



# 2021 Annual Report

BALD HEAD ISLAND CONSERVANCY | [BHIC.ORG](https://bhic.org)



# 2021 EXECUTIVE DIRECTOR REPORT

## Our Vision

BHIC champions the sustainability of barrier islands through environmental research & stewardship

## Our Mission

We Discover, Learn, Conserve and Preserve

## **Thank You for Supporting the Bald Head Island Conservancy in 2021!**

On behalf of the staff and Board of Directors of the Bald Head Island Conservancy, thank you for the unwavering and magnanimous support in 2021! A few years from now, I believe we will look back at 2021 in retrospect and find it will be a historically important year for the Conservancy. Despite the continuing pandemic, the combination of hard work by the Board and staff and the strong financial support from you in the Conservancy community allowed us to reach a new operational baseline where we can dream about the future and pursue it with confidence.

Among the major 2021 successes were record revenue in Turtle Central, several game-changing major gifts, education programming at full capacity throughout the summer, attaining a national research science grant, huge increases in mission-related communications and social media presence, and the creation of a viable campus maintenance plan. Through smart and collaborative planning, we were also able to host several live events including weekly turtle trots and Turtle Tuesdays, Thad Wester Fishing School, and our Volunteer and Life Member Shrimp Boil.

As we enter 2022, we find ourselves excited about new education programming and interactive exhibits in the Fleming Education building, a considerable growing network of academic science and education partners, momentum towards reimagining our campus for the next several decades, and a burgeoning Sustainability initiative that is likely to serve as a central tenet of our research and education operations for the foreseeable future and also help galvanize the broader BHI community towards protecting and preserving our beautiful island. We can't wait to share our vision for the Conservancy's future with you as WE Discover, Learn, Conserve, and Preserve.



# 2021 EXECUTIVE DIRECTOR REPORT

## 2021 Success Stories

### 1. Major Gifts

There is no way to overstate how important Major Gifts are for changing the trajectory of the Conservancy's ability to Discover, Learn, Conserve, and Preserve. In a typical year, the expenses required to pursue our mission with a quality staff who pursue quality ventures on a campus located on an exposed barrier island are often at or above the sum of our normal operations revenue streams. The resources required to do new and bigger things must be provided by Major Gifts and we sure did get some fantastic Major Gifts in 2021! Those who provided substantial financial gifts last year include:

#### DEVON AND JIM BROWN

major dorm/education building renovation plans, interactive exhibits, a much-needed new website design, red flashlight initiative...

#### HELYN AND ALI WISNER

in memory of Jim Wisner for education projects including Fleming renovations, interactive exhibits, and outdoor education spaces

#### SIMPLY SOUTHERN VIA GINGER AND GEORGIO AYDOGDU

Turtle Central got a new roof, exterior and interior paint jobs, and sales floor wall refurbishment

#### PAT AND DICK JOHNSTON

Coastal Sustainability Center Initiative will have long-lasting impacts on the Conservancy's science and education operations as well as island-wide efforts to protect and preserve BHI for future generations.

Our Development Machine led by Director of Development Melissa Blackmon has done a great job of cultivating our donors and we appreciate the trust our benefactors have shown in the Conservancy's financial apparatus including Finance Manager Diane Cahoon. We promise to use these wonderful gifts in pursuit of our Mission with all the vigor and dedication we can muster! Thank you so very much!!

## 2021 Success Stories

### 2. Turtle Central

2021 was a record-breaking year for the Conservancy's primary revenue generators. For Turtle Central, despite its small footprint and limited staff, Turtle Central sales exceeded \$1.1 million in 2021! This figure is 40% more than the previous record from 2020! Wow, given the small space and staff limitations, this is an amazing success. There is no doubt that the TC staff of Pam Smith, Amy Dunmire, Desi Bridge, Anne Berry, Sharon Eisele, and Vincent Gage are special, as are the regular volunteers who give so much time and energy to the store. And of course, the dedicated patronage of the BHI community shows just how important Turtle Central is to the BHI experience!



### 3. Campus Revitalization and Reimagination

Multiple hurricanes and decades of wear and tear from the harsh barrier island climate have taken a toll on our campus. Over the past few years, we began a concerted effort to recognize the major needs of our campus' capital infrastructure. In 2021, we hired Geoff Moore with decades of experience in the construction industry to serve as our full-time Campus Manager and he immediately began the process of revitalizing our infrastructure. Among the progress that we made over the past year were the new roof and paint job for TC, organizing our sheds so they are functional work/storage spaces, tidying up the grounds to make campus more attractive to visitors, and creating for the very first time a detailed long-term maintenance plan that identifies future repairs/replacements of all major capital items and prepares us for associated future costs. This new found confidence in our campus planning has allowed us to pursue a Campus Reimagination project to redesign our buildings and grounds that will maximize staff and visitor experiences for the next several decades. Details will be provided as plans emerge in 2022, but I can tell you that the preliminary ideas are inspirational!



