

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

**AND INDEPENDENT AUDITOR'S REPORT**

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**TABLE OF CONTENTS**

**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITOR’S REPORT .....	1 – 2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3
Statements of Activities .....	4 – 5
Statements of Functional Expenses .....	6 – 7
Statements of Cash Flows .....	8
Notes to Financial Statements.....	9 – 17

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
South Carolina Environmental Law Project, Inc.

**Opinion**

We have audited the accompanying financial statements of South Carolina Environmental Law Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Environmental Law Project, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

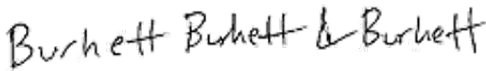
### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Carolina Environmental Law Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Carolina Environmental Law Project, Inc.'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.

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BURKETT BURKETT & BURKETT  
Certified Public Accountants, P.A.  
West Columbia, South Carolina  
April 10, 2024

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2023 AND 2022**

ASSETS:	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 205,657	\$ 357,853
Short-term pledges receivable	562,784	729,277
Investments	2,431,714	1,708,693
Total current assets	<u>3,200,155</u>	<u>2,795,823</u>
Property and Equipment:		
Furniture, fixtures, and equipment	32,263	32,263
Less, accumulated depreciation	<u>(29,027)</u>	<u>(27,396)</u>
Net property and equipment	3,236	4,867
Other Assets:		
Long-term pledges receivable, net	180,330	713,216
Right-of-use assets, operating lease	87,042	130,437
Beneficial interest in perpetual trust	<u>237,098</u>	<u>116,318</u>
Total assets	<u>\$ 3,707,861</u>	<u>\$ 3,760,661</u>
 LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	25,354	20,188
Accrued payroll liabilities	17,310	15,860
Operating lease liabilities - current portion	<u>45,350</u>	<u>42,869</u>
Total current liabilities	88,014	78,917
Operating lease liabilities - non-current portion	<u>43,535</u>	<u>88,885</u>
Total liabilities	<u>131,549</u>	<u>167,802</u>
Net Assets:		
Without donor restrictions	2,791,863	2,092,177
With donor restrictions	<u>784,449</u>	<u>1,500,682</u>
Total net assets	<u>3,576,312</u>	<u>3,592,859</u>
Total liabilities and net assets	<u>\$ 3,707,861</u>	<u>\$ 3,760,661</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>Revenues</b>				
Capital Campaign Contributions	\$ 26,912	\$ 75,000	\$ 101,912	\$ 2,517,995
Contributions	774,477	-	774,477	757,379
Grants	342,000	-	342,000	162,000
Special event revenues	138,791	-	138,791	150,141
Program service fees	40,740	-	40,740	70,468
In-kind contributions	1,804	-	1,804	-
Investment return, net	197,876	-	197,876	(51,939)
Total revenues	1,522,600	75,000	1,597,600	3,606,044
Net assets released from restrictions	791,233	(791,233)	-	-
Total	2,313,833	(716,233)	1,597,600	3,606,044
<b>Expenses</b>				
Program services	1,140,041	-	1,140,041	958,831
Management and general	172,964	-	172,964	145,800
Fundraising	301,142	-	301,142	386,797
Total expenses	1,614,147	-	1,614,147	1,491,428
Increase (decrease) in net assets	699,686	(716,233)	(16,547)	2,114,616
<b>Net Assets</b>				
Beginning	2,092,177	1,500,682	3,592,859	1,478,243
Ending	<u>\$ 2,791,863</u>	<u>\$ 784,449</u>	<u>\$ 3,576,312</u>	<u>\$ 3,592,859</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Capital Campaign Contributions	\$ 1,017,313	\$ 1,500,682	\$ 2,517,995
Contributions	757,379	-	757,379
Grants	162,000	-	162,000
Special event revenues	150,141	-	150,141
Program service fees	70,468	-	70,468
Investment return, net	(51,939)	-	(51,939)
Total revenues	<u>2,105,362</u>	<u>1,500,682</u>	<u>3,606,044</u>
Net assets released from restrictions	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>
