

**LOWCOUNTRY LAND TRUST, INC.
AND SUBSIDIARIES
CHARLESTON, SOUTH CAROLINA**

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

INDEPENDENT AUDITOR’S REPORT	1 – 2
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9-31



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Lowcountry Land Trust, Inc. and Subsidiaries (“the Trust”), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements of the Trust as of June 30, 2021 and for the year then ended were audited by other auditors whose report dated April 28, 2022 expressed an unmodified opinion on those consolidated financial statements.

Responsibilities of Management for the Consolidated Financial Statements

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

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

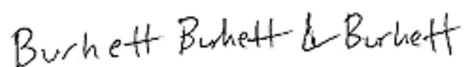
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
November 10, 2022

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,860,282	\$ 1,388,231
Accounts receivable	-	36
Contributions receivable, net	169,900	244,094
Prepaid expenses	35,861	56,978
Investments	9,575,440	8,555,922
Total current assets	<u>11,641,483</u>	<u>10,245,261</u>
Other assets:		
Land	341,800	341,800
Property, equipment, and leasehold improvements, net	5,773	12,192
Construction in progress	187,544	161,339
Intangible assets, net	5,742	14,056
Protected land and easements	15,366,077	19,607,057
Total other assets	<u>15,906,936</u>	<u>20,136,444</u>
Total assets	<u>\$ 27,548,419</u>	<u>\$ 30,381,705</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Refundable advances	\$ 123,030	\$ 352,080
Accounts payable and other accrued expenses	88,260	16,287
Accrued interest payable	-	77,315
Funds held for others	875	57,644
Deferred revenue	-	54,785
Current portion of long-term debt	2,220,000	-
Total current liabilities	<u>2,432,165</u>	<u>558,111</u>
Long-term liabilities:		
Land contribution payable	7,096,000	6,727,000
Notes payable	-	3,220,000
Total long-term liabilities	<u>7,096,000</u>	<u>9,947,000</u>
Total liabilities	9,528,165	10,505,111
Net assets:		
Without donor restrictions		
Undesignated	10,351,473	11,501,285
Board designated	6,214,557	6,766,999
Total without donor restrictions	<u>16,566,030</u>	<u>18,268,284</u>
With donor restrictions	1,454,224	1,608,310
Total net assets	<u>18,020,254</u>	<u>19,876,594</u>
Total liabilities and net assets	<u>\$ 27,548,419</u>	<u>\$ 30,381,705</u>

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions			
Cash	\$ 706,661	\$ 123,020	\$ 829,681
In-Kind	16,722	-	16,722
East Cooper Land Trust	775,983	74,350	850,333
Grants	537,301	57,324	594,625
Investment income, net	101,925	41,238	143,163
Net realized and unrealized gains (losses)	(1,048,077)	(103,309)	(1,151,386)
Transfer and amendment fees	275,989	-	275,989
Special events	165,951	-	165,951
Application fees	20	-	20
Rental income	8,720	-	8,720
Miscellaneous income	63,712	-	63,712
Merchandise sales	175	-	175
	<u>1,605,082</u>	<u>192,623</u>	<u>1,797,705</u>
Total support and revenue			
	346,709	(346,709)	-
Net assets released from restrictions			
	<u>1,951,791</u>	<u>(154,086)</u>	<u>1,797,705</u>
Total support, revenue and reclassifications			
EXPENSES			
Program services	2,636,431	-	2,636,431
Management and general	286,508	-	286,508
Fundraising	731,106	-	731,106
	<u>3,654,045</u>	<u>-</u>	<u>3,654,045</u>
Total expenses			
INCREASE (DECREASE) IN NET ASSETS	(1,702,254)	(154,086)	(1,856,340)
NET ASSETS, at beginning of year	<u>18,268,284</u>	<u>1,608,310</u>	<u>19,876,594</u>
NET ASSETS, at end of year	<u>\$ 16,566,030</u>	<u>\$ 1,454,224</u>	<u>\$ 18,020,254</u>