# 2021 EXECUTIVE DIRECTOR REPORT

## 2021 Success Stories

### 4. Research Grant Funding

An area of our operations that we have worked very hard on the past few years has been pursuing national level research grants with our academic partners. There are many types of projects that our science team have identified as important to Bald Head Island but we do not currently have the in-house financial resources to pursue these projects. The external science funding world is very, very competitive and it often takes a couple/few resubmissions to achieve success.

In late 2020, Sea Turtle Program Coordinator Paul Hillbrand received a grant from NC Sea Grant in partnership with UNCW and Ft. Fisher to design and test sea turtle cages that were impenetrable to predators (i.e., coyotes, foxes..). Field operations were completed in 2021 and Paul has just completed the final project report that will now be turned into a peer-reviewed manuscript. This type of grant funding that directly supports our mission-related conservation activities are important achievements for the Conservancy.

Further, near the end of 2021, Chief Scientist Dr. Beth Darrow (and Coastal Scientist Lauren Schaale) with partners at NC State and U. Florida were awarded a grant from the US Coastal Research Program to develop and test technology that can more rapidly detect bacterial contamination in our tidal creek waters. As part of our Environmental Services Contract with the Village we have occasionally detected concerning levels of bacteria in Bald Head Creek, especially after storms. However, it typically takes a few days to collect and analyze samples for this type of pollution so public health warnings often come too late. This US CRP project will benefit BHI and as well as many other coastal communities who rely on their tidal creeks for recreational and commercial activities.

## BHIC's Mission Making a Difference



### **WE DISCOVER | Young Scientists Academy**

In early fall, BHIC partnered with the Young Scientists Academy from Wilmington and brought several curious young minds to the island for a special opportunity to work with BHIC staff. The young scientists explored and **Discovered** our salt marsh and were also mentored by our sea turtle team on how we protect our special summer reptile guests. We loved the unbridled natural enthusiasm of these kids! The questions were endless and who knows, we may have found a few interns for 2032!



### **WE LEARN | Impactful Intern Projects**

Intern projects are becoming even more impactful through time. For example, Allison Polinski conducted island-wide insect surveys for the first time this summer, and her catalog is being turned into a **Learning** page for our new website. We are also conducting more in-depth research projects including measuring chlorophyll in our creeks which helps us learn more about water quality.



# 2021 EXECUTIVE DIRECTOR REPORT

## BHIC's Mission Making a Difference



### **WE CONSERVE | Oyster Reef Restoration**

BHIC led a **Conservation** effort with the Creek Geeks to restore oyster reefs in Bald Head Creek. Oysters are critical because they filter the creek water helping to ensure high water quality. In fact, a single adult oyster can filter up to 50 gallons of water per day! Additionally, the physical structure of the reef provides a great hiding place for juvenile fish fostering the nursery power of the tidal creek. Four locations were chosen for this initial round of oyster shell placement with more to come soon!



### **WE PRESERVE | Smith Island Land Trust**

The BHIC works with the Smith Island Land Trust (SILT) to deliver on the **Preservation** piece of its mission. In 2021, SILT acquired several new properties on the eastern side of BHI thanks to Jim and Devon Brown as well as Marcus Smith. SILT has now preserved more than 50 properties across Bald Head and Middle Islands. Allowing natural areas to thrive in unimpeded fashion provides for critical ecosystem connectivity for the island's habitats and species. Please let us know if you would like to contribute to land preservation in 2022!

