

NORTH CAROLINA COASTAL FEDERATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
North Carolina Coastal Federation, Inc.
Newport, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of North Carolina Coastal Federation, Inc. (the Federation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 the Federation as of December 31, 2021, and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Federation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS, and *Government 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 the Federation'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 the Federation'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of the Federation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Federation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Federation’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Raleigh, North Carolina
August 22, 2022

**NORTH CAROLINA COASTAL FEDERATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,429,395
Investments	2,089,855
Accounts Receivable, Net	1,460,968
Prepaid Expenses	3,816
Inventory	8,889
Total Current Assets	7,992,923

ENDOWMENT INVESTMENTS

1,737,393

PROPERTY AND EQUIPMENT

Property and Equipment	2,544,196
Land with Restrictions	12,100,559
Less: Accumulated Depreciation	851,240
Property and Equipment, Net	13,793,515

LAND/CONSERVATION EASEMENTS

18,280,509

Total Assets

\$ 41,804,340

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 84,119
Accrued Liabilities	181,039
Total Current Liabilities	265,158

NET ASSETS

Without Donor Restrictions:	
Operating	3,564,481
Fixed Assets	1,692,956
Board Designated	2,567,175
With Donor Restrictions	33,714,570
Total Net Assets	41,539,182

Total Liabilities and Net Assets

\$ 41,804,340

See accompanying Notes to Financial Statements.

NORTH CAROLINA COASTAL FEDERATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
GRANTS AND REVENUES			
Donations	\$ 393,945	\$ 94,182	\$ 488,127
Appeal Donations	-	69,140	69,140
Capital Campaign Donations	-	2,049,718	2,049,718
Campaign Costs	-	(56,527)	(56,527)
Government Grants	887,415	5,173,416	6,060,831
Foundations and Public Charity Grants	1,438,314	154,731	1,593,045
Events	98,905	-	98,905
Cost of Events	(12,221)	-	(12,221)
Realized and Unrealized Investment Income	288,814	82,013	370,827
Gift-in-Kind	200	-	200
Memberships	275,103	-	275,103
License Plates	87,033	-	87,033
Gift Shop Sales	4,352	-	4,352
Cost of Goods Sold	(2,127)	-	(2,127)
Rental Income, Net	1,161	-	1,161
Miscellaneous	6,440	151,122	157,562
Gain on Disposal of Fixed Assets	145,029	-	145,029
Net Assets Released from Restrictions	5,606,068	(5,606,068)	-
Total Grants and Revenues	9,218,431	2,111,727	11,330,158
EXPENSES			
Program Services Related to Donor Restricted Amounts	5,490,476	-	5,490,476
Operating:			
Program Services	2,228,246	-	2,228,246
Administrative and General	380,823	-	380,823
Fundraising	418,649	-	418,649
Total Operating Expenses	3,027,718	-	3,027,718
Total Expenses	8,518,194	-	8,518,194
EXCESS OF GRANTS AND REVENUES OVER EXPENSES	700,237	2,111,727	2,811,964
Other Reclassifications in Net Assets	(1,000,000)	1,000,000	-
CHANGE IN NET ASSETS	(299,763)	3,111,727	2,811,964
Net Assets - Beginning of Year	8,124,375	30,602,843	38,727,218
NET ASSETS - END OF YEAR	\$ 7,824,612	\$ 33,714,570	\$ 41,539,182

See accompanying Notes to Financial Statements.