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 525,359	\$ 3,069,420	\$ 3,594,779
Grants	477,623	1,321,625	1,799,248
Investment income, net	125,858	29,071	154,929
Net realized and unrealized gains (losses)	1,290,316	69,761	1,360,077
Transfer and amendment fees	114,045	21,275	135,320
Special events	13,887	-	13,887
Application fees	7,500	-	7,500
Rental income	30,348	-	30,348
Miscellaneous income	69,073	-	69,073
Merchandise sales	520	-	520
Total support and revenue	<u>2,654,529</u>	<u>4,511,152</u>	<u>7,165,681</u>
Net assets released from restrictions	<u>4,445,660</u>	<u>(4,445,660)</u>	<u>-</u>
Total support, revenue and reclassifications	<u>7,100,189</u>	<u>65,492</u>	<u>7,165,681</u>
EXPENSES			
Program services	905,892	-	905,892
Management and general	397,581	-	397,581
Fundraising	368,328	-	368,328
Total expenses	<u>1,671,801</u>	<u>-</u>	<u>1,671,801</u>
INCREASE (DECREASE) IN NET ASSETS	<u>5,428,388</u>	<u>65,492</u>	<u>5,493,880</u>
NET ASSETS, at beginning of year	<u>12,839,896</u>	<u>1,542,818</u>	<u>14,382,714</u>
NET ASSETS, at end of year	<u>\$ 18,268,284</u>	<u>\$ 1,608,310</u>	<u>\$ 19,876,594</u>

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Compensation and related expenses:				
Salaries	\$ 532,087	\$ 160,497	\$ 268,927	\$ 961,511
Employee benefits	69,166	21,702	33,369	124,237
Payroll taxes	39,700	11,833	20,234	71,767
	<u>640,953</u>	<u>194,032</u>	<u>322,530</u>	<u>1,157,515</u>
Land impairment	1,006,000	-	-	1,006,000
Land transfers	369,000	-	-	369,000
Consultants	180,216	729	120,224	301,169
Professional fees	141,319	12,920	13,116	167,355
Rent	63,188	21,896	33,556	118,640
Events and speakers	1,783	-	114,177	115,960
Taxes and insurance	49,183	8,820	11,964	69,967
Legal fees	60,610	3,950	-	64,560
Database and software	12,875	7,623	27,510	48,008
Interest	45,796	-	-	45,796
Telephone and utilities	14,033	3,732	5,465	23,230
Depreciation and amortization	13,244	2,302	5,687	21,233
Travel and entertainment	13,138	2,807	5,058	21,003
Office furniture and equipment	3,619	3,907	9,504	17,030
Dues and subscriptions	7,093	7,932	634	15,659
Marketing	125	-	14,045	14,170
In-kind gifts	4,103	7,289	2,460	13,852
Bank and payroll service charge	1,506	2,048	8,068	11,622
Miscellaneous	-	-	9,381	9,381
Publications/printing	1,089	147	7,742	8,978
Bad debt	-	-	7,166	7,166
Office supplies	3,727	1,052	1,882	6,661
Professional development	345	3,020	2,586	5,951
Recruiting	2,134	285	1,434	3,853
Events and speakers - In-kind	-	-	2,870	2,870
Postage and shipping	595	-	2,197	2,792
Staff enrichment	536	1,421	279	2,236
Donor recognition	221	496	571	1,288
Partnership contributions	-	100	1,000	1,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 2,636,431</u>	<u>\$ 286,508</u>	<u>\$ 731,106</u>	<u>\$ 3,654,045</u>

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Compensation and related expenses:				
Salaries	\$ 491,711	\$ 217,544	\$ 180,182	\$ 889,437
Employee benefits	89,059	33,563	15,952	138,574
Payroll taxes	35,949	14,474	13,561	63,984
	<u>616,719</u>	<u>265,581</u>	<u>209,695</u>	<u>1,091,995</u>
Rent	55,275	24,928	28,180	108,383
Consultants	19,860	-	54,638	74,498
Interest	50,360	-	-	50,360
Taxes and insurance	31,718	7,153	8,058	46,929
Professional fees	33,137	3,844	6,907	43,888
Legal fees	14,937	25,560	-	40,497
Database and software	9,225	7,869	20,648	37,742
Telephone and utilities	19,830	6,329	7,169	33,328
Recruiting	23,432	1,351	520	25,303
Depreciation and amortization	11,842	5,340	6,037	23,219
Miscellaneous	-	12,525	-	12,525
Bad debt	-	11,795	-	11,795
Bank and payroll service charge	1,660	1,283	8,595	11,538
In-kind gifts and donor recognition	3,857	7,329	31	11,217
Travel and entertainment	9,406	792	596	10,794
Dues and subscriptions	200	7,498	874	8,572
Events and speakers	-	-	5,486	5,486
Publications/printing	465	610	3,922	4,997
Marketing	-	-	4,595	4,595
Professional development	1,947	2,447	-	4,394
Office furniture and equipment	779	1,401	1,064	3,244
Staff enrichment	-	2,835	-	2,835
Office supplies	716	817	260	1,793
Postage and shipping	402	294	1,053	1,749
Partnership contributions	125	-	-	125
	<u>905,892</u>	<u>397,581</u>	<u>368,328</u>	<u>1,671,801</u>
TOTAL EXPENSES	\$ 905,892	\$ 397,581	\$ 368,328	\$ 1,671,801

