

**Lowcountry Land Trust, Inc.  
and Subsidiaries**

***Report on Consolidated Financial Statements***

***For the Years Ended June 30, 2018 and June 30, 2017***

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# Lowcountry Land Trust, Inc. and Subsidiaries

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## **Independent Auditor's Report**

Board of Trustees  
Lowcountry Land Trust, Inc. and Subsidiaries  
Charleston, South Carolina

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Lowcountry Land Trust, Inc. and its subsidiaries (the "Trust"), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, 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 Consolidated 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.

### **Auditor's 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 consolidated 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 auditor's 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 the Lowcountry Land Trust, Inc. and its subsidiaries as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Charleston, South Carolina  
December 19, 2018

**Lowcountry Land Trust, Inc. and Subsidiaries****Consolidated Statements of Financial Position****As of June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 260,426	\$ 1,280,706
Accounts receivable	6,500	30,641
Pledges receivable	3,144	85,644
Prepaid expenses	45,630	45,800
Investments	8,863,101	10,329,781
Total current assets	9,178,801	11,772,572
<b>Other assets</b>		
Land	341,800	341,800
Property, equipment and leasehold improvements, net	34,197	33,433
Intangible assets, net	56,226	53,615
Protected land and easements	13,307,052	9,797,049
Total other assets	13,739,275	10,225,897
Total assets	\$ 22,918,076	\$ 21,998,469
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 9,758	\$ 30,950
Accrued interest payable	17,315	-
Accrued compensated absences	25,931	12,657
Total current liabilities	53,004	43,607
<b>Long-term liabilities</b>		
Land contribution payable	6,727,000	6,727,000
Note payable	1,000,000	-
Total long-term liabilities	7,727,000	6,727,000
Total liabilities	7,780,004	6,770,607
<b>Net assets</b>		
Unrestricted:		
Undesignated	7,169,372	4,842,728
Board Designated	6,527,781	6,417,729
Temporarily restricted	820,787	3,347,273
Permanently restricted	620,132	620,132
Total net assets	15,138,072	15,227,862
Total liabilities and net assets	\$ 22,918,076	\$ 21,998,469

**See Notes to Consolidated Financial Statements.**

**Lowcountry Land Trust, Inc. and Subsidiaries**
**Consolidated Statements of Activities**
**For the years ended June 30, 2018 and 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue</b>								
Membership dues and contributions	\$ 424,846	\$ 54,750	\$ -	\$ 479,596	\$ 648,082	\$ 3,855,785	\$ -	\$ 4,503,867
Grants	284,302	55,000	-	339,302	333,562	40,000	-	373,562
Investment income, net	192,222	12,116	-	204,338	184,181	20,066	-	204,247
Realized and unrealized gains (losses)	380,836	(824)	-	380,012	563,105	3,232	-	566,337
Transfer and amendment fees	104,802	-	-	104,802	58,535	-	-	58,535
Special events	120,221	-	-	120,221	97,085	1,500	-	98,585
Loss on disposal of assets	(2,716)	-	-	(2,716)	-	-	-	-
Application fees	-	-	-	-	5,000	-	-	5,000
Special projects	-	-	-	-	40,000	-	-	40,000
Rental income	18,319	-	-	18,319	-	-	-	-
Miscellaneous income	(1,335)	86,782	-	85,447	19,830	-	-	19,830
Merchandise sales	430	-	-	430	2,146	-	-	2,146
Total support and revenue	1,521,927	207,824	-	1,729,751	1,951,526	3,920,583	-	5,872,109
<b>Net assets released from restrictions</b>	2,734,310	(2,734,310)	-	-	1,025,244	(1,025,244)	-	-
Total support, revenue and releases	4,256,237	(2,526,486)	-	1,729,751	2,976,770	2,895,339	-	5,872,109
<b>Expenses</b>								
Program services	1,063,815	-	-	1,063,815	2,014,801	-	-	2,014,801
Management and general	285,044	-	-	285,044	261,664	-	-	261,664
Fundraising	470,682	-	-	470,682	395,276	-	-	395,276
Total expenses	1,819,541	-	-	1,819,541	2,671,741	-	-	2,671,741
Change in net assets	2,436,696	(2,526,486)	-	(89,790)	305,029	2,895,339	-	3,200,368
<b>Net assets, beginning of year</b>	11,260,457	3,347,273	620,132	15,227,862	10,955,428	451,934	620,132	12,027,494
<b>Net assets, end of year</b>	<u>\$ 13,697,153</u>	<u>\$ 820,787</u>	<u>\$ 620,132</u>	<u>\$ 15,138,072</u>	<u>\$ 11,260,457</u>	<u>\$ 3,347,273</u>	<u>\$ 620,132</u>	<u>\$ 15,227,862</u>

See Notes to Consolidated Financial Statements.

