

SOUTHEASTERN WILDLIFE EXPOSITION, INC.

FINANCIAL REPORT

JUNE 30, 2021 and 2020

SOUTHEASTERN WILDLIFE EXPOSITION, INC.

FINANCIAL REPORT

JUNE 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southeastern Wildlife Exposition, Inc.
Charleston, South Carolina

We have audited the accompanying statements of financial position of Southeastern Wildlife Exposition, Inc. as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Wildlife Exposition, Inc. as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DCPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
September 30, 2021

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENTS OF FINANCIAL POSITION

| | As of June 30, | |
|---|-----------------------|---------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Cash, without donor restriction | \$ 1,279,593 | \$ 1,210,677 |
| Accounts receivable | 15,920 | 50,604 |
| Prepaid expenses | 210 | 210 |
| Inventory, event souvenirs | 8,500 | 8,500 |
| Investments - Board restricted reserve | 1,637,595 | 1,519,221 |
| Property and equipment, net | 15,367 | 20,287 |
| Art collection, non-depreciable | 27,200 | 27,200 |
| TOTAL ASSETS | \$ 2,984,385 | \$ 2,836,699 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 10,962 | \$ 1,855 |
| Deferred revenue | 321,500 | 81,840 |
| Note payable | 102,900 | 102,900 |
| TOTAL LIABILITIES | 435,362 | 186,595 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | 911,428 | 1,130,883 |
| Board restricted reserve | 1,637,595 | 1,519,221 |
| Total net assets without donor restrictions | 2,549,023 | 2,650,104 |
| TOTAL NET ASSETS | 2,549,023 | 2,650,104 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,984,385 | \$ 2,836,699 |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

| | <u>Without Donor Restrictions</u> |
|---|--|
| SUPPORT AND REVENUE | |
| Grant revenue | \$ 273,188 |
| Contribution revenue | 303,774 |
| Exposition: | |
| Art sales, net of cost of art of \$237,589 | 2,371 |
| Souvenirs, net of cost of products \$46,170 | (16,493) |
| Raffle ticket sales | 163,234 |
| Miscellaneous income | 4,422 |
| Investment income, net | 37,824 |
| Realized gain | 11,814 |
| Net unrealized gain | <u>68,770</u> |
| TOTAL SUPPORT AND REVENUE | 848,904 |
| EXPENSES | |
| Program services | 702,330 |
| Supporting services | |
| General and administrative | 178,178 |
| Fundraising | <u>69,477</u> |
| TOTAL EXPENSES | <u>949,985</u> |
| CHANGE IN NET ASSETS | (101,081) |
| NET ASSETS, beginning of year | <u>2,650,104</u> |
| NET ASSETS, end of year | <u><u>\$ 2,549,023</u></u> |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENT OF ACTIVITIES

| | For the Year Ended, June 30, 2020 | | |
|--|--|---------------------|---------------------|
| | Without Donor | With Donor | |
| | Restrictions | Restrictions | Total |
| SUPPORT AND REVENUE | | | |
| Grant revenue | \$ 271,219 | \$ - | \$ 271,219 |
| Exposition: | | | |
| Ticket sales | 1,765,516 | - | 1,765,516 |
| Booth revenue | 168,307 | - | 168,307 |
| Advertising revenue | 1,600 | - | 1,600 |
| Art sales, net of cost of art of \$1,045,938 | 588,510 | - | 588,510 |
| Souvenirs, net of cost of products of \$47,201 | 39,433 | - | 39,433 |
| Raffle ticket sales | 101,466 | - | 101,466 |
| Miscellaneous income | 15,071 | - | 15,071 |
| Investment income | 39,129 | - | 39,129 |
| Unrealized gain | 23,481 | - | 23,481 |
| Net assets released from restriction | 20,000 | (20,000) | - |
| TOTAL SUPPORT AND REVENUE | 3,033,732 | (20,000) | 3,013,732 |
| EXPENSES | | | |
| Program services | 2,241,648 | - | 2,241,648 |
| Supporting services | | | |
| General and administrative | 319,862 | - | 319,862 |
| Fund raising | 128,354 | - | 128,354 |
| TOTAL EXPENSES | 2,689,864 | - | 2,689,864 |
| CHANGE IN NET ASSETS | 343,868 | (20,000) | 323,868 |
| NET ASSETS, beginning of year | 2,306,236 | 20,000 | 2,326,236 |
| NET ASSETS, end of year | \$ 2,650,104 | \$ - | \$ 2,650,104 |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