Total	<u>2,190,362</u>	<u>1,415,682</u>	<u>3,606,044</u>
Expenses			
Program services	958,831	-	958,831
Management and general	145,800	-	145,800
Fundraising	386,797	-	386,797
Total expenses	<u>1,491,428</u>	<u>-</u>	<u>1,491,428</u>
Increase (decrease) in net assets	698,934	1,415,682	2,114,616
Net Assets			
Beginning	<u>1,393,243</u>	<u>85,000</u>	<u>1,478,243</u>
Ending	<u>\$ 2,092,177</u>	<u>\$ 1,500,682</u>	<u>\$ 3,592,859</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Employee expenses					
Salaries and wages	\$ 730,417	\$ 118,543	\$ 186,061	\$ 1,035,021	\$ 903,950
Employee benefits	67,241	7,566	29,386	104,193	87,730
Payroll taxes	57,335	8,883	14,535	80,753	68,204
Total employee expenses	<u>854,993</u>	<u>134,992</u>	<u>229,982</u>	<u>1,219,967</u>	<u>1,059,884</u>
Office expenses	61,258	10,077	19,202	90,537	80,879
Professional fees	73,682	9,747	2,194	85,623	169,610
Travel and meals	24,040	1,570	16,791	42,401	35,011
Other direct costs	21,835	777	16,556	39,168	23,863
Litigation costs	35,632	-	-	35,632	46,814
Legal research	34,252	-	-	34,252	17,720
Information technology	14,793	3,061	13,095	30,949	28,653
Other expenses	1,118	11,240	72	12,430	10,740
Insurance	8,087	1,223	2,745	12,055	11,372
Staff training	8,547	277	505	9,329	6,882
Donated services	1,804	-	-	1,804	-
Total	<u>\$ 1,140,041</u>	<u>\$ 172,964</u>	<u>\$ 301,142</u>	<u>\$ 1,614,147</u>	<u>\$ 1,491,428</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management and General	Fundraising	2022 Total
Employee expenses				
Salaries and wages	\$ 631,135	\$ 103,441	\$ 169,374	\$ 903,950
Employee benefits	54,637	8,145	24,948	87,730
Payroll taxes	52,595	4,021	11,588	68,204
Total employee expenses	<u>738,367</u>	<u>115,607</u>	<u>205,910</u>	<u>1,059,884</u>
Professional fees	30,840	7,722	131,048	169,610
Office expenses	59,379	12,338	9,162	80,879
Litigation costs	46,814	-	-	46,814
Travel and meals	18,668	1,188	15,155	35,011
Information technology	16,834	1,654	10,165	28,653
Other direct costs	13,053	842	9,968	23,863
Legal research	17,720	-	-	17,720
Insurance	8,304	1,662	1,406	11,372
Other expenses	2,666	4,488	3,586	10,740
Staff training	6,186	299	397	6,882
Total	<u>\$ 958,831</u>	<u>\$ 145,800</u>	<u>\$ 386,797</u>	<u>\$ 1,491,428</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (16,547)	\$ 2,114,616
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	1,631	2,070
Amortization of right-of-use operating lease assets	43,395	42,039
Unrealized losses/(gains) on investments	(158,599)	68,688
Decrease (Increase) in receivables	-	15,967
Decrease (Increase) in pledges receivable	699,379	(1,442,493)
Increase (Decrease) in accounts payable	5,166	4,616
Increase (Decrease) in accrued liabilities	1,450	887
Increase (Decrease) in operating lease liabilities	(42,869)	(40,721)
Net cash provided by (used in) operating activities	<u>533,007</u>	<u>765,669</u>
Cash Flows from Investing Activities		
Purchase of equipment	-	(2,775)
Purchase of investments	(1,497,599)	(1,222,987)
Proceeds from sale of investments	812,396	604,805
Net cash provided by (used in) investing activities	<u>(685,203)</u>	<u>(620,957)</u>
Net change in cash and cash equivalents	(152,196)	144,712
Cash and cash equivalents		
Beginning	<u>357,853</u>	<u>213,141</u>
Ending	<u>\$ 205,657</u>	<u>\$ 357,853</u>

The accompanying notes to financial statements are an integral part of these financial statements.

# SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Note 1. Nature of Activities

South Carolina Environmental Law Project, Inc. (the “Organization”) is a non-profit public interest law firm dedicated to the protection of South Carolina’s natural environment. The Organization provides concerned citizens and environmental groups the services of attorneys with broad experience in environmental law by representing its clients in court and before governmental agencies, providing free and low-cost legal counsel and advice.