**Lowcountry Land Trust, Inc. and Subsidiaries****Consolidated Statements of Cash Flows****For the years ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Change in net assets	\$ (89,790)	\$ 3,200,368
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities		
Depreciation and amortization	29,969	22,165
Loss on disposal of assets	2,716	-
Donation of stock	-	(525,750)
Donation of easements and retired mineral rights	(3)	(9)
Impairment loss	-	771,624
Realized and unrealized gain on sale of investments, net	(407,767)	(566,337)
Changes in deferred and accrued amounts		
Accounts receivable	24,141	(21,699)
Pledges receivable	82,500	38,149
Prepaid expenses	170	(43,300)
Accounts payable	(21,192)	15,929
Accrued interest payable	17,315	-
Accrued compensated absences	13,274	706
Net cash (used for) provided by operating activities	<u>(348,667)</u>	<u>2,891,846</u>
<b>Investing activities</b>		
Purchase of investments	(409,608)	(3,507,450)
Proceeds from sale of investments	2,284,055	1,868,669
Purchases of protected land and easements	(3,510,000)	(626,624)
Purchases of land	-	(341,800)
Purchases of intangible assets	(16,668)	(53,615)
Purchases of property and equipment and leasehold improvements	(19,392)	(14,284)
Net cash used for investing activities	<u>(1,671,613)</u>	<u>(2,675,104)</u>
<b>Financing activities</b>		
Proceeds from note payable	1,000,000	-
Net cash provided by financing activities	<u>1,000,000</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,020,280)	216,742
<b>Cash and cash equivalents, beginning of year</b>	<u>1,280,706</u>	<u>1,063,964</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 260,426</u>	<u>\$ 1,280,706</u>

**See Notes to Consolidated Financial Statements.**

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## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies

##### Description of organization:

The Lowcountry Land Trust, Inc. ("LLT" or "Trust") is a South Carolina non-profit trust chartered on September 13, 1985. Its purpose is to engage in and promote, for the benefit of the general public, the preservation of the natural resources in the South Carolina lowcountry including marshlands, swamps, woodland and open spaces and the plant and animal life therein, and the preservation of open land areas of historical and scenic significance. The Trust primarily relies on private donations for funding. Wadmacon, LLC, Bacons Bridge, LLC, Ashem, LLC, Angel Oak Park, LLC, Quemby Barony, LLC, French Quarter Creek, LLC, and Lowcountry Open Land Trust, LLC, wholly-owned subsidiaries of the Trust, were organized on December 9, 2003, February 11, 2009, November 1, 2010, June 24, 2013, February 6, 2014, February 23, 2015, and November 6, 2015, respectively, under the laws of South Carolina.

##### Principles of consolidation:

The consolidated financial statements include the accounts of LLT and Wadmacon, LLC, Bacons Bridge, LLC, Ashem, LLC, Angel Oak Park, LLC, Quemby Barony, LLC, French Quarter Creek, LLC, and Lowcountry Open Land Trust, LLC (the "Subsidiaries"). Lowcountry Land Trust, Inc. and Subsidiaries are collectively referred to as "the Trust" throughout the notes to the consolidated financial statements. All significant intercompany transactions and balances have been eliminated. Protected land owned by Bacon's Bridge, LLC of \$327,755 was contributed to the Dorchester Trust Foundation (the "Foundation"), an unrelated non-profit organization, in 2010. The transfer of the land to the Foundation included a reverter clause restricting the Foundation's use of the land. Therefore, the Bacons Bridge, LLC will exist in perpetuity.

##### Basis of presentation:

The consolidated financial statements of the Trust have been prepared on the accrual basis of accounting. The Trust's consolidated financial statements follow the recommendations of Financial Accounting Standards Board in its Accounting Standards Codification ("FASB"), *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Pursuant to *Financial Statements of Not-for-Profit Organizations*, the three classes of net assets are as follows:

**Unrestricted** - The part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

**Temporarily restricted** - The part of net assets resulting from contributions whose use is limited by donor-imposed restrictions that permit the donee Trust to use up or expend the donated assets as specified and is satisfied either by the passage of time or by actions of the Trust.

**Permanently restricted** - The part of net assets resulting from contributions whose use is limited by donor-imposed restrictions that stipulate that resources be maintained permanently but permits the Trust to use up or expend part or all of the income generated by these resources.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### Use of estimates:

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Cash and cash equivalents:

The Trust defines cash and cash equivalents to include cash on hand, demand deposits, and investments with original maturities of three months or less.

##### Contributions/pledges receivable:

In accordance with generally accepted accounting principles ("GAAP"), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Certain contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restriction or use in accordance with the restriction.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. No discount was recorded at June 30, 2018 or 2017. All pledges receivable at June 30, 2018 and 2017 were due in less than one year.

The Trust provides for an allowance for pledges receivable based on management's estimate of the collectability of pledges receivable. No allowance was recorded at June 30, 2018 or 2017, as management believes all unconditional pledges receivable are fully collectible.

##### Property and equipment, leasehold improvements:

The Trust capitalizes all expenditures for property and equipment, including leasehold improvements, in excess of \$1,000. Purchased property and equipment are recorded at cost, or if donated, recorded as support at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 15 years.