| | Program Services | Management & General | Fund- raising | Total |
|---|-----------------------------|-------------------------------------|--------------------------|-------------------|
| FUNCTIONAL EXPENSES | | | | |
| Salaries | \$ 334,680 | \$ 95,623 | \$ 47,811 | \$ 478,114 |
| Advertising | 102,915 | - | - | 102,915 |
| Occupancy, venue and office | 48,096 | 13,741 | 6,871 | 68,708 |
| Event expense and supplies | 40,130 | 18,285 | - | 58,415 |
| Vehicle, travel and local transportation | 23,851 | 23,852 | - | 47,703 |
| Payroll taxes | 24,909 | 7,117 | 3,558 | 35,584 |
| Insurance | 25,807 | - | - | 25,807 |
| Credit card fees and bank charges | 19,740 | 4,895 | - | 24,635 |
| Printing, promotion and advertising | 19,268 | - | - | 19,268 |
| Professional services | 10,181 | 4,242 | 2,545 | 16,968 |
| Contract labor | 14,772 | - | - | 14,772 |
| Computer services | 11,240 | 1,405 | 1,405 | 14,050 |
| Meals and entertainment | - | 4,829 | 4,830 | 9,659 |
| Postage and delivery | 9,462 | - | - | 9,462 |
| Benefits | 6,069 | 1,734 | 867 | 8,670 |
| Telephone | 5,148 | 1,471 | 736 | 7,355 |
| Dues and subscriptions | 1,458 | - | 362 | 1,820 |
| Security | 1,160 | - | - | 1,160 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 698,886 | 177,194 | 68,985 | 945,065 |
| Depreciation | 3,444 | 984 | 492 | 4,920 |
| TOTAL FUNCTIONAL EXPENSES | \$ 702,330 | \$ 178,178 | \$ 69,477 | \$ 949,985 |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

| | For the Year Ended June 30, 2020 | | | |
|---|----------------------------------|-------------------------------------|--------------------------|---------------------|
| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund- raising</u> | <u>Total</u> |
| FUNCTIONAL EXPENSES | | | | |
| Salaries | \$ 491,660 | \$ 140,474 | \$ 70,237 | \$ 702,371 |
| Event expense and supplies | 419,317 | 15,543 | - | 434,860 |
| Advertising | 294,773 | - | - | 294,773 |
| Contract labor | 293,868 | - | - | 293,868 |
| Occupancy, venue and office | 199,821 | 57,091 | 28,546 | 285,458 |
| Vehicle, travel and local transportation | 61,363 | 61,363 | - | 122,726 |
| Computer services | 84,232 | 10,529 | 10,529 | 105,290 |
| Printing, promotion and advertising | 104,715 | - | - | 104,715 |
| Postage and delivery | 80,504 | - | - | 80,504 |
| Credit card fees and bank charges | 60,415 | 7,083 | - | 67,498 |
| Insurance | 64,331 | - | - | 64,331 |
| Payroll taxes | 32,687 | 9,339 | 4,670 | 46,696 |
| Professional services | 18,937 | 7,891 | 4,734 | 31,562 |
| Security | 20,595 | - | - | 20,595 |
| Meals and entertainment | - | 7,913 | 7,913 | 15,826 |
| Telephone | 5,086 | 1,449 | 727 | 7,262 |
| Host an artist | 3,575 | - | - | 3,575 |
| Dues and subscriptions | 1,615 | - | 405 | 2,020 |
| TOTAL EXPENSES BEFORE DEPRECIATION | <u>2,237,494</u> | <u>318,675</u> | <u>127,761</u> | <u>2,683,930</u> |
| Depreciation | 4,154 | 1,187 | 593 | 5,934 |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 2,241,648</u> | <u>\$ 319,862</u> | <u>\$ 128,354</u> | <u>\$ 2,689,864</u> |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
STATEMENTS OF CASH FLOW