LOWCOUNTRY LAND TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,856,340)	\$ 5,493,880
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Impairment, depreciation and amortization	1,027,233	23,219
Change in allowance and bad debt expense	9,332	1,749
Donation of protected land	(650,000)	(2,900,000)
Land transfers	369,000	-
Donation of stock	-	(5,004)
Forgiveness of refundable advance	(229,050)	(228,404)
Gain on sale of fixed assets	-	(5,820)
Realized and unrealized loss / (gain) on investments, net	1,151,386	(1,360,077)
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable	36	13,664
(Increase) Decrease in contributions receivable	64,861	(110,454)
(Increase) Decrease in prepaid expenses	21,117	27,814
Increase (Decrease) in accounts payable and other accrued expenses	71,974	(15,858)
Increase (Decrease) in accrued interest payable	(77,315)	20,000
Increase (Decrease) in funds held for others	(56,769)	57,644
Increase (Decrease) in deferred revenue	(54,785)	(6,165)
Net cash provided by (used in) operating activities	<u>(209,320)</u>	<u>1,006,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,080,072)	(211,625)
Proceeds from sale of investments	2,909,149	135,807
Purchases of protected land and easements	(30,000)	(3,400,000)
Purchases of construction in progress	(26,205)	(31,080)
Purchases of web development	(6,500)	-
Proceeds from sale of fixed assets	<u>3,915,000</u>	<u>7,000</u>
Net cash provided by (used in) investing activities	<u>1,681,372</u>	<u>(3,499,898)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	2,220,000
Proceeds from refundable advances	-	352,080
Principal payments on notes payable	<u>(1,000,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(1,000,000)</u>	<u>2,572,080</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	472,052	78,370
CASH AND CASH EQUIVALENTS, at beginning of year	<u>1,388,230</u>	<u>1,309,860</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 1,860,282</u>	<u>\$ 1,388,230</u>
Supplemental cash flow information		
Interest Paid	<u>\$ 123,111</u>	<u>\$ 30,360</u>

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of organization:

The Lowcountry Land Trust, Inc. (“LLT” or the “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 and grants for funding. Wadmacon, LLC, Bacons Bridge, LLC, Ashem, LLC, Angel Oak Park, LLC, Quemby Barony, LLC, French Quarter Creek, LLC, Lowcountry Open Land Trust, LLC, Meyer Lake, LLC, Simmons Creek-Johns Island LLC, Disher Preserve LLC, Moultrie I LLC, Moultrie II LLC, Rivertowne Wetland LLC, and Shem Creek Headwaters 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, November 6, 2015, November 18, 2020, August 27, 2020, June 6, 2022, June 6, 2022, June 6, 2022, June 6, 2022, and June 6, 2022 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, Lowcountry Open Land Trust, LLC, Meyer Lake, LLC, Simmons Creek-Johns Island LLC, Disher Preserve LLC, Moultrie I LLC, Moultrie II LLC, Rivertowne Wetland LLC, and Shem Creek Headwaters 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 (FASB) in its Accounting Standards Codification, *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 the classification of net assets.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets:

The Trust's net assets are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Trust's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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, excluding cash held in the investment accounts.

Availability of funds for general expenditures:

The Trust has certain net assets that are available for general expenditures within one year of June 30, 2022 and 2021 based on conducting the normal activities of its programs in the coming year. The Trust has certain donor-restricted net assets that are available for general expenditures within the next year because the restrictions on the net assets are expected to be met by conducting the normal program activities. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (*see Note 2*).