NORTH CAROLINA COASTAL FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Donor Restricted	Unrestricted - Operating			Total
	Program Services	Program Services	Administrative and General	Fundraising Operating Subtotal	
EXPENSES					
Audit	\$ -	\$ 6,400	\$ 6,400	\$ -	\$ 12,800
Bad Debt	2,557	-	-	-	2,557
Boat Use	21,700	200	-	-	21,900
Building Maintenance	215	32,110	16,479	-	48,804
Consultants	-	-	-	12,956	12,956
Contingency	-	-	9,231	-	9,231
Contracted Service	5,191,055	-	-	-	5,191,055
Credit Card/Bank Fees	-	-	3,959	-	3,959
Design/Engineering	6,125	2,191	248	940	9,504
Dues	1,200	12,237	-	-	13,437
Equipment Maintenance	1,178	210	8,401	11,986	21,775
Insurance	-	-	73,552	-	73,552
Legal	-	-	488	-	488
Lobbying	-	68,795	-	-	68,795
Meeting	7,745	3,582	4,377	80	15,784
Payroll Wages	-	1,633,483	199,569	298,184	2,131,236
Payroll Benefits/Taxes	-	252,161	28,916	49,323	330,400
Postage	47	4,220	1,302	6,621	12,190
Printing	12,827	16,503	1,551	12,657	43,538
Supplies	216,332	14,490	5,751	3,717	240,290
Taxes and Licenses	-	-	679	-	679
Training	47	-	2,820	-	2,867
Travel	20,211	9,863	315	2,832	33,221
Utilities	1,950	41,677	7,525	10,034	61,186
Web	6,300	70,140	-	59	76,499
Depreciation	-	59,984	9,260	9,260	78,504
Boat and Vehicle Expense	987	-	-	-	987
Total Expenditures	\$ 5,490,476	\$ 2,228,246	\$ 380,823	\$ 418,649	\$ 3,027,718
					\$ 8,518,194

See accompanying Notes to Financial Statements.

**NORTH CAROLINA COASTAL FEDERATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,811,964
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	78,504
(Increase) Decrease in Operating Assets:	
Accounts Receivable	416,171
Prepaid Expenses	(353)
Realized and Unrealized Investment Income	(370,827)
Inventory	670
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	75,325
Accrued Liabilities	(1,047)
Net Cash Provided by Operating Activities	<u>3,010,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Disposal of Land	188,706
Acquisition of Property and Equipment	(45,038)
Proceeds from Sale of Investments	(82,601)
Net Cash Provided by Investing Activities	<u>61,067</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,071,474
Cash and Cash Equivalents - Beginning of Year	<u>1,357,921</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,429,395</u></u>

See accompanying Notes to Financial Statements.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 NATURE OF ORGANIZATION

North Carolina Coastal Federation, Inc. (the Federation) was incorporated on September 3, 1982, as a nonprofit corporation. It operates primarily in the coastal counties of North Carolina to restore and protect the coast through habitat restoration and protection, environmental education, and the encouragement of enforcement of sound environmental rules and regulations. The Federation is a membership organization and is primarily supported by dues, donations, special projects and grants. For the year ended December 31, 2021, the Federation received many private, state, and federal grants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are reported on the accrual basis in conformity with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Federation considers its checking, CDs, and money market accounts to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect and consists primarily of amounts due from capital campaign pledges and grant agencies for work completed by the Federation during the year and reimbursed by the agencies after December 31, 2021. With the capital campaign in full swing, management felt the need to record an allowance for uncollectible pledges. Due to familiarity with the donors and their stellar payment history, management recorded a 5% allowance of \$28,000. In addition, a time value of money analysis was conducted on the outstanding pledges as of December 31, 2021. No discount has been recorded for the time value of money because the result calculated was immaterial.

Investments

Investments are composed of mutual funds in debt and equity securities, cash and equivalents and fixed income funds valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Inventory

Inventory consists primarily of clothing, books and sundry items that are available for sale to the public and are valued at the lower of cost (first-in, first-out method) or market.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Federation capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Federation reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Federation reclassifies with donor restrictions to without donor restrictions at that time. Property and equipment are depreciated using the straight-line method.

The Federation received one piece of donated land in 2021. This included .08 acres known as "Money Island" located off the Greenville Sound area of Harnett Township, North Carolina, valued at fair market value.

