OTHER EXPENSES				
Hardscape	323,632	-	-	323,632
Professional fees	12,066	62,951	62,967	137,984
Occupancy	-	78,078	28	78,106
Advertising and marketing	12,535	-	42,544	55,079
Plants, mulch, and compost	42,764	-	46	42,810
Supplies	28,136	200	4,945	33,281
Books, subscriptions, and reference	3,668	3,563	11,630	18,861
Wi-Fi construction and maintenance	18,733	-	-	18,733
Design	17,015	-	-	17,015
Depreciation	-	15,404	-	15,404
Insurance	1,306	10,985	-	12,291
Telephone and telecommunications	4,460	4,383	2,552	11,395
Conference, meeting and travel	4,914	4,128	1,654	10,696
Office supplies	3,555	1,538	2,434	7,527
Bad debt expense	6,500	-	1,000	7,500
Bank service charges	650	686	5,738	7,074
Automobile	5,441	-	40	5,481
Miscellaneous	879	536	1,876	3,291
Landscaping	1,805	-	-	1,805
Interest expense	-	1,238	-	1,238
Equipment rental	718	-	250	968
Meals and entertainment	40	-	75	115
Total expenses	<u>\$ 1,187,366</u>	<u>\$ 303,387</u>	<u>\$ 367,796</u>	<u>\$ 1,858,549</u>

See accompanying notes.

**CHARLESTON PARKS CONSERVANCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 931,243	\$ (96,585)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities		
Depreciation	15,229	15,404
Provision for bad debt	4,000	7,500
(Increase) decrease in operating assets		
Contributions receivable	(14,500)	(22,900)
Grants receivable	9,367	2,057
Accounts receivable	-	6,000
Prepaid expenses	(1,370)	11,838
Increase (decrease) in operating liabilities		
Accounts payable	(94,725)	(2,631)
Accrued expenses	7,647	3,246
Deferred revenue	-	(25,225)
	<u>856,891</u>	<u>(101,296)</u>
Net cash provided (used) by operating activities		
	856,891	(101,296)
Cash flows from Investing Activities		
Purchase of property and equipment	(29,998)	-
Purchase of investments	(452,491)	(356,787)
Proceeds from sale of investments	628,961	639,459
Unrealized (gains) losses	(820,196)	(547,313)
	<u>(673,724)</u>	<u>(264,641)</u>
Net cash (used in) provided by investing activities		
	(673,724)	(264,641)
Net change in cash and cash equivalents	<u>183,167</u>	<u>(365,937)</u>
Beginning cash and cash equivalents	<u>1,019,921</u>	<u>1,385,858</u>
Ending cash and cash equivalents	<u>\$ 1,203,088</u>	<u>\$ 1,019,921</u>

See accompanying notes.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 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.

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 and Grants Receivable

Contributions and grants 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.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Prepaid Expenses

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

Investments

Investments consist primarily of assets invested in cash equivalents, bonds and equity securities. 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 are capitalized and stated at cost or, if donated, at fair value at the date of donation, less accumulated depreciation. The cost of assets retired or 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.

CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 from the nature of the organization, 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.

- **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.

CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 conditions on which they depend are substantially met.

Revenue Recognition Policy

The Conservancy derives revenues primarily from contributions and grants, sponsorships and event ticket sales and program fees. The Conservancy recognizes contributions when cash, securities or other assets, an unconditional promise to give (contribution receivable) or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions are met.

The Conservancy recognizes sponsorship and event ticket sales and program fees during the year in which the event or program is provided to the customer. The performance obligation of delivery the event or program is simultaneously received and consumed by the customer; therefore, revenue is recognized at the point in time of when the event is held or program is delivered. All amounts received prior to the commencement of the specific event or program are deferred to the applicable period.

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 statements 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.

CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 years ended December 31, 2021 and 2020, respectively. 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.

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 August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13 Fair Value Measurement (Topic 820). The ASU changes the disclosure requirements for fair value measurement guidance in U.S. GAAP. The Conservancy adopted the new standard effective January 1, 2021, the first day of the Conservancy's fiscal year, using the full retrospective method.

Analysis of various provisions of this standard resulted in no significant changes in the way the Conservancy recognizes revenue and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the 2021 presentation without affecting the previously reported net assets.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 - AVAILABILITY 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, 2021 and 2020, comprise of the following at December 31:

	2021	2020
Financial assets:		
Cash and cash equivalents, without donor restrictions	\$ 1,203,088	\$ 1,019,921
Investments	9,316,003	8,672,277
Contributions receivable, net	24,000	13,500
Grants receivable	33,700	43,067
Total financial assets	10,576,791	9,748,765
Less financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets	(392,000)	(278,124)
Less financial assets not available within one year:		
Contributions receivable	(17,000)	(2,250)
Amount available for general expenditures within one year	\$ 10,167,791	\$ 9,468,391

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 AND GRANTS RECEIVABLE

Contributions receivable consisted of the following as of December 31:

	2021	2020
Contributions receivable	\$ 24,000	\$ 13,500
Grants receivable	33,700	43,067
	57,700	56,567