Revenue recognition:

Contributions: Contributions received are recorded when received as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions, as long as there is no performance requirement attached to the contribution. In the instance where there is a performance obligation attached to the contribution, the portion that is attached to a performance requirement is recorded as deferred revenue until it is earned when the performance requirement is met, while the portion that is considered to be a contribution is recorded as revenue when received or unconditionally pledged.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition: (continued)

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Grants: Grants are earned and recorded as revenue when the grant funds are received or unconditionally pledged, if there is no performance requirement in the grant agreement. At that time, any grantor restrictions are considered when recording the revenue. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions. For any grant agreements that include performance obligations, revenue is recognized accordingly when the related performance obligation is met. Grant funds with a performance requirement which are received in advance are recorded as deferred revenue and are recognized as revenue when performance requirements are met.

Special events revenue: Ticket and sponsorship revenue for future events, such as the Clay Shoot event, are recorded as deferred revenue and recognized as revenue at a point in time when the scheduled event occurs.

Contributions receivable and allowance for doubtful accounts:

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.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions 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, 2022 or 2021. All contributions receivable at June 30, 2022 and 2021 were due in less than one year.

The Trust provides for an allowance for contributions receivable based on management's estimate of the collectability of contributions receivable. Management recorded an allowance at June 30, 2022 and June 30, 2021 of \$11,766 and \$9,600, respectively.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, equipment, and leasehold improvements:

The Trust capitalizes all expenditures for property and equipment, including leasehold improvements, in excess of \$5,000. 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 5 years.

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 net assets without donor restrictions 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 five years and is included in depreciation and amortization expense on the Consolidated Statements of Functional Expenses.

Conservation easements and mineral rights:

The Trust records an asset for all conservation easements and mineral rights it owns. These easements and retired mineral rights are recorded at a nominal value (i.e., \$1).

Compensated absences:

During the year ended June 30, 2020, the Trust changed its policy to unlimited time away. Therefore, no accrued vacation has been recorded as of June 30, 2022 or 2021 in the Consolidated Statement of Financial Position.

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.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services: (continued)

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.

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 net assets with donor restrictions to net assets without donor restrictions at that time. The Trust received donated real property totaling \$650,000 and \$2,900,000 during the year ended June 30, 2022 and 2021, respectively.

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, 2022 or 2021. 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 2018.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 4*). 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, 2022 and 2021 because of the terms and relatively short maturity of those instruments.

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.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses of the Trust include:

Program services expenses - Program service expenses include expenses incurred to support the mission of the Trust.

Management and general expenses - Management and general expenses include the general, administrative, and operating costs of the Trust.

Fundraising expenses - These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits, and payroll taxes are allocated based on time and effort. All other remaining expenses are reflected showing direct costs with any remaining costs allocated based on head count of the individual functions.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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.

New accounting pronouncements:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is effective for fiscal years ending December 31, 2022. The ASU establishes a dual approach for classifying leases as either financing or operating leases and requires recognition of a right-of-use asset and lease liability on the statement of financial position for both types of leases. This distinction will be relevant for the pattern of expense recognition in the Consolidated Statements of Activities. The Trust is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for fiscal years beginning after June 15, 2021. This standard addresses the presentation and disclosures of these types of contributions and is intended to increase transparency around contributed nonfinancial assets ("gifts in kind") received by not-for-profit organizations, including transparency on how these assets are used. The Trust adopted this standard effective July 1, 2021.

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.

Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 2. AVAILABILITY AND LIQUIDITY

Assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Consolidated Statements of Financial Position date of June 30, 2022 and 2021, are comprised of the following:

	2022	2021
Financial Assets at Year-End:		
Cash	\$ 1,358,313	\$ 1,388,321
Receivables	169,900	244,130
Investments	10,077,409	8,555,922
Total Financial Assets	11,605,622	10,188,373
Less amounts not available to be used within one year due to:		
Donor restricted net assets	(1,454,224)	(1,608,310)
Assets available to meet cash needs for general expenditures within one year	\$ 10,151,398	\$ 8,580,063

As part of its liquidity plan, the Trust has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Trust invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations. The Trust has certain board-designated assets which could be made available for spending for general expenditures, if necessary.