The Federation performed a review of each of the land and easements during 2021. As a result of this review, the Federation reclassified certain items previously recorded as land/conservations easements to property and equipment on the accompanying statement of financial position. The amount of land owned by the Federation that is restricted by either a conservation easement or by donors is \$12,100,559 at December 31, 2021. In addition, the Federation determined that a parcel of land acquired in the prior year at a value of \$1,000,000, was incorrectly included in net assets without donor restrictions as of the prior year end. Management determined it is appropriate to correct this in the current year, and this reclassification is included as other changes in net assets for the year ended December 31, 2021.

Land/Conservation Easements

Land/conservation easements represent the historical cost of acquiring the property. Some of the properties have specific conservation easement covenants. All are held by the Federation for conservation purposes in accordance with its mission. Once such properties are acquired and conservation easements are established, their market values decline. The difference between the acquisition cost and the market value after the conservation easements are established is deemed to be the value of the conservation easement. Due to the long-term restrictions on use of the properties, they are included in "With Donor Restrictions."

Conservation easements represent the historical cost of acquiring the easement or, in the event of a gift received by the Federation, the fair market value of the easement at the time of the gift. These conservation easements contain covenants by which the Federation controls the activities on the land in accordance with its mission, but the Federation does not own the land. As with acquired land/conservation easements, the value is the difference in the fair market value of the subject property before and after placing the conservation easement upon it.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Federation has accrued vacation pay in the amount of \$121,074. The expense has been charged on the statement of activities according to each employee's program. The liability is shown in accrued liabilities in the accompanying statement of financial position.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets without donor restrictions include net assets available for use in general operations, and include any funds designated by the board of directors for specific purposes.

With Donor Restrictions – Net assets with donor restrictions represent resources subject to donor restrictions that are either restricted in perpetuity, time restricted, or restricted for certain purposes.

Public Support and Revenue

Annual contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as "with donor restrictions" if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, "with donor restrictions" are reclassified to "without donor restrictions" as net assets released from restrictions. Contributions with donor imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Endowment contributions and endowment investments are restricted in perpetuity by the donors. Investment earnings available for distribution are recorded "without donor restrictions." Investment earnings with donor restrictions are recorded "with donor restrictions."

Contributions of donated noncash assets are recorded at their fair value in the period received. The Federation considers the impact on the financial statements prior to recording these items due to life span and use in operations. Some items are not recorded in the financial statements due to the lack of availability of an objective basis of valuation. Management has determined that these items have no material impact on the financial statements.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Federation receives a substantial amount of services donated by volunteers in carrying out its mission, but these services do not meet the criteria for recognition as contributed services.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no income taxes have been provided in the accompanying financial statements.

Management has evaluated the effect of the guidance provided by the GAAP on accounting for uncertainty in income taxes. Management believes that the Federation continues to satisfy the requirements of a tax-exempt entity at December 31, 2021. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Federation had no uncertain income tax positions at December 31, 2021.

Leases

When the Federation received the Southeast office building through Wrightsville Beach's historic preservation program in 2013, the Federation relocated the building to the Historic Town Square. At the completion of the move and corresponding campaign in 2014, the Federation entered into a below market lease with the town of Wrightsville Beach through year 2043, that allows the Federation to utilize the office that is now located on town property including maintaining the building and grounds as well as repairing any damages. The Federation recorded a receivable that will be amortized over the life of the lease. As of December 31, 2021, the lease receivable amount of \$151,122 was included in accounts receivable in the accompanying statement of financial position.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and support services benefitted based on a combination of specific identification and allocation by management.

Subsequent Events

In preparing these financial statements, the Federation has evaluated events and transactions for potential recognition or disclosure through August 22, 2022, the date the financial statements were available to be issued.

NOTE 3 REVENUES

To determine revenue recognition for the arrangements that the Federation determines are within the scope of Financial Accounting Standards Board accounting codification Topic 606, the Federation performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Federation satisfies a performance obligation.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 REVENUES (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Federation. Revenue for performance obligations satisfied over time is recognized based on amounts expected to be received under its agreements. The Federation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when criteria for license plates or gift shop sales have been achieved, or when specific events have occurred, and the Federation does not believe it is required to provide additional services related to that obligation. Memberships are recognized ratably over the period of membership, which is on a fiscal-year basis. Any unearned membership revenue is reflected as deferred revenue in the accompanying statement of financial position.