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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### Investments:

Investments in marketable securities with readily determinable fair values are valued at their fair values in the Consolidated Statements of Financial Position. Investment income or loss (including realized and unrealized gains and losses on investment, interest, and dividends) is included in the Consolidated Statements of Activities as increases or decreases in unrestricted net assets unless the income or loss is specifically restricted by donor or law. All changes in cash reported in investment accounts are treated as purchases or disposals of investments.

##### Intangible assets:

The Trust's intangible assets consist of website development costs. Amortization is computed using the straight-line method based on the assets' estimated useful lives of three years and included depreciation and amortization expense on the Consolidated Schedules of Functional Expenses and accumulated depreciation.

##### Conservation easements and mineral rights:

The Trust records as an asset for all conservation easements and mineral rights it owns. These easements and retired mineral rights are recorded at a nominal value.

##### Functional allocation of expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates made by management. Expenses are charged to programs and supporting services on the basis of time and expense analysis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Trust. See Note 15.

##### Compensated absences:

Employees of the Trust are entitled to paid vacations, sick days and certain holidays. The Trust's policy allows employees to carry over no more than forty hours of unused vacation beyond the end of a calendar year. Accordingly, a liability has been recorded in the accompanying Consolidated Statements of Financial Position for the balance of unused vacation as of June 30, 2018 and 2017, respectively.

##### Donated services:

Donated services are recognized as contributions in accordance with GAAP if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Trust. A substantial number of volunteers have donated an undetermined number of hours to the Trust's program services and fund-raising campaigns; however, these donated services are not reflected in the consolidated financial statements since the services do not require specialized skills.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### *Donated property and equipment:*

The Trust reports gifts of goods and equipment at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service as instructed by the donor. The Trust reclassifies temporarily restricted net assets to unrestricted net assets at that time.

##### *Income tax status:*

The Trust is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Trust that is not a private foundation under Section 509(a)(2).

GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. GAAP also provides guidance on derecognition of tax benefits, classification on the Consolidated Statements of Financial Position, interest and penalties, accounting in interim periods, and disclosure.

Management has evaluated the Trust's tax positions and concluded that the Trust has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance as of June 30, 2018 or 2017. The Trust's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, the Trust is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2015.

##### *Fair value measurements:*

The Trust utilizes a three-tier fair value hierarchy that clarifies fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Trust's financial instruments principally consist of investments, which are reported at fair market value as required by GAAP (see Note 3). The Trust's other financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses.

The carrying value of these financial instruments approximates their fair values at June 30, 2018 and 2017 because of the terms and relatively short maturity of those instruments.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### Agency transactions:

The Trust accounts for agency transactions in accordance with FASB's Accounting Standards Codification Topic 958, *Not-for-Profit Entities*. This topic establishes standards for transactions in which a not-for-profit accepts funds from a donor/grantor and agrees to transfer those assets to a beneficiary that is specified by the donor/grantor without being given variance power to redirect the use of the transferred assets to another beneficiary. The Trust is regularly awarded grant funds from governmental agencies on behalf of third-party landowners. These grant awards are reported as both assets and liabilities in the accompanying Consolidated Statements of Financial Position when received and are shown as a decrease in assets and liabilities when remitted to the beneficiary. The revenues and expenses of these funds are excluded from the Consolidated Statements of Activities.

##### Recently issued pronouncements:

In May 2014, the FASB issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. This guidance also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. In December 2016, the FASB issued technical corrections and improvements to the Revenue from Contracts with Customers Topic. These corrections make a limited number of revisions to several pieces of the revenue recognition standard issued in 2014. The guidance will be effective for the Trust for the fiscal year ending June 30, 2020. The Trust is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The amendments will be effective for the Trust's fiscal year ended June 30, 2021. Early adoption is permitted. The Trust is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Trust for the fiscal year ended June 30, 2019. The Trust is currently evaluating the effect that implementation of the new guidance will have on the presentation of its consolidated financial statements.

In June 2018, the FASB issued an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance will be effective for the Trust for the year ended June 30, 2020. Early adoption is permitted. The Trust is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### Recently issued pronouncements, continued:

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

##### Subsequent events:

Management has evaluated events and transactions for potential recognition or disclosure through December 19, 2018, which is the date these consolidated financial statements were available to be issued.

#### Note 2. Board Designated Funds

The following funds have been designated by the Board of Trustees and are included in unrestricted net assets. At June 30, 2018 and 2017, certain cash, cash equivalents, investment accounts, and land that total to \$6,527,781 and \$6,417,729, respectively, were included in board designated funds.

**Emergency Operating Reserve Fund** - The purpose of the operating reserve fund is to provide approximately six months of operating funds for emergency, unforeseen needs which could not be anticipated by budget requirements.

**Stewardship and Legal Defense Fund** - The purpose of the stewardship and legal defense fund is to facilitate the primary role of the Trust's stewardship program: to ensure that the protected properties are preserved in perpetuity.

**Opportunity Fund** - The purpose of the opportunity fund is to provide funds for conservation projects that require additional funding outside of funding available in the operating budget.