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

Less than one year	\$ 40,700
Two to five years	17,000
Total	\$ 57,700

The Conservancy believes the pledges to be fully collectible and implements the direct write off method for any noncollectable accounts at the time they occur.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 - INVESTMENTS

Investments held by the Conservancy are in cash equivalents, bonds and equity securities. Investments are stated at fair market value and consist of the following at December 31:

	2021	
	Cost	Market Value
Cash equivalents	\$ 89,411	\$ 89,411
Corporate bonds	2,279,967	2,258,259
Equity securities	5,158,648	6,968,333
	\$ 7,528,026	\$ 9,316,003
	2020	
	Cost	Market Value
Cash equivalents	\$ 32,472	\$ 32,472
Corporate bonds	2,145,733	2,190,960
Equity securities	5,541,243	6,448,845
	\$ 7,719,448	\$ 8,672,277

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:

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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: <ul style="list-style-type: none">• 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. <p>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.</p>
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, 2021 and 2020, 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.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Description	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 89,411	\$ -	\$ -	\$ 89,411
Corporate bonds	2,258,259	-	-	2,258,259
Equity securities	6,968,333	-	-	6,968,333
Total	<u>\$ 9,316,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,316,003</u>

Description	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 32,472	\$ -	\$ -	\$ 32,472
Corporate bonds	2,190,960	-	-	2,190,960
Equity securities	6,448,845	-	-	6,448,845
Total	<u>\$ 8,672,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,672,277</u>

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 were \$639,032 and \$576,322 as of December 31, 2021 and 2020, 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, 2021 and 2020, the total cash and money market funds held by the firms for the Conservancy was \$89,411 and \$32,472 respectively of which \$0 was uninsured.

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

The Conservancy received 30% of revenue from two sources and 27% of revenue from two sources during the years ended December 31, 2021 and 2020, respectively.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 46,736	\$ 46,736
Vehicles and equipment	<u>93,791</u>	<u>63,794</u>
Total cost	140,527	110,530
Less: accumulated depreciation	<u>(89,353)</u>	<u>(74,125)</u>
Net property and equipment	<u>\$ 51,174</u>	<u>\$ 36,405</u>

Depreciation expense charged to operations was \$15,229 and \$15,404 for the years ended December 31, 2021 and 2020, 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 \$9,600 related to office space during the years ended December 31, 2021 and 2020, 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 \$18,050 and \$11,507 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables provides information about significant changes in deferred revenue for the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Deferred sponsorships, beginning of the year	\$ -	\$ 25,225
Revenue recognized that was included in deferred sponsorships at the beginning of the year	-	(25,225)
Increase in deferred revenue due to cash received during the year	-	-
Deferred sponsorships, end of year	<u>\$ -</u>	<u>\$ -</u>

NOTE 10 - ADVERTISING EXPENSES

Advertising costs are expensed as incurred. Advertising and marketing expenses was \$67,071 and \$55,079 for the years ended December 31, 2021 and 2020, respectively.

**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 - 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 100% for the first 3% of employee salary deferrals and 50% of the next 2% of employee salary deferrals. During the years ended December 31, 2021 and 2020, the Conservancy made matching contributions totaling \$13,873 and \$23,860, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

A board member owns a restaurant from where the Conservancy purchased items from for fundraising events. The Conservancy paid \$2,950 and \$6,412 for these items during the years ended December 31, 2021 and 2020, respectively

Board members made various contributions to the Conservancy during the years ended December 31, 2021 and 2020.

NOTE 13 - 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, 2022 of \$12,000.

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**CHARLESTON PARKS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

The Conservancy has net assets with donor restrictions that are available for the following purposes as of December 31, 2021 and 2020:

	2021	2020
<u>Purpose restrictions, available for spending:</u>		
Capital Projects	\$ 20,000	\$ 20,000
Cannon Park	8,809	4,149
Charleston Trees	81,943	64,194
Colonial Lake	20,065	75,775
Corrine Jones Community Garden	1,680	2,535
Moultrie Playground	596	9,539
Horticulture Fellowship	175,000	-
Professional Development	3,664	6,106
Riley Waterfront Park	10,793	10,793
St. Julian Devine	28,074	29,524
Susie Jackson Freedom Memorial Garden	21,727	11,727
Theodora Park	-	3,068
West Ashley Greenway	-	16,725
West Ashley Greenway General Program	14,649	23,989
White Point Garden	5,000	-
Total purpose restrictions	392,000	278,124
<u>Time restrictions:</u>		
Contribution receivables not restricted by donors, but are unavailable for expenditure until due	17,000	2,250
Total time restrictions	17,000	2,250
Total net assets with donor restrictions	\$ 409,000	\$ 280,374

NOTE 15 - RISKS AND UNCERTAINTIES

The impact of the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak on the financial operations of the Conservancy are difficult to access 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.

NOTE 16 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Conservancy evaluated subsequent events through the report date and has concluded no significant events meet the criteria of the professional accounting standards to be recognized or not recognized but disclosed in the financial statements.