A portion of the Federation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Federation has incurred expenditures in compliance with specific contract or grant provisions. Any amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Federation received cost-reimbursable grants of approximately \$10,754,000 that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred.

NOTE 4 CONCENTRATIONS OF RISK

Credit Risk

The Federation maintains its cash balances in four financial institutions located in North Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the Federation's uninsured cash balances totaled \$4,119,167. By policy, the Federation places its cash deposits with high credit quality financial institutions.

Market Value Risk

The Federation's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near-term and that changes could materially affect the amounts reported in the accompanying statements of financial position.

Significant Contribution

The Federation has acknowledged that one contribution comprised 8.9% of the Federation's revenue for the year ended December 31, 2021. This contributing family has graciously supported and advocated for the Federation for decades. Each year, Management and the board of directors discuss the significance of this contribution and ensure the proper steps are being taken to increase other revenue streams. Through this annual review, and the efforts made to increase other revenues, Management and the board of directors believe the proper steps have been taken to maintain a balanced revenue stream.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments are summarized as follows as of December 31:

	Without Donor Restrictions		With Donor Restrictions	Total
	No Designations	Board Designations		
Fair Value:				
Investments	\$ 383,750	\$ 962,264	\$ 743,841	\$ 2,089,855
Endowments	-	1,542,224	195,169	1,737,393
Carrying Value	<u>\$ 383,750</u>	<u>\$ 2,504,488</u>	<u>\$ 939,010</u>	<u>\$ 3,827,248</u>

The following schedule summarizes the investment and endowment return and its classification in the statement of activities for the year ended December 31:

	Without Donor Restrictions		With Donor Restrictions	Total
	No Designations	Board Designations		
Realized and Unrealized Investment Income	<u>\$ 36,620</u>	<u>\$ 252,194</u>	<u>\$ 82,013</u>	<u>\$ 370,827</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment, at cost, is summarized as follows as of December 31:

Furniture and Equipment	\$ 400,489
Trucks and Cars	154,543
Boats	77,864
Buildings and Land	1,911,300
Land with Restrictions	<u>12,100,559</u>
Total Property and Equipment	\$14,644,755
Less: Accumulated Depreciation	<u>(851,240)</u>
Property and Equipment	<u>\$ 13,793,515</u>

Long-lived assets held and used by the Federation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. No impairments were recorded in the current year.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 LAND/CONSERVATION EASEMENTS

Land/conservation easements consisted of the following at December 31:

<u>Description</u>	<u>Amount</u>
Robinson/Tyrrell County	
In 2007, the Federation received a perpetual conservation easement on approximately 86.93 acres of land in Tyrrell County. The easement is recorded at fair value at the date of the gift as established by a professional appraisal in the amount of \$621,000.00	\$ 621,000
Eagle Point, New Hanover County	
In 2003, Eagle Point Partners, LLC granted a conservation easement to the Federation for approximately 218 acres of land in New Hanover County, North Carolina. While the property is primarily a golf course with related facilities, the easement states in part that it is "to ensure that the property will be retained forever predominantly in a natural, scenic and open-space condition; to protect native plants, wildlife, or plant communities on the property." Eagle Point golf course is located in a rapidly developing area. The conservation easement precludes any right to incorporate residential and commercial development and develop a golf course community as is a common practice in coastal North Carolina. An independent appraisal at the time of the gift reports the value of the easement at \$16,000,000.	16,000,000
Stella Conservation Easement, Carteret County	
In 2009, the Federation purchased a conservation easement on approximately 59 acres of land in Carteret County identified as the "Pelletier Tract". The acquisition of the easement was made by a grant from the U.S. Department of the Interior-Fish and Wildlife Services in the amount of \$214,463.	214,463
Queens Creek Natural Area, Onslow County	
In 1999, the Federation acquired approximately 142 acres of land in Onslow County identified as "Queens Creek Natural Area". Funds for the acquisition were provided by a grant from the state of North Carolina Clean Water Management Fund in the amount of \$732,746.	732,746
Van Dorpe Property, Tyrrell County	
In 2006, the Federation received a perpetual conservation easement on approximately 159 acres of land in Tyrrell County. The easement is recorded at the fair value at the date of the gift as established by a professional appraisal in the amount of \$712,000.	712,000
Minor Easement, Carteret County	
Since 2008, the Federation has acquired multiple "minor" conservation easements". Easements have been donated to the Federation for the following properties: (1) Business Drive Extension – 6 parcels of property for a total of 16.47 acres of mainly wetland habitat; (2) North River Farm – 3 acres of prior converted farmland that will be restored to wetlands by the Federation. The total value of these easements is recorded at \$300.	300
Total	\$ 18,280,509