**Land Fund (Wadmacon)** - The purpose of the land fund is to segregate the values and activities related to the Wadmacon property donated to the Trust for the purpose of preservation.

Board designated net assets were allocated as follows at June 30:

	<u>2018</u>	<u>2017</u>
Emergency Operating Reserve Fund	\$ 749,014	\$ 745,920
Stewardship and Legal Defense Fund	5,207,916	5,082,900
Opportunity Fund	214,251	232,309
Land Fund (Wadmacon)	356,600	356,600
	<u>\$ 6,527,781</u>	<u>\$ 6,417,729</u>

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 3. Fair Value Measurements

*Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. *Fair Value Measurements* also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Trust performs an analysis of the assets and liabilities that are subject to *Fair Value Measurements*. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 or 2017.

**Mutual funds** - Valued at the net asset value ("NAV") of shares held by the Trust at year end using closing prices reported in the active market.

**Debt securities & fixed income funds** - (Includes corporate and government obligations) Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

**Equities** - Valued at the closing price reported on the active market on which the individual securities are traded.

The balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy are as follows at June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 4,811,096	\$ 4,811,096	\$ -	\$ -
Government obligations	261,138	-	261,138	-
Corporate obligations	256,894	-	256,894	-
Equities	<u>3,533,973</u>	<u>3,533,973</u>	-	-
Total investments, at fair value	<u>\$ 8,863,101</u>	<u>\$ 8,345,069</u>	<u>\$ 518,032</u>	<u>\$ -</u>

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 3. Fair Value Measurements, Continued

The balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy are as follows at June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 8,492,829	\$ 8,492,829	\$ -	\$ -
Government obligations	267,258	-	267,258	-
Corporate obligations	293,911	-	293,911	-
Equities	<u>1,275,783</u>	<u>1,275,783</u>	<u>-</u>	<u>-</u>
Total investments, at fair value	<u>\$ 10,329,781</u>	<u>\$ 9,768,612</u>	<u>\$ 561,169</u>	<u>\$ -</u>

#### Note 4. Investments

The Trust held \$8,863,101 and \$10,329,781 in investments at June 30, 2018 and 2017, respectively. For cash flow purposes, purchases of investments are adjusted for monthly investment fees.

Investments were comprised of the following at June 30, 2018:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 4,693,311	\$ 4,811,096
Government obligations	272,738	261,138
Corporate obligations	270,861	256,894
Equities	<u>2,738,778</u>	<u>3,533,973</u>
Total	<u>\$ 7,975,688</u>	<u>\$ 8,863,101</u>

Investments were comprised of the following at June 30, 2017:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 7,921,709	\$ 8,492,829
Government obligations	273,016	267,258
Corporate obligations	301,870	293,911
Equities	<u>1,215,704</u>	<u>1,275,783</u>
Total	<u>\$ 9,712,299</u>	<u>\$ 10,329,781</u>

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 4. Investments, Continued

The following table shows the gross unrealized losses and fair value of the Trust's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2018 and 2017.

	<b>2018</b>	
	<b>More than 12 Months</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>
Government obligations	\$ 261,138	\$ (11,600)
Corporate obligations	256,894	(13,967)
	<b>2017</b>	
	<b>Less than 12 Months</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>
Government obligations	\$ 267,258	\$ (5,758)
Corporate obligations	293,911	(7,959)
	<b>More than 12 Months</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>
Mutual Funds	\$ 4,129,886	\$ (19,273)

Investment income, net, and unrealized and realized gains is comprised of the following for the years ended June 30:

	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 245,621	\$ 242,952
Net unrealized gain	269,931	281,609
Net realized gain	110,081	284,728
Less: investment fees	(41,283)	(38,705)
Total investment income, net, and unrealized and realized gains	<u>\$ 584,350</u>	<u>\$ 770,584</u>

#### Note 5. Agency Transactions

Through grant programs with the South Carolina Conservation Bank, Dorchester County, and the U.S. Department of Interior, the Trust was awarded grant funds in an agency capacity on behalf of third-party landowners. During the years ended June 30, 2018 and 2017, the Trust received and disbursed \$1,383,783 and \$3,763,490, respectively, of pass-through agency funds for four and twelve individual grants, respectively. As of June 30, 2018 and 2017, there were no amounts due to these third-party recipients.

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 6. Property, Equipment and Leasehold Improvements, net, and Land

Major classifications of property and equipment and leasehold improvements, net, used in operations as of June 30 are summarized below:

	2018	2017
Leasehold improvements	\$ 10,839	\$ 2,292
Boat	10,045	8,200
Furniture and equipment	88,717	85,258
Total	109,601	95,750
Less: accumulated depreciation	(75,404)	(62,317)
Property, equipment and leasehold improvements, net	\$ 34,197	\$ 33,433

On January 2017, an appraisal was performed and the Trust purchased 4 acres on the Ashem property at the appraised fair market value of \$341,800 from Charleston County Parks and Recreation Commission ("PRC"). This land was conveyed subject to a restrictive covenant that it shall only be used as an office for Lowcountry Land Trust or other non-profit organizations (likely involved in conservation or preservation), subject to the prior written approval of PRC and to the conservation easement held by Historic Charleston Foundation. In addition, the property shall be conveyed with a right of repurchase at the original purchase price if construction of an office is not commenced within 5 years after the closing on the purchase of the property, and a right of first offer in favor of PRC for a period of 75 years. The conservation easement on the property held by HCF contains limitations on the aggregate footprint of future structures which only allows the Trust to build an office structure not to exceed 4,000 square feet of the 10,000 square feet available under the HCF easement.