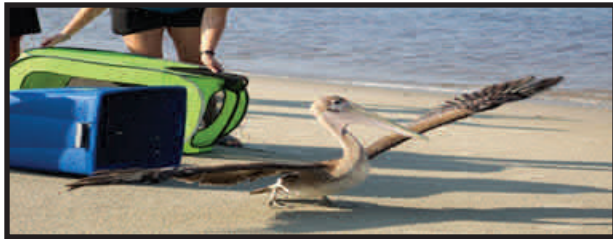


# 2021 EXECUTIVE DIRECTOR REPORT

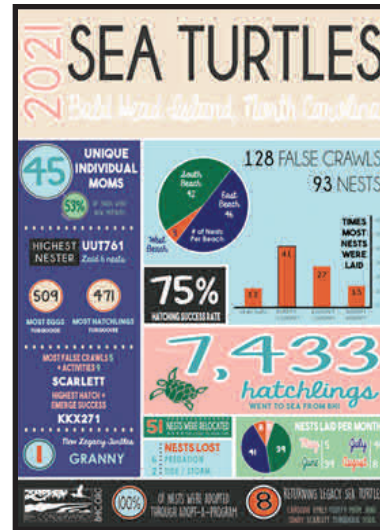
## A Few Fun Statistics From 2021



**\$132,944 IN DONATIONS  
FROM SIMPLY SOUTHERN**



**55 BIRDS RESCUED**



**7,433 NEW OCEAN  
REPTILES**



**1308 TURTLE TROTTERS**



**OVER \$500 FROM KIDS GIVING  
BACK**



**OVER 5,000 PROGRAM  
PARTICIPANTS**



**1 SPECTACULAR  
STAR PARTY**



**OVER 500 LBS TRASH  
PICKED UP**

## Fun Events

### Life Member & Volunteer Shrimp Boil

In October, we held our Annual Life Member and Volunteer Shrimp Boil. Drive-through service and outdoor seating allowed us to serve > 60 of our volunteers and Life Members as a special Thank You from our team. It was nice to have so many of our extra special supporters spend a beautiful Saturday afternoon on campus with us, slightly socially-distanced of course. We started this annual event 5 years ago and it has become a staple of the Conservancy's fall plans. Mike Smith (Pam's husband) was our chef once again and the food was fabulous! Put October 22, 2022, on your calendar now for the next Shrimp Boil.



## Fun Events

### Thad Wester Fishing School

It is important that we always remember that the Conservancy was founded by Dr. Thad Wester who recognized the need to protect and preserve Bald Head Island. The Conservancy's founding Charter produced by Dr. Wester and a small but visionary group of islanders is quite amazing in that it identified the strong ecological connectivity among all island habitats and species. One of the enduring activities from those early days of the Conservancy is the annual Thad Wester Fishing School. For nearly 40 years, the weekend has been a celebration of everything BHI. Spending time on the beach with friends and family and soaking in the natural spirit and beauty of the island are just as important as catching fish. Although Dr. Wester is gone, the Conservancy is proud to work with his family including daughter Ginny Reeves and son Bryan Wester to continue to offer Fishing School each fall. What a wonderful tradition – look at those smiles!

**Ginny Reeves**





# 2021 EXECUTIVE DIRECTOR REPORT

## Giving Thanks

### Thank You Board

The Board of Directors has been instrumental in helping guide the Conservancy the past few years through several hurricanes and a pandemic. Under the leadership of Board President Katie Chatas in 2021, our organization has been spirited forward with enthusiasm and an infectious never-say-never mentality = Thanks Katie!!! We are so fortunate to have a passionate Board with such a range of professional experiences and successes that keep us governed tightly, fiscally responsible, strategically thinking, and mission-focused.

### 2021 Board Leadership:

Katie Chatas   President	John Cathcart   Vice President
Slaughter Fitz-Hugh   Treasurer	Hollie Hart   Secretary

### 2021 Board Members:

Jay Adams, Ginger Aydogdu, Lynn Barnard (SILT President), Kim Blackwell, Nancy Easterling, Hilary Gerhardt, Trish Healy, Julie Keenan, John Kinney, John May, Dylan McNamara, Donna Patterson, Rich Tarplin, Shannon Thatcher, and Randall Tuttle.

The amount of volunteer work this group performs for our organization is enormous and includes among many things helping secure major gifts, overseeing By-Law Changes, providing insight into employee benefits, growing our network of our island and academic partners, financial cash flow modeling, and assisting in campus reimagination planning. We are also continuing to utilize the Strategic Plan laid out a few years ago and incorporating the wisdom of that effort into our big dreams of the future would not be possible without a Board that provides a stable, supportive, and forward-thinking environment.





# 2021 EXECUTIVE DIRECTOR REPORT

## Giving Thanks

### Thank You New Life Members!

We welcomed 8 new Life Members in 2021. We are so appreciative of the long-term commitment these folks have made to our organization and look forward to sharing our future with each of you. Here are the new 2021 Life Members:

**BARRY AND JENNIFER LUCAS**

**GEOFF AND NATALIE BANKS**

**RICK AND HILARY GERHARDT**

**ROBERT AND MARIE FLETCHER**

**ROCKY AND DEB RAUSCH**

**DOREEN AND JOHN FAIRBANK**

**JIM AND GINNY HUNT**

**DRAYTON AND LAURA VIRKLER**

Thank You for Investing in the Bald Head Island Conservancy's Future!