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 RETIREMENT CONTRIBUTION

The Federation has established a 403(b) Thrift retirement plan for eligible participants. The Federation contributes 4% of compensation of all employees with at least two years' experience with the Federation. Additionally, eligible employees may benefit from tax deferred contributions to a cafeteria plan implemented under section 403(b) of the IRC. Contributions to the plan by the Federation amounted to \$76,096 for the year ended December 31, 2021.

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Federation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 4,429,395
Receivables	1,460,968
Short-Term Investments	383,750
Total	<u>\$ 6,274,113</u>

The Federation's investment and endowment funds consist of donor and board restricted funds. Earnings from donor-restricted funds are restricted for specific purposes and therefore, are not available for general expenditures. Earnings from board restricted funds are managed in accordance with our investment policy. On an annual basis, the investment committee will evaluate the need for a distribution to meet our operating goals. If a distribution is approved, the available distribution is equal to a three year trailing average of the balance, not to exceed 5%. Although the Federation does not intend to spend from these board restricted funds other than amounts appropriated for general expenditures as part of its annual investment review and budget process, amounts from its these funds could be made available if necessary.

NOTE 10 NET ASSETS AND ENDOWMENT FUNDS

The net assets with donor restrictions consisted of the following at December 31:

North River Farm Reserve	\$ 743,841
Endowment Investments (Current Market Value)	195,169
Capital Campaign Short-Term Gain	2,104,593
SE Lease Receivable	151,122
Grant Funds Restricted due to Purpose or Time	138,777
Land with Restrictions	12,100,559
Land/Conservation Easements (at Historic Cost of Fair Market Value at the Time of the Gift)	18,280,509
Total	<u>\$ 33,714,570</u>

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 NET ASSETS AND ENDOWMENT FUNDS (CONTINUED)

Two endowment funds have been established by the Federation for gifts received that are specifically restricted by the donors.

The Kathleen Bryan Edwards Endowment Fund is held by the North Carolina Community Foundation. Interest earned on the fund may be used annually for general support of the Federation.

The NC Coastal Federation Endowment Fund is held by the Federation. This endowment is made of the H. Smith Richardson Jr. fund and the Coastal Advocacy fund. Earnings on the H. Smith Richardson Jr. fund may be used for general operating support per management policy for the fund. The earnings can only be used after the fund has had an investment review. Earnings on the Coastal Advocacy fund shall be reinvested until December 31, 2019; after which the earnings may be used for grassroots initiatives and Coastal Review Online.

During fiscal year 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of North Carolina. Under UPMIFA, all unappropriated endowment funds are considered restricted. The Federation adopted the provisions of the financial accounting standard for endowments of nonprofit organizations (the UPMIFA Standard) with respect to the accounting for the corpus and income recognition on endowment funds.

