

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

**FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**AND INDEPENDENT AUDITOR'S REPORT**

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

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**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the South Carolina Environmental Law Project, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued next page)

**Opinion**

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, 2020 and 2019, 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.

*Burkett Burkett & Burkett*

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BURKETT BURKETT & BURKETT  
Certified Public Accountants, P.A.  
West Columbia, South Carolina  
May 4, 2021

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

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2020 AND 2019**

ASSETS:	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 135,486	\$ 179,096
Receivables	1,000	2,000
Investments	800,200	624,056
Total current assets	936,686	805,152
Property and Equipment:		
Furniture, fixtures, and equipment	27,410	26,301
Less, accumulated depreciation	(23,242)	(21,659)
Net property and equipment	4,168	4,642
Other Assets:		
Beneficial interest in perpetual trust	112,073	100,113
Total assets	1,052,927	909,907
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	12,281	12,140
Accrued payroll liabilities	13,793	13,279
Total current liabilities	26,074	25,419
Net Assets:		
Without donor restrictions	1,026,853	884,488
Total net assets	1,026,853	884,488
Total liabilities and net assets	\$ 1,052,927	\$ 909,907

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

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

**STATEMENT OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
	Without Donor Restrictions	Without Donor Restrictions
Revenues		
Contributions	\$ 518,704	\$ 453,396
Grants	269,251	233,200
PPP loan forgiveness income	113,000	-
Special event revenues	83,235	129,800
Program service fees	66,112	97,492
In-kind contributions	107,048	30,576
Investment return, net	37,844	36,328
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Total revenues	1,195,194	980,792
Expenses		
Program	743,122	629,322
Management and general	102,765	74,196
Fundraising	206,942	148,488
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Total expenses	1,052,829	852,006
Increase (decrease) in net assets	142,365	128,786
Net Assets		
Beginning	<hr/> 884,488	<hr/> 755,702
Ending	<hr/> <u>\$ 1,026,853</u>	<hr/> <u>\$ 884,488</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, 2020**

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 511,257	\$ 75,750	\$ 146,844	\$ 733,851
Employee benefits	31,821	5,596	11,030	48,447
Information technology	6,545	1,274	4,597	12,416
Insurance	7,610	1,502	1,301	10,413
Legal research	21,239			21,239
Litigation costs	31,135			31,135
Office expenses	48,854	4,755	4,968	58,577
Other direct costs	10,999	14	12,490	23,503
Other expenses	1,354	43	3,525	4,922
Professional fees	32,615	7,500	5,770	45,885
Payroll taxes	31,791	5,767	11,416	48,974
Staff training	1,559		865	2,424
Travel and meals	6,343	564	4,136	11,043
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Total	\$ 743,122	\$ 102,765	\$ 206,942	\$ 1,052,829

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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, 2019**

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 421,144	\$ 48,231	\$ 84,555	\$ 553,930
Employee benefits	26,839	6,520	7,677	41,036
Information technology	3,589	2,375	2,036	8,000
Insurance	7,374	1,277	1,484	10,135
Legal research	20,130	-	-	20,130
Litigation costs	19,432	-	72	19,504
Office expenses	44,100	6,382	7,764	58,246
Other direct costs	7,603	222	17,265	25,090
Other expenses	2,080	-	3,829	5,909
Professional fees	34,056	3,803	4,152	42,011
Payroll taxes	32,431	3,704	6,515	42,650
Staff training	2,238	20	1,694	3,952
Travel and meals	8,306	1,662	11,445	21,413
	<u>8,306</u>	<u>1,662</u>	<u>11,445</u>	<u>21,413</u>
Total	<u>\$ 629,322</u>	<u>\$ 74,196</u>	<u>\$ 148,488</u>	<u>\$ 852,006</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 142,365	\$ 128,786
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	1,583	954
Unrealized gains on investments	(21,972)	(22,280)
Decrease (Increase) in receivables	1,000	(2,000)
Increase (Decrease) in accounts payable	141	2,897
Increase (Decrease) in accrued liabilities	514	10,564
Net cash provided by (used in) operating activities	<u>123,631</u>	<u>118,921</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,109)	(3,750)
Purchase of investments	(216,132)	(322,858)
Proceeds from sale of investments	<u>50,000</u>	<u>200,000</u>
Net cash provided by (used in) investing activities	<u>(167,241)</u>	<u>(126,608)</u>
Net change in cash	(43,610)	(7,687)
Cash		
Beginning	<u>179,096</u>	<u>186,783</u>
Ending	<u>\$ 135,486</u>	<u>\$ 179,096</u>

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

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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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.