Depreciation expense on equipment for the years ended June 30, 2018 and 2017 totaled \$15,912 and \$22,165, respectively.

#### Note 7. Intangible Assets, net

Intangible assets, net, consists of the following at June 30:

	2018	2017
Website development costs	\$ 70,283	\$ 89,444
Soul of the Lowcountry blog development costs	4,813	4,813
Total	75,096	94,257
Less accumulated amortization	(18,870)	(40,642)
Intangible assets, net	\$ 56,226	\$ 53,615

A new website was being developed during June 30, 2017, but it was not placed into service until the first day of fiscal year 2018. All other intangible assets were fully depreciated as of June 30, 2017, therefore, there was no amortization expense for the year ended June 30, 2017. Amortization expense for the year ended June 30, 2018 totaled \$14,057.



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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 8. Protected Land and Easements**

Various lands and legal restrictions on lands are donated to the Trust for the purpose of preservation. As of June 30, 2018 and 2017, the title to 4,922 and 4,333 acres of land, respectively, which consists primarily of marsh lands, had been donated to the Trust.

The Trust records in the consolidated financial statements the estimated fair market value at the time of donation of land to which it holds title. Conservation easements, deed restrictions, and retired mineral rights are recorded at a nominal value in the consolidated financial statements. As of June 30, 2018 and 2017, conservation easements had been granted to the Trust on 132,644 and 132,436 acres, respectively.

#### Angel Oak Properties:

In April 2013, the Trust entered into an agreement for \$100 in consideration which gave it the exclusive right and option to purchase 17 acres of land adjacent to the Angel Oak property ("Angel Oak 1"). Upon due diligence performed and the exercise of the option in December 2013, the Trust purchased these 17 acres of land adjacent to the Angel Oak property for \$3,560,000. In January 2014, the Trust signed an agreement to purchase an additional 18.70 acres of land adjacent to the Angel Oak property ("Angel Oak 2"). After a due diligence period, the Trust completed the purchase of Angel Oak 2 in March 2014 for \$3,300,000. At June 30, 2018, the total combined 35.70 acres of land is held by the Trust's wholly-owned LLC, Angel Oak Park, LLC, while the Trust is in the process of placing conservation easements on both of these properties.

Per independent appraisal, the estimated fair value of the combined Angel Oak properties would drop to 5% of the original fair value upon the execution of the conservation easements. During the year ended June 30, 2014, the Trust wrote-down these properties by \$6,517,000 to a total carrying value of \$343,000 which is included in "Protected land and easements" on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

#### Keystone Property:

As part of its strategic visioning plan, the Trust had previously identified approximately 4,300 acres known as the "Keystone Tract" within the Cooper River Corridor for its potential for wetland and related habitat preservation and restoration. In January 2014, the Trust entered into a memorandum of understanding ("MOU") with The Boeing Company ("Boeing") regarding Boeing's permit application to the United States Army Corps of Engineers ("Corps") and the South Carolina Department of Health and Environmental Control ("SCDHEC") for authorization to impact approximately 153 acres of federally jurisdictional wetlands for the purpose of expansion of the existing Boeing facilities and the related mitigation requirements of the Corps and SCDHEC.

The terms of the MOU stated that the Trust would purchase approximately 1,677 acres within the Keystone Tract for \$6,727,000 after a due diligence period which was completed in February 2014. In turn, Boeing would reimburse the Trust up to \$4,000/acre for the 1,677 acres, for all required closing costs, any out-of-pocket expenses not to exceed \$3,000, and an amount equivalent to 3% of the purchase price (\$201,810) for any and all matters relating to the acquisition, management, restoration and mitigation, and long-term stewardship of the property. The MOU further stated that the Trust will work with Boeing on the development of a mitigation plan for which Boeing agrees to fund the development and implementation.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 8. Protected Land and Easements, Continued**

##### Keystone Property, continued:

The Trust and Boeing further agreed that the South Carolina Department of Natural Resources ("SCDNR"), U.S. Forest Service, or another natural resource agency will oversee and conduct the implementation of this mitigation plan. In addition, the Trust will elect to transfer the property to SCDNR or another governmental organization for inclusion in one of its land protection programs.