# 2021 EXECUTIVE DIRECTOR REPORT

## Giving Thanks

### Thank You TC, Fundraising, and Trot Volunteers

As everyone knows, Turtle Central is almost always busy and there is no way Pam Smith and the TC staff could effectively operate it without committed volunteers. This past summer, Devon and Sinclair Brown devoted long hours all summer long to help us through a labor shortage. They also worked during busy holidays including Labor Day and our very successful Black Friday weekend! Donna Patterson and Elyse Armitage were also a couple of long-time TC volunteer stalwarts that assisted many hours in 2021. Some of the other experienced TC volunteers who left their mark on the store last year include Susan Baker, Pat Johnston, Betty Robinson, and Bob and Kathy Ketels. We also appreciate the seasonal help of Adam Farris, Sue Shaylor, Reid Durham, Jack Blackmon, Liz Dion, Culli Cain, and Cole Kennemer. Each of you made a difference!

Fundraising takes many forms at the Conservancy. In 2021, in addition to Board members, our Development Committee included a few very special Bald Head Island Conservancy supporters Dick Johnston, Ann Cathcart, and Paul Rice. These folks have been generously giving in many ways for many years and we are lucky they continue to engage with us! Additionally, turtle trots require several volunteers each week and in summer 2021, I was fortunate to have two young fellas Owen Jennings and Carter McCall assisting with the races. Devoted sea turtle program supporter Sammie Powers also helped when she wasn't watching over a dozen nests and Alia Farris was there to help with t-shirts whenever we needed. Further, we had several other teen assistants run water stations and help with early morning setups and we appreciate it!

### Thank You Conservation Volunteers

The Creek Geeks, as they are affectionately known, are led by the affable Thompson Wyatt. I share in his love of our salt marsh and appreciate his enthusiastic support of all creek conservation efforts. He helped organize our oyster reef restoration project and recruited fellow Creek Geeks Susan and Mark Andrews to the cause. Lillian and Ballentine Carter were also important volunteer conservationists in 2021 as were Boy Scouts in Troop 200 who cleaned our island. Of course, Robin and Mark Prak are always willing to help us with our avian study endeavors! We had many other volunteer families too numerous to mention for the Terrapin Tally and Oyster Reef Restoration fieldwork who showed up with strong backs and great attitudes - thank you for helping conserve our Creek! Lastly, thank you to anyone who picked up trash off the beach or made a concerted effort to keep BHI beautiful! or made a concerted effort to keep BHI beautiful!



# 2021 EXECUTIVE DIRECTOR REPORT

## Giving Thanks

### Thank You Fishing School Volunteers and Nest Monitors

We had 21 participants in this year's Thad Wester Fishing School, and every single person caught fish! The enthusiastic crew of coaches included Tom and Wes Reeves, Steve and Maxwell Montgomery, Bryan Wester, Paul Suhr Sr. and Jr., and Brady Anderson. Thad's daughter Ginny Reeves was the chief Chef for the weekend and the food was incredibly delicious yet again = my favorite weekend of the year!

Our Sea Turtle Protection program utilizes a large cadre of volunteers as Nest Monitors with Hollie Hart as the Chief Monitor. In summer 2021, we had 4 special families donate an extraordinary amount of time to the program including the Phillips Family - Richard, Maureen & Emma; Powers Family - Sammie, Bill & Sarah; Brown Family - Devon, Jim & Sinclair; and Plotts Family - Greg, Steff, Lexy & Preston. Collectively, these families put in nearly 1000 hours of volunteer service!

### Thank You Staff

The team accomplished so much in 2021, working around covid and handling personnel changes. What I appreciate more than anything about this team is how well they work together across departments and the professionalism they display at all times. I believe we set a strong example for the island and I could not be more proud of my team's character and dedication to our Mission.