The Federation is subject to UPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the board of directors appropriates such amounts for expenditure and any other purpose restrictions have been met. The board of directors of the Federation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Federation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Federation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the organization
- The investment policies of the Federation

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 NET ASSETS AND ENDOWMENT FUNDS (CONTINUED)

The composition and changes in the endowment's net assets for these funds are as follows as of December 31, 2021:

	Without Donor Restrictions		With Donor Restrictions	Total
	No Designations	Board Designations		
Kathleen Bryan Edwards Endowment:				
Endowment Net Assets -				
Beginning of Year	\$ -	\$ -	\$ 57,362	\$ 57,362
Contributions	-	-	-	-
Investment Income	-	-	1,334	1,334
Net Appreciation	-	-	7,486	7,486
Administrative Fees	-	-	(622)	(622)
Endowment Net Assets -				
End of Year	-	-	65,560	65,560
NC Coastal Federation Endowment:				
Endowment Net Assets -				
Beginning of Year	-	1,382,141	129,609	1,511,750
Contributions	-	-	-	-
Investment Income	-	30,111	-	30,111
Net Appreciation	-	138,746	-	138,746
Administrative Fees	-	(8,774)	-	(8,774)
Endowment Net Assets -				
End of Year	-	1,542,224	129,609	1,671,833
Total Endowment - End of Year	<u>\$ -</u>	<u>\$ 1,542,224</u>	<u>\$ 195,169</u>	<u>\$ 1,737,393</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Federation to retain as a fund or perpetual donation. No deficiencies of this nature exist at December 31, 2021.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Federation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

Level 2 – Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the quality, risk or liquidity profile of the asset or liability.

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level within the fair value hierarchy the Federation's assets at fair value as of December 31.

	Level 1	Level 2	Level 3	Total
Investments:*				
Cash & Cash Equivalents	\$ 49,634	\$ -	\$ -	\$ 49,634
Equities	1,380,289			1,380,289
Fixed Income	659,932	-	-	659,932
Total	<u>\$ 2,089,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,089,855</u>
Endowments:				
Cash & Cash Equivalents	\$ 41,171	\$ -	\$ -	\$ 41,171
Equities	594,686			594,686
Fixed Income	1,101,536	-	-	1,101,536
Total	<u>\$ 1,737,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,737,393</u>

*Certificates of deposits are excluded from the fair value hierarchy and accordingly are not part of investments.

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

During 2021, the Federation utilized a contractor for a grant through the Natural Resources Conservation Services (NRCS) in the annual amount of \$440,490. The contractor is a participant on an advisory committee in our southeast region. Along with other internal controls, the grant was held to the federal requirements set by the entities involved in the NRCS grant agreement.

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
North Carolina Coastal Federation, Inc.
Newport, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Carolina Coastal Federation, Inc. (the Federation) (a nonprofit Federation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Federation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Federation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
North Carolina Coastal Federation, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Federation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Federation’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Federation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Raleigh, North Carolina
August 22, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
North Carolina Coastal Federation, Inc.
Newport, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Federation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Federation's major federal programs for the year ended December 31, 2021. The Federation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Federation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Federation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Federation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Federation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Federation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Federation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Federation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
North Carolina Coastal Federation, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Raleigh, North Carolina
August 22, 2022

**NORTH CAROLINA COASTAL FEDERATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

10.923

Name of Federal Program or Cluster

Department of Agriculture:
National Resource Conservation
Service/Division of Coast Management:
Protection Hurricane Florence