| | For the Years Ended June 30, | |
|---|-------------------------------------|----------------------------|
| | 2021 | 2020 |
| Operating activities | | |
| Increase(decrease) in net assets | \$ (101,081) | \$ 323,868 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 4,920 | 5,934 |
| (Increase) decrease in operating assets | | |
| Accounts receivable | 34,684 | (14,742) |
| Prepaid expense | - | 28,032 |
| Increase (decrease) in operating assets | | |
| Accounts payable | 9,107 | (757) |
| Deferred revenue | 239,660 | 70,775 |
| Net cash provided by operating activities | <u>187,290</u> | <u>413,110</u> |
| Investing activities | | |
| Unrealized (gain) | (68,770) | (23,481) |
| Realized (gain) | (11,814) | - |
| Investment income | (37,790) | (39,129) |
| Net cash used in investing activities | <u>(118,374)</u> | <u>(62,610)</u> |
| Financing activities | | |
| Forgiveness on loan | (102,900) | - |
| Proceeds from loan | 102,900 | 102,900 |
| Net cash provided by financing activities | <u>-</u> | <u>102,900</u> |
| Net increase (decrease) in cash and cash equivalents | 68,916 | 453,400 |
| Cash and cash equivalents as of beginning of year | <u>1,210,677</u> | <u>757,277</u> |
| Cash and cash equivalents as of end of year | <u><u>\$ 1,279,593</u></u> | <u><u>\$ 1,210,677</u></u> |

See accompanying notes.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Southeastern Wildlife Exposition, Inc. (the Organization or Organization) is a nonprofit corporation organized under the laws of the State of South Carolina for the purpose of providing educational, recreational, social and cultural activities for the Charleston area. The Organization receives support from the annual exposition event, general contributions, and other special events.

Basis of accounting

The financial statements of the Southeastern Wildlife Exposition, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are board limits resulting for the nature of the organization, the nature in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purposes or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization does not have any cash equivalents.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables

The Organization has contribution and trade receivables due from donors and sponsors. Management believes that the receivable balances are collectible in full and, therefore, no allowance for bad debts was deemed necessary at June 30, 2021 and 2020.

Prepaid and other assets

Prepaid and other assets are primarily expenses for deposits to secure event space for the next fiscal year exposition.

Property and equipment

Operating property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes all property and equipment over \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

| | |
|-------------------------------|----------|
| Computer equipment | 5 years |
| Office furniture and fixtures | 7 years |
| Leasehold improvements | 15 years |

Art collection

All contributions of works of art and similar assets, whether held as part of a collection for other purposes, have been recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations. All such items, whether contributed or purchased, have been capitalized. These works of art are not depreciated as they are not decreasing in value.

Investments

The Organization's investments consist primarily of assets invested in marketable equity and debt securities, certificates of deposits, and cash equivalents. The Organization accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statements of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. Certificates of deposit are classified as trading securities and are carried at current fair market value.

Net realized and unrealized gains and losses are credited or charged to operations. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting of contributions

Contributions, including contributions receivable, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Contributions receivable with payments due in the future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities in the current fiscal year. It is the Organization's policy to record restricted contributions received and released in the same year as support without donor restriction.

Grant revenue

Grant revenue is recognized when received and is primarily treated as a contribution to the exposition. Grant revenue is provided by city, county, state and foundations to support the Organization.

Fair value of financial instruments

Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 is effective for the Organization's financial assets and liabilities for the years June 30, 2021 and 2020. The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes. Accounts receivable and accounts payable are stated at cost, which approximates fair value, due to their short term to maturity.

Compensated absences

Employees of the Organization are entitled to paid vacations, paid sick days and personal days off, depending on job classification and length of service. After one year of service, each employee earns 20 personal days ratably through the year. No liability was recorded for estimated unused personal time as of June 30, 2021 and 2020, as all eligible employees had used their personal days.

Deferred revenue

The Organization records revenues from exchange transactions as increases in net assets without donor restrictions to the extent that the earnings process is complete. These transactions primarily include ticket sales, booth fees and sponsorships for future events. Resources received in exchange transactions are recognized as deferred revenue to the extent that the earning process has not been complete. These resources are recorded as revenues without donor restrictions when the related obligations have been satisfied.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and revenue recognition

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give (contributions receivable) is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions are met.

The Organization recognizes revenue from ticket sales, booth fees and sponsorship fees in the year in which the event is held and services are delivered to customers. The performance obligation of delivery of these services is simultaneously received and consumed by the customer; therefore, revenue is recognized at the point in time when the event is held. All amounts received prior to the event are deferred to the applicable period.

Non-cash donations

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions at their estimated fair value in accordance with ASC 958-605, 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 Organization. The Organization benefits from the work of many volunteers, but their services did not meet the required criteria to be recorded. Accordingly, no donated services were recorded for the years ended June 30, 2021 and 2020.