### Development and Marketing

- Record Annual Fund >\$200K
- >\$1,000,000 in total fundraising including major gifts, memberships, and adoptas!
- 8 New Life Members
- Sold out Turtle Trots with >1300 runners
- Major growth in all social media channels and production of mission-themed videos with >15,000 views and the 'Day in the Life' production watched by >3000 people



# 2021 EXECUTIVE DIRECTOR REPORT

## Giving Thanks

### Turtle Central

- Record sales >\$1,000,000!
- Industry recognition via Starfish Award Winner from Seaside Retailer
- Top 3 finalist for best Specialty Store from Gifts and Accessories magazine. Pam was invited to speak on a live panel at the Las Vegas market to discuss techniques and practices for covid planning and e-comm adaptation.
- Successful collaborations with other BHIC departments including Conservation for Oyster Week, birding and sea turtle promos and Development for membership sales and adoptas and events such as World Sea Turtle Week, Giving Tuesday, and July 4 auction/raffle
- Furthered partnership with Simply Southern including co-hosting a summer island clean up with >100 participants

### Finance

- Clean and clear financial audits for >\$2 million revenue
- Collaboration across departments for better tracking of major gift and campus renovation funds
- Handled all transactions for property transfers to Smith Island Land Trust
- Managed stronger relationships with insurance companies and vendors to save every bit of \$ possible
- Lead staff for HR processing including on-boarding and benefits management

### Education

- >5000 program participants including nearly sold out summer 2021 camps and outdoor programs
- New Senior Educator Dr. Jennifer Wigen served as Co-PI on the team's NSF Coastlines and People proposal entitled Breaking Barriers: How Will Barrier Islands Transition to Face the Future?
- Fleming reimagination process underway with new reptile enclosures and technology-based activities such as the Interactive Sandbox and Draw Alive being added summer 2022
- Program redesign ongoing including adding dinoscope microscope technology to classroom programs such as Reptile Round-up, Tidal Exploration, Sea Turtle 101

## Giving Thanks

### Science and Sea Turtles

- 2021-22 Village Environmental Services Contract provided funds for projects in the aquifer, creek, and forest, bird surveys, treatment of invasive beach vitex, and monitoring white-tailed deer, alligators (including satellite tagging), coyote, fox, and diamondback terrapins
- Presented research papers at Coastal and Estuarine Research Federation Conference with interns and NCSU scientists
- Oyster reef restoration project in Bald Head Creek
- Awarded grant from US Coastal Research Program and submitted major \$5 million NSF Coastlines and People proposal with collaborators from NCSU, UNC, ECU, and UNCW
- Utilized UAV (drone) to photograph entire dune system with goal of identifying invasive beach vitex from aerial imagery
- Successful Sea Turtle season with 93 nests and 45 unique nesting females identified
- NC Sea Grant funding for Sea Turtle Predator Exclusion Cage project led to large reductions in sea turtle nest depredation (only 6 this year) due to improvements in cage design – peer review manuscript being prepared
- Intern projects by sea turtle interns Clara Dawson (coyote population dynamics) and Karlee Szympruch (egg size of neophyte vs. remigrant nesters) led to new academic collaborations and conference presentations

### Campus Projects

- Campus clean-up removed 8300 lbs of debris from shed and grounds
- Expanded storage for TC and operations with shed organization
- Turtle Central received new roof and exterior painting/siding repair
- Comprehensive capital infrastructure assessment that identified short- and long-term needs and established a budget that will facilitate future campus needs
- Dorm renovation included new kitchen and planning for refurbished living spaces and efficiency living quarters