**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.

**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. The balances as of December 31, 2020 and 2019 did not exceed this limit. The Organization has not experienced any losses on its cash equivalents.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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

**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. 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 receivables, accounts payables, and accrued expenses approximates fair value due to the short maturities of these instruments.

**Property and equipment:** The Organization capitalize all expenditures for furniture, fixtures and equipment of \$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, 2020 and 2019 was \$1,583 and \$954, respectively.

**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.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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

**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.

**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 2017.

**Recently issued accounting pronouncements:** In February 2016, the FASB amended the Leases Topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the effect that implementation of the new standard will have on the Organization's financial statements.

**Note 3. Availability and Liquidity**

The following represents the Organization's financial assets and liabilities at December 31, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 135,486
Receivables	1,000
Investments	<u>800,200</u>
Total financial assets available to meet general expenditures over the next twelve months:	<u>\$ 936,686</u>

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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**Note 3. Availability and Liquidity (continued)**

The Organization's goal is generally to maintain financial assets to meet 3 months of operating expenses (approximately \$265,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and investment grade bonds held at FDIC or SIPC insured institutions.

**Note 4. Investments**

The following is a summary of investments at December 31, 2020:

	Market Value	Cost
Money market funds	\$ 200,206	\$ 200,206
Mutual funds	394,937	355,675
Certificates of deposit	205,057	205,057
Total	<u>\$ 800,200</u>	<u>\$ 760,938</u>

The following is a summary of investments at December 31, 2019:

	Market Value	Cost
Mutual funds	\$ 424,056	\$ 414,904
Certificates of deposit	200,000	200,000
Total	<u>\$ 624,056</u>	<u>\$ 614,904</u>

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.

Investment return, net is made up of the following:

	2020	2019
Interest and dividends	\$ 17,125	\$ 14,982
Unrealized gains/(losses)	21,973	22,280
Investment fees	(1,254)	(934)
Investment return, net	<u>\$ 37,844</u>	<u>\$ 36,328</u>

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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**Note 5. 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 principal and income of the fund 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, 2020 and 2019 was \$112,073 and \$100,113, respectively. The spendable amount as of December 31, 2020 and 2019 was \$3,317 and \$3,296, respectively. Net investment income for 2020 and 2019 was \$11,514 and \$14,841, respectively.

**Note 6. 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).

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.

Financial assets measured at fair value on a recurring basis as of December 31, 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 200,206			\$ 200,206
Mutual funds	394,937			394,937
Certificates of deposit	205,057			205,057
Beneficial interest in perpetual trust	112,073			112,073
Total	<u>\$ 912,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 912,273</u>

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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**Note 6. Fair Value Measurements (Continued)**

Financial assets measured at fair value on a recurring basis as of December 31, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 424,056			\$ 424,056
Certificates of deposit	200,000			200,000
Beneficial interest in perpetual trust	100,113			100,113
Total	<u>\$ 724,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,169</u>

**Note 7. 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 when employee becomes vested after one year of employment. For the years ended December 31, 2020 and 2019, the Organization made contributions totaling \$22,639 and \$17,863, respectively.

**Note 8. Related Party In-Kind Donation**

The Organization received in-kind donations for staff and office space totaling \$107,048 and \$30,576 for the years ended December 31, 2020 and 2019. These donations were received from a member of the Organization's board of directors.

**Note 9. Paycheck Protection Program**

On May 1, 2020, the Organization entered into a promissory note with First Citizens Bank, evidencing an unsecured loan with a principal amount of \$113,000, pursuant to the Paycheck Protection Program (the "PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Term Note was guaranteed by the United States Small Business Administration.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The PPP Term Note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (collectively, "Qualifying Expenses"), pursuant to the terms and limitations of the PPP. On November 4, 2020, the Organization received notification that the PPP Term Note, including related accrued interest, was forgiven in full.

**SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Notes to Financial Statements**

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**Note 9. Paycheck Protection Program (Continued)**

The Organization has elected to classify the proceeds of the PPP Term Note as “PPP Loan Forgiveness Income” on the Statement of Activities pursuant to FASB ASC Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*. As no portion of the PPP Term Note is required to be repaid, no interest expense has been recognized relating to the PPP Term Note for the year ended December 31, 2020.

**Note 10. Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. The impact of COVID-19 continues to evolve rapidly, and the Organization is not able at this time to estimate its full impact on its financial statements.

**Note 11. Subsequent Events**

Management has considered subsequent events through May 4, 2021, the date on which the financial statements were available to be issued, in preparing the financial statements and notes hereto.