In 2022, the Organization conducted its first capital campaign, Building Up Our Defense, with a financial goal of \$2.6 million over a pledge period of 3 years. The capital campaign funds are to fund the Strategic Plan in 2022 to 2024 and to bolster the endowment and long term reserves. In January 2023, the campaign goal was achieved.

### Note 2. Summary of Significant Accounting Policies

**Basis of presentation:** The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

**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 Organization’s management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

**Cash and cash equivalents:** For purposes of reporting the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and overnight investment accounts.

**Investments:** Investments are stated at quoted market values. Realized gains or losses on sales of securities are the difference between proceeds received and the original cost of the securities and are reflected within investment return, net in the statement of activities.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**Investments (continued):** The change in the difference between the market value and the cost of the securities is reflected in the statements of activities within investment return, net.

**Fair value of financial instruments:** The carrying amounts of accounts payables and accrued expenses approximates fair value due to the short maturities of these instruments.

**Pledges receivable:** Pledges receivable are recorded at net realizable value. In the absence of donor stipulations to the contrary, pledges with payments due in future periods are restricted to use after the due date. Pledges that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

The Organization maintains an allowance for credit losses to provide for the estimated lifetime expected losses on pledges receivable. The allowance is based on historical loss rates, adjusted for current conditions and reasonable and supportable future economic forecasts. These factors are used to develop loss rate estimates, which are then applied to the financial assets' amortized cost basis to determine the total expected credit loss. The Organization carries its accounts receivable at cost less the allowance for expected credit losses.

Management monitors collectability of its receivables throughout the year. Evaluation occurs and adjustments made at December 31 each year. Management utilizes a loss rate method to develop expected loss estimates. This method considers the entire receivables balance, excluding related party, and applies a percentage to the entire portfolio.

Although, the Organization 's credit risk may still be influenced by various factors, including the economic conditions of the regions where it operates, the financial health of its contributors, and changes in laws and regulations. Management actively monitors these factors and adjusts its credit policies as necessary to mitigate the risk of credit losses.

Management believes that the current allowance for credit losses is adequate to cover the expected losses inherent in the receivables portfolio. However, future economic conditions and market factors may impact the level of credit losses and the allowance required. No significant changes were made to the Organization's percentage being applied under the loss-rate method.

**Property and equipment:** The Organization capitalize all expenditures for furniture, fixtures and equipment of \$2,500 or more. Furniture, fixtures and equipment are stated at cost or, if donated, at estimated fair market value. Expenditures for major renewals and betterments that extend the useful lives of furniture and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. A period of three (3) years is used for office equipment and a period of five (5) years is used for office furniture. Depreciation expense for the years ending December 31, 2023 and 2022 was \$2,032 and \$2,070, respectively.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**Leases:** During the year ended December 31, 2022, the Organization implemented the FASB's ASU Update No. 2016-02, Leases (Topic 842). Management elected to utilize the practical expedients under the guidance that permits for a prospective approach and for leases with terms of one year or less to be expensed when paid. During implementation, management recognized new right of use assets and related liabilities for operating type leases. Initial measurement includes recognition of the assets and liabilities using present calculations for discounted future cash flows at a determined discount rate. The right of use assets and related liabilities are being amortized over the leases' terms using the straight-line method. For further information, see **Note 10**.

**Support and expense:** Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain grants received may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 statement of activities as net assets released from restrictions. Gifts of land, buildings, and equipment are presented as without donor restrictions unless explicit donor stipulations specify how the donated 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 Organization reports expirations of donor restrictions when the long-lived assets are placed in service.

**Functional expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program, management and general, and fund-raising services. Such actions are determined by management on an equitable basis. Salaries and wages, staff benefits, and payroll taxes are allocated based on employee time and effort. All other expenses are allocated based on the nature of the expenses incurred.

**Use of estimates:** The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Note 2. Summary of Significant Accounting Policies (continued)**

**Income taxes:** The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examination by the US Federal or state tax authorities for years before 2019.