As of June 30, 2014, the Trust had purchased the Keystone Tract property through its wholly-owned subsidiary, Quemby Barony, LLC, for a cost of \$6,727,000 which is included in "Protected land and easements" on the Consolidated Statements of Financial Position. During fiscal year 2014, the Trust received approximately \$6,963,000 in temporarily restricted donations from Boeing for the purpose of purchasing and managing the property as noted per the MOU. Based on the terms within the MOU to transfer the property after implementation of the mitigation plan, the Trust recorded a "land contribution payable" for \$6,727,000 during the year ended June 30, 2014 which is shown in the Consolidated Statements of Financial Position. As of June 30, 2018 and 2017, remaining unspent funds of \$3,591 and \$17,040, respectively, are reflected in temporarily restricted net assets (see Note 11).

##### Ashem Property:

In September 2010, the Trust sold Charleston County Parks and Recreation Commission ("PRC") a total of 43.4471 acres of land known as Ashem on Olde Towne Creek. This contract for the sale of these acres included an option for the Trust to purchase 2 to 4 acres of this property (the "option site") within the earlier of 1 month of the date of delivery of the Phase I archeological report or one year after the death of the original donor of the property. This contract was amended in June 2011 and again in October 2013 to extend the option period to the earlier of 1 month of the date of delivery of the Phase I archeological report or five years after the death of the original donor of the property (or April 26, 2016). This contract had been executed as of the fiscal year ended June 30, 2017 (see Note 6).

##### Mallard Tract:

On December 22, 2106, the Trust purchased approximately 206 acres which was a portion of the Good Hope Plantation in Colleton County known as the "Mallard Tract" for \$626,624. The Trust received funds from Waste Management for the purchase of the Mallard Tract as part of Waste Management's mitigation development plan. Per independent appraisal, the estimated fair value of the property would drop below the original fair value upon the execution of a conservation easement. During the year ended June 30, 2017, the Trust wrote-down this property by \$257,624 to a total carrying value of \$369,000 which is included in "Protected land and easements" on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

##### East Cooper Branch Revolving Fund:

In March 2015, the Trust entered into an escrow agreement with the South Carolina State Ports Authority (the "Port") which stated that the Port would deposit \$5,000,000 in an escrow account to be held in escrow by a third party to be utilized for options on real property, closing and purchase of real property, or the acquisition of conservation easements on the real property and associated administrative and management costs in the Cooper River Corridor. The Trust's set up a revolving fund known as the East Cooper Branch Revolving Fund ("ECBR") to purchase properties with the intent to sale the properties and continue to reinvest in the in the area.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### *Notes to Consolidated Financial Statements*

*June 30, 2018*

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#### **Note 8. Protected Land and Easements, Continued**

##### French Quarter Creek Property:

The Trust was able to draw up to \$2,000,000 from the escrow account prior to the issuance of the Port's project approval by the U.S. Army Corps of Engineers during the year ended June 30, 2015. In March 2015, the Trust utilized approximately \$1,916,000 of these funds for the acquisition of the land and associated costs of approximately 426 acres along U.S. Highway 41, a portion of the acres known as the Keystone Tract within the Cooper River Corridor for its potential for wetland and related habitat preservation and restoration. During the year ended June 30, 2017, the Trust put an easement on the French Quarter Creek property which reduced the value of the land by \$666,600. Per independent appraisal, the estimated fair value of the combined Angel Oak properties would drop below the original fair value upon the execution of the conservation easements. During the year ended June 30, 2014, the Trust wrote-down this property by \$514,000 to a total carrying value of \$1,381,000 which is included in "Protected land and easements" on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement. As of the year ended June 30, 2018, this property had been listed for sale with the intent to reinvest the sales proceeds in the ECBR Fund.

As of June 30, 2016, the Trust had used a total of \$1,967,201 of the funds for costs associated with land protection in the Cooper River Corridor. The remaining escrowed funds were not available to the Trust upon condition of and until such time that the Port received approval by the U.S. Army Corps of Engineers on its dredging project. In July 2016, under the direction of the SC State Ports Authority (the "Port"), \$500,000 of the escrow fund was dispersed to Lord Berkeley Conservation Trust from the escrow account for the Fort Fair Lawn preservation project. In August 2016, the escrow agreement between the Trust and Port for the remaining funds for use by the Trust was terminated, and the funds were released to the Trust. The Trust received \$2,528,507 of these escrowed funds pursuant to the escrow agreement with the South Carolina State Ports Authority (the "Port") which were recorded as temporarily restricted revenue and held in investments as of June 30, 2017 and used to purchase Hyde Park in the year ended June 30, 2018 as discussed below.

##### Hyde Park:

In August 2017, the Trust purchased the real property known as Hyde Park for approximately \$3,528,000. The Trust used the remaining escrowed funds from the Port of approximately \$2,528,500, along with a loan of \$1,000,000 to purchase the Hyde Park property (See Note 9). Subsequent to the year ended June 30, 2018, this property had been listed for sale with the intent to reinvest the sales proceeds in the ECBR Fund.