Note 3. BOARD DESIGNATED FUNDS

The following funds have been designated by the Board of Trustees and are included in net assets without donor restrictions. At June 30, 2022 and 2021, certain cash, cash equivalents, investment accounts, and land that total to \$6,214,557 and \$6,766,999, 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.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 3. BOARD DESIGNATED FUNDS (Continued)

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>2022</u>	<u>2021</u>
Emergency Operating Reserve Fund	\$ 797,675	\$ 501,335
Stewardship and Legal Defense Fund	4,971,220	5,713,658
Opportunity Fund	89,062	195,406
Land Fund (Wadmacon)	356,600	356,600
	<u>\$ 6,214,557</u>	<u>\$ 6,766,999</u>

During the year ended June 30, 2022, the Board approved a transfer of approximately \$295,000 to the emergency operating reserve fund.

Note 4. INVESTMENTS

The Trust held \$10,077,410 and \$8,555,922 in investments at June 30, 2022 and 2021, respectively. For cash flow purposes, purchases of investments are adjusted for monthly investment fees.

Investments were comprised of the following at June 30, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 2,571,531	\$ 2,329,168
Money market funds and invested cash	591,760	591,760
Government obligations	3,035,484	3,012,148
Corporate obligations	505,611	453,771
Equities	3,089,471	3,188,593
Total	<u>\$ 9,793,857</u>	<u>\$ 9,575,440</u>

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 4. INVESTMENTS (Continued)

Investments were comprised of the following at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 4,503,228	\$ 4,775,524
Money market funds and invested cash	205,795	205,795
Government obligations	437,227	439,868
Corporate obligations	715,730	720,427
Equities	1,671,133	2,414,308
Total	<u>\$ 7,533,113</u>	<u>\$ 8,555,922</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 192,734	\$ 203,655
Less: investment fees	(49,571)	(48,726)
Net unrealized loss	(1,242,030)	384,659
Net realized gain	90,644	975,418
Total investment income, net, and net unrealized and realized gains	<u>\$ (1,008,223)</u>	<u>\$ 1,515,006</u>

Note 5. 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 prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 5. FAIR VALUE MEASUREMENTS (Continued)

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, 2022 or 2021.

Mutual funds and money market 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 and 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, 2022:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 2,329,168	\$ 2,329,168	\$ -	\$ -
Money market funds & cash	1,093,729	1,093,729	-	-
Government obligations	3,012,148	-	3,012,148	-
Corporate obligations	453,771	-	453,771	-
Equities	3,188,593	3,188,593	-	-
Total Investments, at fair value	<u>\$ 10,077,409</u>	<u>\$ 6,611,490</u>	<u>\$ 3,465,919</u>	<u>\$ -</u>

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, 2021:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 4,775,524	\$ 4,775,524	\$ -	\$ -
Money market funds & cash	205,795	205,795	-	-
Government obligations	439,868	-	439,868	-
Corporate obligations	720,427	-	720,427	-
Equities	2,414,308	2,414,308	-	-
Total Investments, at fair value	<u>\$ 8,555,922</u>	<u>\$ 7,395,627</u>	<u>\$ 1,160,295</u>	<u>\$ -</u>

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 6. AGENCY TRANSACTIONS

Through grant programs with the Donnelley Foundation, 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, 2022 and 2021, the Trust received and disbursed \$102,500 and \$278,000, respectively, of pass-through agency funds for one and five individual grants, respectively. As of June 30, 2022 and 2021, there were no amounts due to these third-party recipients.

Note 7. FIXED ASSETS, NET

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

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 28,120	\$ 24,515
Furniture and equipment	49,768	88,717
Total	<u>77,888</u>	<u>113,232</u>
Less: accumulated depreciation	<u>(72,116)</u>	<u>(101,040)</u>
Property, equipment and leasehold improvements, net	<u>\$ 5,772</u>	<u>\$ 12,192</u>

Depreciation expense on property, equipment, and leasehold improvements for the years ended June 30, 2022 and 2021 totaled \$6,419 and \$9,162, respectively.