Retirement benefits

The Organization provides retirement benefits through a Simple IRA plan. All employees are eligible to participate in the plan. The Organization contributes a match of 3% of the eligible employee's annual salary.

Advertising

Cost of promotions and advertising are expensed as incurred. Advertising and promotion expense total \$102,915 and \$294,773 for the years ended June 30, 2021 and 2020, respectively.

Expense allocation

The cost of providing various programs and other activities have been summarized in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries, wages and payroll taxes are allocated based on activity reports prepared by key personnel.
- Direct expenses are charged to their specific area of activity.
- All other expenses are recorded directly to its function.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of estimates and assumptions

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

Income tax status

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

Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

New accounting pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13 Fair Value Measurement (Topic 820). The ASU changes the disclosure requirements for fair value measurement guidance in U.S. GAAP. The Foundation adopted the new standard effective January 1, 2020, the first day of the Foundation's fiscal year, using the full retrospective method.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation measures fair value therefore no changes to the previously issued reviewed financial statements were required on a retrospective basis. The presentation and disclosures of fair value measurements have been adjusted in accordance with the standard.

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606), as amended. The ASU and all subsequently issued clarifying ASUs replace most existing revenue recognition guidance in the U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount and timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, the first day of the Organization's fiscal year, using the full retrospective method.

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

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 2 - AVAILABILITY AND LIQUIDITY

Financial assets are available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of June 30, 2021 and 2020, comprise of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash, without donor restriction | \$ 1,279,593 | \$ 1,210,677 |
| Accounts receivable | 15,920 | 50,604 |
| Investments | <u>1,637,595</u> | <u>1,519,221</u> |
| Total financial assets | 2,933,108 | 2,780,502 |
| Less financial assets held to meet board designated restrictions: | | |
| Board restricted reserve investments | <u>(1,637,595)</u> | <u>(1,519,221)</u> |
| Amount available for general expenditures within one year: | <u>\$ 1,295,513</u> | <u>\$ 1,261,281</u> |

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

NOTE 3 - INVESTMENTS, BOARD RESTRICTED RESERVE

Investments are restricted by the Board of Directors for the Reserve Fund, see Note F. Investments held by the Organization are cash and cash equivalents, certificates of deposits, and mutual funds. Investments consisted of the following as of June 30:

| | <u>2021</u> | | <u>2020</u> | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Market Value</u> | <u>Cost</u> | <u>Market Value</u> | <u>Cost</u> |
| Cash | \$ 26,207 | \$ 26,207 | \$ 14,534 | \$ 14,534 |
| Certificates of deposit | 816,812 | 800,000 | 831,974 | 800,000 |
| Mutual funds | <u>794,576</u> | <u>585,466</u> | <u>672,713</u> | <u>585,466</u> |
| Total securities | <u>\$ 1,637,595</u> | <u>\$ 1,411,673</u> | <u>\$ 1,519,221</u> | <u>\$ 1,400,000</u> |

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 4 - FAIR VALUE OF FINANCIAL INVESTMENTS

ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
- Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

For the years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Certificates of deposit - Valued at the reported amount on deposits held by the Organization at year end (Level 2).

Mutual funds - The Organization's mutual funds are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets (Level 1).

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020:

| Description | June 30, 2021 | | | |
|----------------------------|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Certificates of deposit | \$ - | \$ 816,812 | \$ - | \$ 816,812 |
| Mutual funds | 794,576 | - | - | 794,576 |
| Total assets at fair value | <u>\$ 794,576</u> | <u>\$ 816,812</u> | <u>\$ -</u> | <u>\$ 1,611,388</u> |

| Description | June 30, 2020 | | | |
|----------------------------|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Certificates of deposit | \$ - | \$ 831,974 | \$ - | \$ 831,974 |
| Mutual funds | 672,713 | - | - | 672,713 |
| Total assets at fair value | <u>\$ 672,713</u> | <u>\$ 831,974</u> | <u>\$ -</u> | <u>\$ 1,504,687</u> |

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 5 - PROPERTY AND EQUIPMENT

Major classifications of property and equipment as of June 30, 2021 and 2020 are summarized below:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|------------------|------------------|
| Computer equipment | \$ 135,657 | \$ 135,657 |
| Office furniture and fixtures | 13,159 | 13,159 |
| Leasehold improvements | <u>41,911</u> | <u>41,911</u> |
| | 190,727 | 190,727 |
| Accumulated depreciation | <u>(175,360)</u> | <u>(170,440)</u> |
| | <u>\$ 15,367</u> | <u>\$ 20,287</u> |
| Art collection, non-depreciable | <u>\$ 27,200</u> | <u>\$ 27,200</u> |

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$4,920 and \$5,934, respectively.