#### **Note 9. Note Payable**

On August 18, 2017, the Trust entered into a note for \$1,000,000 for the purchase of the Hyde Park property (See Note 8). The full balance of the note and accrued interest is due on August 18, 2022. Interest accrues at a rate of 2% per annum. The loan is secured by the property and the assignment of a first priority of any leases, rents, or profits, and a first property security interest in all personal property located on such real property. Upon the sale of this property, this note will be paid in full.

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## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

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#### Note 10. Credit Risk

The Trust maintains cash in checking accounts at two financial institutions. Cash accounts held at these banks are guaranteed in aggregate by the Federal Deposit Insurance Trust ("FDIC") up to \$250,000 per bank. At times, deposits may be in excess of the FDIC insured limits.

The Trust maintains its investments at three brokerage firms. Accounts maintained at each brokerage firm are insured up to \$500,000 for securities, including a limit of \$250,000 on claims for cash under the Securities Investor Protection Trust ("SIPC"). Money market funds held in a brokerage account are considered securities. In addition, each brokerage firm has purchased additional insurance coverage to apply to losses above the SIPC protection level for cash and securities with a \$1,900,000 per client limit for cash and cash equivalents and no per account dollar limit on coverage of securities. However, this coverage does not cover investment losses in customer accounts due to market fluctuation.

Management monitors the risk of exposure to loss through monitoring the performance of the financial institutions and brokerage firms through publicly available agencies.

#### Note 11. Net Assets

Temporarily restricted net assets as of June 30 are available for the following purposes:

	2018	2017
Time restricted only pledges receivable	\$ -	\$ 10,000
East Cooper Branch Revolving Fund	189,449	2,675,480
General conservation	3,144	3,144
Employee Benefit Fund	520,043	526,501
ACE/SOLO	-	20,000
Greenbelt Action Plan-Brosnan Forest Region	-	30,000
Fiddler's Green	55,691	56,108
Quemby Barony	3,591	17,040
SCLTN	11,487	-
JICCP	35,000	-
V2.0	2,382	-
NAWCA grant	-	7,500
Special events	-	1,500
Total temporarily restricted net assets	<u>\$ 820,787</u>	<u>\$ 3,347,273</u>

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## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

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#### Note 11. Net Assets, Continued

Permanently restricted net assets consist of land valued as follows at June 30, 2018 and 2017:

Middleton Marshlands	\$ 57,000
Andell/Kiawah River Marshland	186,400
Alge Island	9,410
Ashley River Marshland	8,700
Ashley River Marshland II	13,500
Eagle Creek Marshland	300
Ashley River Marshland III	28,200
Ashley River Marshland IV	65,910
Ashley River Marshland V	77,000
Ashley River Marshland VI	144,372
Ashley River Marshland VII	29,340
	<u>\$ 620,132</u>

#### Note 12. Related Parties

Donations from Board of Trustees members and employees were received during fiscal years 2018 and 2017. These related party donations totaled approximately \$67,000 and \$81,200 for the years ended June 30, 2018 and 2017, respectively. There were \$1,500 outstanding pledges receivable from members of the Board of Trustees as of June 30, 2018. There were no outstanding pledges receivable from members of the Board of Trustees as of June 30, 2017.

In the year ended June 30, 2017, the Trust entered into a bargain sale purchase for \$86,700 through the South Carolina Conservation Bank to put an easement on property of an employee's family member. The Trust maintains cash and investments in four financial institutions at which two board members are employed. One board member of the Trust serves in the position of Chief Financial Officer at one of the financial institutions.

#### Note 13. Retirement Plan

In May 2001, the Trust implemented a 403(b) plan (the "Plan") for the purpose of providing retirement benefits for participating employees. An eligible employee may, on a voluntary basis, begin participation in the Plan on the Plan entry date following fulfillment of the completion of 6 months of service with the Trust. Employees may contribute from 1% to 20% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Trust matches employee contributions dollar for dollar up to a maximum of 5% of annual compensation. Employees are fully and immediately vested in the benefits arising from contributions made under this Plan. Retirement plan expense totaled \$30,449 and \$24,142 for the years ended June 30, 2018 and 2017, respectively. Of this amount, approximately \$12,500 was funded through the Employee Benefit Fund (see Note 11).

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**Lowcountry Land Trust, Inc. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2018**

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**Note 14. Leases**

From June 1, 2013 (start date) through September 30, 2017, the Trust rented office space under a lease agreement with a monthly lease payment of \$5,340. The monthly lease payment increased on each annual anniversary of the start date by 2.5%. Additionally, in June 2014, the Trust signed an addendum for additional office space, and the monthly lease payment increased by \$319 as of July 1, 2014.

In August 2017, the Trust entered into a new lease agreement for office space in downtown Charleston. The new lease commenced on October 1, 2017 with a term of sixty months and monthly rental payments of \$9,159 with an increase based on the Consumer Price Index ("CPI") each year thereafter.

The Trust also entered into a commercial sublease with an effective date of October 1, 2017 to sublease the above office space for monthly rental payments of \$1,832 with annual increases. The lease is for a period of three years and includes two renewal options for a year each. The tenant and lessee both have the right to terminate the lease with a ninety (90) day written notice.