In 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 (HCF). 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. This agreement was extended on September 17, 2020 to extend the construction period term to 7 years after the closing date of the purchase of the property. 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 10,000 square feet available under the HCF easement. Construction in progress totaling \$187,544 and \$161,339 as of June 30, 2022 and 2021, respectively, reflects planning costs to build an office on the Ashem property.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 8. INTANGIBLE ASSETS, NET

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

	<u>2022</u>	<u>2021</u>
Website development costs	\$ 76,783	\$ 70,283
Soul of the Lowcountry blog development costs	4,813	4,813
Total	81,596	75,096
Less: accumulated amortization	(75,854)	(61,040)
Intangible assets, net	<u>\$ 5,742</u>	<u>\$ 14,056</u>

Amortization expense on intangible assets totaled \$14,814 and \$14,057 for the years ended June 30, 2022 and 2021, respectively.

Note 9. PROTECTED LAND AND EASEMENTS

Various lands and legal restrictions on lands are purchased and donated to the Trust for the purpose of preservation. The title to 5,020 and 5,969 acres of protected land are held by the Trust as of June 30, 2022 and 2021, respectively.

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, 2022 and 2021, conservation easements had been granted to the Trust for 147,085 and 145,777 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. Per independent appraisal obtained during the year ended June 30, 2014, the estimated fair value of the combined Angel Oak properties was estimated to drop to 5% of the original fair value with the execution of the conservation easements. Therefore, the Trust wrote-down these properties by \$6,517,000 to a total carrying value of \$343,000 during the year ended June 30, 2014, which is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 9. PROTECTED LAND AND EASEMENTS (Continued)

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 was executed as of the fiscal year ended June 30, 2017 (*see Note 7*).

Mallard Tract:

On December 22, 2016, 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. The Trust entered into a MOU September 1, 2016 to transfer the property after implementation of the mitigation plan. The Trust recorded a “land contribution payable” for \$369,000 during the year ended June 30, 2022 related to this transaction.

Keystone Tract Properties:

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. The Trust has purchased several properties within this area as discussed below.

Quemby Barony Property:

In January 2014, the Trust entered into a memorandum of understanding (MOU) with The Boeing Trust (“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.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 9. PROTECTED LAND AND EASEMENTS (Continued)

Quemby Barony Property: (continued)

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.

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 this 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 donor-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. As of June 30, 2022 and 2021, this property is still held by the Trust and is shown as land contribution payable in the Consolidated Statements of Financial Position. As of June 30, 2022 and 2021, remaining unspent funds of \$701 and \$701, respectively, are reflected in net assets with donor restrictions – temporary (*see Note 13*).

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 set up a revolving fund known as the East Cooper Branch Revolving Fund (ECBR) to purchase properties with the intent to sell the properties and continue to reinvest in the area.

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 which falls within the Keystone Tract in the Cooper River Corridor.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 9. PROTECTED LAND AND EASEMENTS (Continued)

French Quarter Creek Property: (continued)

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 \$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. During the year ended June 30, 2022, the Trust recognized additional impairment of \$131,000 to reduce the total carrying value of the property to \$1,250,000. On July 16, 2021, the Trust sold this property for \$1,250,000 to the Gechee Revocable Trust.

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 donor-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 10*). During the year ended June 30, 2022, the Trust purchased an additional 3.03 acres along the boundary line of the property for \$30,000, as well as recognized impairment of \$875,000, to reduce the total carrying value to \$2,665,000. On May 9, 2022, the Trust sold the property to Nuthatch Hyde Park, LLC for \$2,665,000. The loan related to the purchase of this property was paid off in the year ended June 30, 2022.

Meyer Lake:

In November 2020, the Trust purchased approximately 974 acres in Jasper County known as “Meyer Lake” for \$3,400,000. The Trust received various grant funding and entered into two notes payable in relation to the purchase of Meyer Lake (*see Note 10*). This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 9. PROTECTED LAND AND EASEMENTS (Continued)

Simmons Creek:

In September 2020, the Trust received contributed property of approximately 54 acres on Johns Island, including highlands, wetlands, and marshlands, known as “Simmons Creek” valued at \$2,900,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

Disher Preserve:

In December of 2021, the Trust received contributed property of approximately 38.6 acres in the city of Charleston, known as “Disher Preserve” valued at \$300,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