NOTE 6 - BOARD RESTRICTED RESERVE

The Board of Directors restricted the Reserve Fund investment account. In prior years, unexpected weather patterns, airline employee strikes and major road construction projects have greatly impacted the annual event income. The Reserve Fund is a vital part of the Organization's long term financial stability strategic plan. These funds may only be expended after a vote by the full Board of Directors. As of June 30, 2021 and 2020, the restricted Reserve Fund was \$1,637,595 and \$1,519,221 respectively.

NOTE 7 - NOTE PAYABLE

The Organization entered into a Paycheck Protection Program loan of \$102,900 dated April 20, 2020 with an interest rate of 1%. Monthly payments of principle and interest shall commence November 20, 2020. The Organization may apply for forgiveness no sooner than 7 weeks from the date of the note. Any loan balance following forgiveness will be fully amortized over the remaining term of the loan. The entire balance of this loan was forgiven on March 8, 2021.

The Organization entered into a Paycheck Protection Program loan of \$102,900 dated February 10, 2021 with an interest rate of 1%. The loan and any accrued interest is due on February 10, 2026 unless forgiven. The Organization may apply for forgiveness no sooner than 24 weeks from the date of the note.

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 8 - LEASE COMMITMENTS

The Organization leases office space under a five-year non-cancelable lease agreement beginning July 1, 2018. Monthly payments start at \$4,050 with yearly increase of two-percent beginning July 1, 2019.

The Organization also leases office equipment under a five-year non-cancelable lease agreement dated June 8, 2021 with monthly payments of \$177. Future minimum lease payments under the agreements are as follows for the years ended June 30:

| | | |
|------|----|----------------|
| 2022 | \$ | 53,696 |
| 2023 | | 54,727 |
| 2024 | | 2,121 |
| 2025 | | 2,121 |
| 2026 | | 1,966 |
| | \$ | <u>114,631</u> |

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2021 and 2020.

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|------------------|
| Deferred sponsorships, beginning of the year | \$ 75,000 | \$ - |
| Revenue recognized that was included in deferred sponsorships at the beginning of the year | (75,000) | - |
| Increase in deferred revenue due to cash received during the year | <u>205,000</u> | <u>75,000</u> |
| Deferred sponsorships, end of year | \$ 205,000 | \$ 75,000 |
| Deferred booth fees, beginning of the year | \$ 6,840 | \$ 11,065 |
| Revenue recognized that was included in booth fees at the beginning of the year | - | (11,065) |
| Increase in deferred revenue due to cash received during the year | <u>28,660</u> | <u>6,840</u> |
| Deferred booth fees, end of year | \$ 35,500 | \$ 6,840 |
| Deferred VIP tickets, beginning of the year | \$ - | \$ - |
| Revenue recognized that was included in deferred VIP tickets at the beginning of the year | - | - |
| Increase in deferred revenue due to cash received during the year | <u>81,000</u> | <u>-</u> |
| Deferred VIP tickets, end of year | \$ <u>81,000</u> | \$ <u>-</u> |
| Total deferred revenue, end of year | \$ <u>321,500</u> | \$ <u>81,840</u> |

SOUTHEASTERN WILDLIFE EXPOSITION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

NOTE 10 - CONCENTRATIONS

Credit risk

The Organization maintains bank cash balances which are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2021 and 2020. The Organization's cash exceed federally insured limits at June 30, 2021 and 2020 in the amounts of \$938,883 and \$997,541, respectively.

Support and revenue

Credit risk is concentrated because substantially all of the Organization's support and revenue is received from one annual event in the city of Charleston, South Carolina. The Organization also relies heavily upon annual support from city and county accommodation tax for tourism. The loss of these sources of support would directly affect the Organization's operations.

NOTE 11 - RISKS AND UNCERTAINTIES

The impact of the accompanying financial statements of the COVID-19 impact cannot be readily determined. Financial markets, distribution networks and the ultimate impact of the outbreak on the financial operations of the Organization are difficult to access and predict. The Organization is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.

NOTE 12 - SUBSEQUENT EVENTS

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