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**NORTH CAROLINA COASTAL FEDERATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**NORTH CAROLINA COASTAL FEDERATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**NORTH CAROLINA COASTAL FEDERATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures
Federal Awards:				
U.S. Department of Agriculture:				
National Resource Conservation Service:				
WRP-WRE Tech Services	10.072	NR174532XXXXC002	\$ 440,490	\$ -
National Resource Conservation Service/ Division of Coastal Management:				
Protection Hurriance Florence	10.923	16-819WA	<u>1,357,348</u>	-
Total Natural Resource Conservation Service			<u>1,797,838</u>	-
Total U.S. Department of Agriculture			1,797,838	-
U.S. Department of Commerce:				
National Oceanic and Atmospheric Administration:				
NC Hurricane Marine Debris Cleanup	11.999	NA 19NOS9990033	1,550	-
Targeted Marine Debris Removal	11.999	NA 20NOS9991123	77,811	-
ADV Removal	11.999	0319.20.067481	513,176	-
Pamlico Sound Oyster Sanctuary	11.463	NA20NMF4630294	658,228	-
National Oceanic and Atmospheric Administration/ National Fish & Wildlife Foundation:				
Atlantic and Oriental Resilience Sites	11.473	0318.18.062417	233,819	-
Protecting with Living Shorelines	11.473	0318.19.066723	738,609	-
Carolina Beach	11.463	3002.20.070806	17,838	-
NOAA/National Marine Fisheries Service/ Atlantic States Marine Fisheries Commission:				
Morris Landing Shoreline Restoration	11.434	19-0901	<u>2,813</u>	-
Total National Oceanic and Atmospheric Administration			<u>2,243,844</u>	-
Total U.S. Department of Commerce			2,243,844	-
U.S. Department of the Interior:				
U.S. Fish and Wildlife Service:				
Coastal Agency Plan	15.631	F20AC11084-00	<u>15,925</u>	-
Total U.S. Department of Interior			15,925	-
U.S. Environmental Protection Agency:				
N.C. Dept. of Environment and Natural Resources:				
Ward Shore, Swansboro	66.460	7733	42,540	-
Swansboro Stormwater Retrofit	66.460	CW8079	<u>94</u>	-
Total U.S. Environmental Protection Agency			42,634	-

NORTH CAROLINA COASTAL FEDERATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Grantor' Number	Federal Expenditures	State Expenditures
State Grants:				
N.C. Clean Water Management Trust Fund:				
Lux Farm		2010-415	\$ -	\$ 218,980
Beaufort Stormwater		2017-1004	-	81,696
Pine Knoll Shores Stormwater		2019-1003	-	210,927
Living Shorelines Cost Shares		2019-406	-	123,531
Hyde County:				
Lake Mattamuskeet		2019-804	-	63,014
Total N.C. Clean Water Management Trust Fund			-	698,148
N.C. Land and Water Fund:				
Stump Sound Planning Grant		2020-811	-	15,319
Living Shoreline Cost-share		2021-415	-	265
Total N.C. Land and Water Fund			-	15,584
N.C. Department of Justice:				
Bogue Sounds Living Shoreline		NCCF 020-CRI	-	13,613
Pine Knoll Shores		NCCF 019	-	50,462
Total N.C. Department of Justice			-	64,075
N.C. Dept. of Agriculture and Consumer Services:				
Harlacher Shoreline		16-2020-501	-	2,439
Armstrong Shoreline		16-2020-502	-	2,500
Total N.C. Dept. of Agriculture and Consumer Services			-	4,939
N.C. State Appropriations:				
State Appropriations		7760	-	67
Coastal Debris Cleanup		CW24793	-	17,331
Lake Mattamuskeet		MOA	-	29,174
NE ADV Removal		Cooperative Agreement	-	38,833
Total N.C. State Appropriations			-	85,405
N.C. Department of Environment Quality:				
CRFR Fishing Gear Recovery		CW17793	-	78,565
CAMA Access Morris Landing		CW20737	-	317
Total N.C. Department of Environment Quality			-	78,882
Total Expenditures of Federal and State Awards			<u>\$ 4,102,831</u>	<u>\$ 947,033</u>

NORTH CAROLINA COASTAL FEDERATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) include the federal and state grant activity of North Carolina Coastal Federation, Inc. (the Federation) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from certain financial reports submitted to federal, state, or city agencies due to those reports being submitted on either a cash or modified accrual basis of accounting. Because the accompanying Schedule presents only a selected portion of the operations of the Federation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Federation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Federation has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.