Moultrie Park:

In December of 2021, the Trust received contributed property of approximately 1.83 acres in Mount Pleasant, known as “Moultrie Park” valued at \$50,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

Scanlonville:

In December of 2021, the Trust received contributed property of approximately .67 acres in Mount Pleasant, known as “Scanlonville” valued at \$50,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

Rivertowne Wetland, LLC:

In December of 2021, the Trust received contributed property of approximately 21.68 acres in Mount Pleasant, known as “Rivertowne Wetland” valued at \$50,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

Shem Creek Headwaters, LLC:

In December of 2021, the Trust received contributed property of approximately 1.83 acres in Mount Pleasant, known as “Shem Creek Headwaters” valued at \$200,000. This property is included in “Protected land and easements” on the Consolidated Statements of Financial Position to reflect the execution of the conservation easement.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 10. NOTES 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 9*). The full balance of the note and accrued interest was due on August 18, 2022. Interest accrued at a rate of 2% per annum. The loan was 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. This full balance of this loan was paid off in full in August 2021.

The Trust obtained financing in relation to the purchase of the Meyer Lake property through two bridge loans. The Trust entered into a loan agreement for \$600,000 with The Coastal Community Foundation on July 30, 2020. The loan has a maturity date of August 15, 2022 with required quarterly, interest only payments at an interest rate of 1.625%. On August 15, 2022, the Trust entered into an agreement to extend the maturity date of this loan to December 31, 2022, with interest thereon charged at 3.00%, per year.

The Trust also entered into a loan agreement on November 23, 2020 with the Open Space Institute Land Trust for a loan in the amount of \$1,620,000 with a two-year term. The loan has a maturity date of November 20, 2022 with required quarterly, interest only payments at an interest rate of the 30-day LIBOR plus 1.85% per annum (or SOFR plus 1.95% annum). Subsequent to year end, the Trust began the process of negotiating to extend the maturity date of this loan through December 31, 2022.

Interest expense related to these notes payable was \$45,796 and \$20,000 for the years ended June 30, 2022 and 2021, respectively.

Note 11. PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Trust applied for a Paycheck Protection Program loan (“PPP loan”) of \$228,404 that is administered by the U.S. Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The Trust applied for and has been notified that the full amount of the loan has been forgiven because the funds were used for eligible expenditures for payroll and other expenses described in the CARES Act. On January 13, 2021, the Trust received notification from its lender and the SBA regarding the 100% forgiveness of its full PPP loan in the amount of \$228,404. Amounts forgiven, which include interest, are reflected as grants in the accompanying Consolidated Statements of Activities.

In April 2021, the Trust applied for a second Paycheck Protection Program loan (“PPP loan”) of \$229,050. On April 21, 2021, the PPP loan was approved, and the Trust received the PPP loan proceeds. The Trust received notification from its lender and the SBA regarding the 100% forgiveness of its full PPP loan in the amount of \$229,050. Amounts forgiven, which include interest, are reflected as grants in the accompanying Consolidated Statements of Activities.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 12. EMPLOYEE RETENTION TAX CREDITS

During the year ended June 30, 2021, the Trust received employee retention credits in the amount of \$123,030. The Trust has determined that it was not eligible to receive the credits and will repay them during the fiscal year ended June 30, 2023. As such, the funds have been included in refundable advances in the Consolidated Statement of Financial Position.

Note 13. RELATED PARTIES

Donations from Board of Trustees members and employees were received totaling approximately \$146,290 and \$104,990 for the years ended June 30, 2022 and 2021, respectively. There were \$13,000 and \$1,000 outstanding contributions receivable from members of the Board of Trustees and employees as of June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, the Trust paid a company for engineering services of \$732 and \$19,496, respectively, at which a Board Member is employed.