Rent expense totaled \$102,523 and \$73,029 for the years ended June 30, 2018 and 2017, respectively. Rental income totaled \$18,319 for the year ended June 30, 2018.

Future minimum payments by year under the office space lease consist of the following as of June 30:

2019	\$ 113,576
2020	118,463
2021	123,346
2022	128,233
2023	<u>32,364</u>
	<u>\$ 515,982</u>

Future expected rental income by year under the commercial sublease consist of the following as of June 30:

2019	\$ 20,883
2020	23,694
2021	<u>5,985</u>
	<u>\$ 50,562</u>

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 15. Consolidated Schedules of Functional Expenses

For the year ended June 30, 2018, functional expenses were allocated as follows:

		Supporting Services		
	Program	Management	Fund	Total
	Services	and	Raising	
		General		
Compensation and related expenses:				
Salaries	\$ 525,607	\$ 137,885	\$ 223,527	\$ 887,019
Employee benefits	69,929	15,513	18,734	104,176
Payroll taxes	38,177	10,901	17,524	66,602
Total compensation and related expenses	633,713	164,299	259,785	1,057,797
Rent	64,664	17,858	20,001	102,523
Legal fees	93,389	1,827	-	95,216
Taxes and insurance	43,723	9,223	15,371	68,317
Consultants	33,685	5,065	29,514	68,264
Professional fees	39,672	16,760	-	56,432
In-kind gifts and donor recognition	1,618	801	53,541	55,960
Depreciation and amortization	19,180	4,046	6,743	29,969
Events and speakers	876	-	29,018	29,894
Travel and entertainment	18,146	8,076	2,372	28,594
Telephone and utilities	16,615	3,505	5,841	25,961
Office supplies	2,037	20,960	1,795	24,792
Cloud hosting	15,764	3,325	5,542	24,631
IT support	11,720	6,734	4,610	23,064
Publications/printing	8,735	3,510	6,642	18,887
Easement	17,574	-	-	17,574
Interest	17,315	-	-	17,315
Catering	3,957	18	8,713	12,688
Professional development	1,506	2,955	6,009	10,470
Marketing	5,613	1,184	1,973	8,770
Other	3,611	3,113	1,104	7,828
Dues and subscriptions	20	4,407	2,564	6,991
Bank and payroll service charges	-	3,536	2,639	6,175
Digital marketing and social media	4,565	-	155	4,720
Postage and shipping	239	1,440	2,658	4,337
Storage	1,786	1,787	-	3,573
Merchandise	1,560	-	1,477	3,037
Equipment rental	27	-	2,615	2,642
Boat maintenance	2,164	-	-	2,164
Recruiting	62	615	-	677
Partnership programs	279	-	-	279
Total expenses	\$ 1,063,815	\$ 285,044	\$ 470,682	\$ 1,819,541

## Lowcountry Land Trust, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

June 30, 2018

#### Note 15. Consolidated Schedules of Functional Expenses, Continued

For the year ended June 30, 2017, functional expenses were allocated as follows:

	Supporting Services			
	Program Services	Management and General	Fund Raising	Total
Compensation and related expenses:				
Salaries	\$ 597,928	\$ 153,076	\$ 236,411	\$ 987,415
Employee benefits	71,560	6,446	25,196	103,202
Payroll taxes	51,282	11,475	17,871	80,628
Total compensation and related expenses	720,770	170,997	279,478	1,171,245
Land impairments	771,624	-	-	771,624
Legal fees	110,335	5,288	385	116,008
Consultants	80,203	-	17,818	98,021
Rent	43,817	14,606	14,606	73,029
In-kind gifts and donor recognition	54,609	539	663	55,811
Professional fees	35,697	18,725	-	54,422
Catering	24,180	138	22,942	47,260
Taxes and insurance	18,058	11,157	3,543	32,758
Cloud hosting	13,139	8,199	9,253	30,591
Travel and entertainment	19,681	3,156	4,318	27,155
Publications/printing	13,512	3,538	6,623	23,673
Depreciation	12,000	6,165	4,000	22,165
Equipment rental	9,514	-	12,597	22,111
Video production	21,707	-	-	21,707
Events and speakers	14,028	25	5,634	19,687
Telephone	7,369	2,189	2,189	11,747
Partnership programs	11,000	-	500	11,500
Merchandise	5,292	321	3,452	9,065
Office supplies	3,706	3,972	1,126	8,804
Digital marketing and social media	6,993	-	213	7,206
Professional development	1,806	4,613	-	6,419
IT support	2,832	2,253	93	5,178
Postage and shipping	1,974	489	2,220	4,683
Bank and payroll service charges	60	2,383	2,027	4,470
Storage	2,996	-	1,072	4,068
Boat maintenance	4,064	-	-	4,064
Documentation	3,814	-	-	3,814
Dues and subscriptions	21	2,911	524	3,456
Total expenses	<u>\$ 2,014,801</u>	<u>\$ 261,664</u>	<u>\$ 395,276</u>	<u>\$ 2,671,741</u>