**Recently issued accounting pronouncements:** Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include trade accounts receivable. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of this ASU did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**Note 3. Availability and Liquidity**

The following represents the Organization's financial assets and liabilities at December 31, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 205,657
Receivables	743,114
Investments	<u>2,431,714</u>
	3,380,485
Less: Donor-restricted net assets	<u>(784,449)</u>
Total financial assets available to meet general expenditures over the next twelve months:	<u>\$ 2,596,036</u>

The Organization's goal is to maintain 3 months of forecasted cash needs in reasonable liquid investments. Forecasted cash needs is defined as a conservative estimate of the difference between expected revenue and expenses or \$150,000, whichever is greater.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Note 4. Concentration of credit risk**

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution when bank deposits exceed federally insured limits. Those balances are insured by the Federal Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2023, the Organization had no deposits in excess of federally insured limits. As of December 31, 2022, the Organization had \$98,490 of deposits in excess of federally insured limits.

**Note 5. Pledges Receivable**

During 2022, the Organization launched the Building Up Our Defense Capital Campaign with a goal of raising \$2.6 million. At the close of the campaign in January 2023, the Organization exceeded its goal with total pledges of \$2,631,509. Pledges receivable that are due after December 31, 2024 are discounted to their net present value using a discount rate of 5%. The remaining pledges receivable are due as follows:

Due in 2024	\$ 592,404
Due in 2025	141,956
Due in 2026	29,945
Due in 2027	17,920
Total unconditional pledges receivable	<u>782,225</u>
Less: unamortized discount to net present value	<u>(39,111)</u>
Net pledges receivable	743,114
Less current portion	<u>(562,784)</u>
Net long term pledges receivable	<u>\$ 180,330</u>

Unamortized discount to net present value is as follows for December 31, 2023:

Balance at the beginning of the year	\$ 49,628
Contribution revenue – discount amortization	<u>(10,517)</u>
Balance at the end of the year	<u>\$ 39,111</u>

**Note 6. Investments**

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 6. Investments (continued)**

The following is a summary of investments at December 31:

	<b>2023</b>		<b>2022</b>	
	Market Value	Cost	Market Value	Cost
Money market funds	\$ 289,391	\$ 289,391	\$ 22,335	\$ 22,335
Equities	1,016,817	920,273	904,943	935,346
Fixed Income	825,242	824,956	378,477	390,058
Certificates of deposit	300,264	300,000	402,938	403,037
Total	\$ 2,431,714	\$ 2,334,620	\$ 1,708,693	\$ 1,750,776

Investment return, net is made up of the following:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 68,090	\$ 25,273
Realized gains/(losses)	(21,391)	(18,481)
Capital gains distributions	11,436	15,214
Unrealized gains/(losses)	158,599	(68,688)
Investment fees	(18,858)	(5,257)
Investment return, net	\$ 197,876	\$ (51,939)

**Note 7. Beneficial Interest in Perpetual Trust**

The Organization has transferred funds and entered into an agreement with the Coastal Community Foundation of South Carolina (“CCF”). The agreement calls for the funds to be used in attaining the objectives of the Organization. The fund, however, is to be held, managed, administered, applied and disbursed as a special endowment fund under the general powers of CCF. The Organization accounts for the funds as a beneficial interest in perpetual trust and records contributions and earnings as revenues. The balance as of December 31, 2023 and 2022 was \$237,098 and \$116,318, respectively. The Organization had spendable amounts of zero as of December 31, 2023 and 2022. Net investment income/(loss) for 2023 and 2022 was \$20,780 and (\$15,781), respectively.

**Note 8. Fair Value Measurements**

The Organization’s financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820-10, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 8. Fair Value Measurements (continued)**

The levels of the fair value hierarchy are as follows:

- Level 1** Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2** Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3** Certain inputs are unobservable (support by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

As stated in Note 2, 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. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges receivable are received (currently 5%). Amortization of the discounts is included in contribution revenue. Long-term pledges receivable are shown in Level 3 in the table below.

Financial assets measured at fair value on a recurring basis are:

<b>December 31, 2023</b>	Level 1	Level 2	Level 3	Total
Money market funds	\$ 289,391	-	-	\$ 289,391
Equities	1,016,817	-	-	1,016,817
Fixed income	825,242	-	-	825,242
Certificates of deposit	300,264	-	-	300,264
Beneficial interest in perpetual trust	237,098	-	-	237,098
Long-term pledges receivable, net	-	-	180,330	180,330
Total	<u>\$ 2,668,812</u>	<u>\$ -</u>	<u>\$ 180,330</u>	<u>\$ 2,849,142</u>