Note 14. NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Time restricted only contributions receivable	\$ 56,667	\$ 96,550
East Cooper Branch Revolving Fund	-	66,784
Employee Benefit Fund	553,705	630,197
ECLT Merger	-	45,218
Sheldon Road	49,161	56,922
Angel Oak	23,723	16,889
Fiddler's Green	37,611	40,070
Quemby Barony	284	701
JICCP	33,940	34,847
Sea Islands	4,152	-
Kenny Mile	14,350	-
Butler Fund	60,000	-
ACE Basin	499	-
Total net assets with donor restrictions - temporary	<u>\$ 834,092</u>	<u>\$ 988,178</u>

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 14. NET ASSETS (Continued)

Net assets with donor restrictions that are permanent in nature consist of land valued as follows at June 30, 2022 and 2021:

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
Total net assets with donor restrictions - permanent	<u>\$ 620,132</u>

Note 15. ASSET TRANSFER FROM EAST COOPER LAND TRUST

On December 31, 2021, the Trust entered into a contribution agreement with East Cooper Land Trust, an unrelated nonprofit. The contribution included 4 properties, valued at \$650,000, as well as \$200,333 in cash. Of this amount, \$74,350 are temporarily restricted under the classifications “Kenny Mile” and “Butler Fund”. The 5 properties, titled “Moultrie Park”, “Scanlonville”, “Rivertown Wetland”, “Shem Creek Headwaters”, and “Disher Preserve”, were then transferred to newly created LLC’s, which are wholly owned by the Trust. Included in this transaction were land easements for 354.57 acres of land, which are owned by unrelated parties. The Trust recognized income of \$850,333 related to this transaction.

Note 16. 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 \$26,708 and \$33,610 for the years ended June 30, 2022 and 2021, respectively. Of these amounts, \$21,336 and \$13,860 were funded through the Employee Benefit Fund during the years ended June 30, 2022 and 2021, respectively.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 17. REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

For revenue subject to ASC 606, all performance obligations were satisfied at a point in time for the years ended June 30, 2022 and 2021. The following table presents the beginning and ending balances of contract liabilities as of June 30, 2022 and 2021:

Contract liabilities (deferred revenue) as of June 30, 2020	\$ 60,950
Revenue recognized for performance obligations completed in 2021	(6,165)
Revenues deferred until performance obligations are completed	<u>-</u>
Contract liabilities (deferred revenue) as of June 30, 2021	54,785
Revenue recognized for performance obligations completed in 2022	(54,785)
Revenues deferred until performance obligations are completed	<u>-</u>
Contract liabilities (deferred revenue) as of June 30, 2022	<u><u>\$ -</u></u>

Note 18. 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 Corporation (FDIC) up to \$250,000 per bank. As of June 30, 2022, the Trust has deposits of \$1,094,386 in excess of federally 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 Corporation (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 19. LEASES

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 initial monthly rental payments of \$9,159 with an increase based on the Consumer Price Index (CPI) each year thereafter. This lease was renewed on April 7, 2022 to extend the lease term through October 31, 2025.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 19. LEASES (Continued)

Future minimum lease payments related to this lease are as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2023	\$ 123,152
2024	124,000
2025	128,800
2026	43,400
Total	<u>\$ 419,352</u>

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 for a period of three years and included two renewal options for a year each. Due to additional space being rented, this sublease was amended effective January 1, 2020 with monthly rental payments of \$2,679 and annual increases. The lease was renewed through September 30, 2021, with a one-year renewal option. However, this lease was not extended during the year ended June 30, 2022.

Rent expense totaled \$118,640 and \$108,383 for the years ended June 30, 2022 and 2021, respectively. Rental income totaled \$8,720 and \$30,348 for the years ended June 30, 2022 and 2021, respectively.

Note 20. UNCERTAINTIES

Concentrations due to a high volume of business with a particular customer, supplier, lender, grantor or contributor, concentrated revenue from programs or fund-raising events, and the market or geographic area in which the Trust conducts operations make it reasonably possible that the Trust is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, such as expected credit losses on receivables and investments or impairment losses related to long-lived assets.

Note 21. COMMITMENTS

In June 2020, the Trust signed a memorandum of understanding (MOU) with the City which lays out a plan for the construction of a joint parking lot facility on the Angel Oak Preserve (owned by the Trust) and Angel Oak Park (owned by the City) to be constructed within 5 years of the date of the agreement.

LOWCOUNTRY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 21. COMMITMENTS (Continued)

Subsequent to this agreement, further plans have been made to coordinate with the City of Charleston to further development of the entire park and to better preserve the trees and surrounding land. The details of the MOU are under development as of the date of the financial statements.

Note 22. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through November 10, 2022, the date the consolidated financial statements were available to be issued.