<b>December 31, 2022</b>	Level 1	Level 2	Level 3	Total
Money market funds	\$ 22,335	-	-	\$ 22,335
Equities	904,943	-	-	904,943
Fixed income	378,477	-	-	378,477
Certificates of deposit	402,938	-	-	402,938
Beneficial interest in perpetual trust	116,318	-	-	116,318
Long-term pledges receivable, net	-	-	713,216	713,216
Total	<u>\$ 1,825,011</u>	<u>\$ -</u>	<u>\$ 713,216</u>	<u>\$ 2,538,227</u>

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 9. Retirement Plan**

The Organization provides a retirement program for eligible full-time employees who are 21 years of age or older. South Carolina Environmental Law Project, Inc. contributes up to 5% of each qualified employee’s basic contribution to the retirement plan. Employees are eligible to enroll in the plan after six months of full-time employment. For the years ended December 31, 2023 and 2022, the Organization made contributions totaling \$32,468 and \$31,422, respectively.

**Note 10. Lease Commitments**

On January 1, 2022, the Organization entered into a lease agreement for office space in Mt. Pleasant, South Carolina. The lease agreement calls for payments of \$2,800 per month for the first year of the lease, with a 2% annual increase each year thereafter, ending on December 31, 2025. The Organization recorded a right-of-use asset and lease liability related to this lease of \$129,939 using a discount rate of 3.25%. As of December 31, 2023, the right-of-use asset has been amortized to \$67,079. The corresponding lease liability has been paid down to \$68,447 for 2023. The Organization recognized operating lease expense of \$34,620 and \$34,620 for 2023 and 2022, respectively. Other information related to this lease can be found below.

On August 1, 2020, the Organization entered into a lease agreement for office space in Georgetown, South Carolina. This lease agreement was amended on August 1, 2022. The lease agreement calls for payments of \$1,000 per month through August 1, 2023, with a 3% annual increase each year thereafter, ending on August 31, 2025. The Organization recorded a right-of-use asset and lease liability related to this lease of \$42,536 using a discount rate of 3.25%. As of December 31, 2023, the right-of-use asset has been amortized to \$19,963. The corresponding lease liability has been paid down to \$20,438 for 2023. The Organization recognized operating lease expense of \$12,298 and \$12,298 for 2023 and 2022, respectively. Other information related to this lease can be found below.

Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 46,392
ROU assets obtained in exchange for new operating lease liabilities	-
Weighted-average remaining lease term in years for operating leases	1.92
Weighted-average discount rate for operating leases	3.25%

<b>Year Ended December 31,</b>	<b>Mt. Pleasant</b>	<b>Georgetown</b>	<b>Total</b>
<b>2024</b>	\$ 34,956	\$ 12,484	\$ 47,440
<b>2025</b>	35,652	8,488	44,140
<b>Total Undiscounted Cash Flows</b>	70,608	20,972	91,580
<b>Less: Present Value Discount</b>	(2,161)	(534)	(2,695)
<b>Total Lease Liabilities</b>	\$ 68,447	\$ 20,438	\$ 88,885

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Note 10. Lease Commitments (continued)**

The Organization also leases an office building from the Conestee Foundation, Inc. in Greenville, South Carolina. This lease is on a month-by-month basis and calls for monthly payments of \$600. The Organization did not record a related right-of-use asset or lease liability related to this lease.

The Organization also leases an office building from SOCO-Work in Columbia, South Carolina. This lease is on a month-by-month basis and calls for monthly payments of \$1,700. The Organization did not record a related right-of-use asset or lease liability related to this lease.

**Note 11. Net Assets with Donor Restrictions and Board Designations**

Net assets with donor restrictions and Board designations are restricted for the following purpose or periods:

	<u>2023</u>			<u>2022</u>
	Donor Restricted	Board Designated	Total	Donor Restricted
Restricted for specific purpose:				
Beneficial interest in perpetual trust	\$ 111,000	\$ 126,098	\$ 237,098	\$ 211,000
Restricted subject to passage of time:				
Pledges receivable, without donor restrictions, but which are unavailable unavailable for expenditure until due	673,449	-	673,449	1,289,682
Total	<u>\$ 784,449</u>	<u>\$ 126,098</u>	<u>\$ 910,547</u>	<u>\$ 1,500,682</u>

**Note 12. Subsequent Events**

Management has considered subsequent events through April 10, 2024, the date on which the financial statements were available to be issued, in preparing the financial statements and notes hereto.