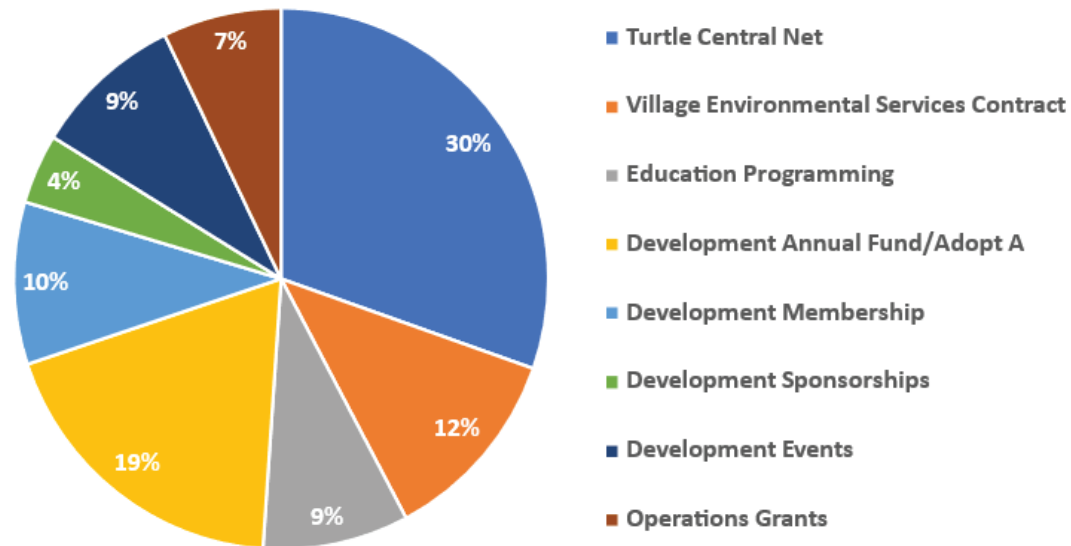




# 2021 EXECUTIVE DIRECTOR REPORT

## 2021 Financial Overview

2021 Operations Revenue



We set a record for operations revenue in 2021 at >\$2.2 million which does not include the >\$800K in Major Gifts. As illustrated above, Turtle Central and Development activities continue to be our largest sources of revenue although it was very nice to see Education programming reach nearly \$150K last year following a summer full of program participants.

For Grants, the chart above reflects another \$50K from the F.M. Kirby Foundation for general operations funding and \$50K from the Golden LEAF Foundation to rebuild the treehouse meeting room and replace several hurricane damaged windows in the dorm. Our Village Contract continues to include projects evaluating the health of the forest, salt marsh/tidal creek, aquifer, wildlife management, and evaluating and preventing the spread of invasive species among our island habitats.



# 2021 EXECUTIVE DIRECTOR REPORT

## Looking to 2022 – Major Gifts Create Opportunities for ALL

### #1 Red Light Initiative

Thanks to funding from Jim and Devon Brown, we will continue with our red light initiative for Bald Head Island beaches in 2022. This program involves distribution of red flashlights to island visitors to eliminate cell phone/regular flashlight use on our beaches at night which can disturb nesting sea turtles and distract hatchlings headed back to sea. Please remind everyone that white lights are prohibited by Village ordinance on the beach from May through October and let ALL BHIers know we have ample red flashlights to use this summer!



### #2 Coastal Sustainability Center Initiative

As noted earlier, long-time BHI residents and Conservancy supporters Pat and Dick Johnston provided a substantial gift that will allow us to pursue the Coastal Sustainability Center Initiative. The effort will include a multi-faceted approach for defining what 'sustainability' means to BHI and to coastal communities at-large and how we can best protect and preserve these precious ecosystems. A key step in the process will be hosting the First Annual Johnston Coastal Sustainability Symposium on Bald Head Island April 4-5, 2022. For this inaugural event, we are inviting guests with expertise in several facets of coastal sustainability including: shoreline physics, natural resource economics, social/political science and public engagement, coastal engineering, barrier island ecology, coastal town management, and adaptive engineering. We are also planning to develop education exhibits for the BHIC campus and widely market the concept of coastal sustainability so that ALL of us know how we can make a difference!

## Thank You Sponsors!

### Platinum



### Gold



### Silver



### Bronze





# 2021 VOLUNTEERS

Alia Farris  
Andrea Knight  
Annika Phase  
Autumn Rierson  
Ballentine Carter  
Beth Gozon  
Betty Robinson  
Bob Ketels  
Brady Anderson  
Bryan Wester  
Carol Wright  
Caroline Clavien  
Carrie Jose  
Carter McCall  
Claire Holliday  
Cole Kennemer  
Colleen Riff  
Cully Cain  
Devon Brown  
Dixon Mcleod  
Donna Patterson  
Elyse Armitage  
Gianca Helgesen  
Ginnie White  
Ginny Reeves  
The Hart Family  
Jack Blackmon

Jamie Penland  
Janie Miller  
Jenn Kuzmuk  
Jennifer Russel  
Kathryn Wyatt  
Kathy Ketels  
Katie Chatas  
Kit Adcock  
Kris Riley  
Kyle Eding  
Lillian Carter  
Lionel Jones  
Liz Dion  
Mark Prak  
Maxwell Montgomery  
Nathan Emonson  
Owen Jennings  
Pat Johnston  
Paul Suhr Jr.  
Paul Suhr Sr.  
Reid Durham  
Richard Phillips  
Robin Prak  
Sammie Powers  
Sheila May  
Siddarth Phase  
Sinclair Brown

Spence Hamrick  
Spencer and Daley  
Steffanie Plotts  
Steve Montgomery  
Steve Terrio & Grandsons  
Sue Shaylor  
Susan & Mark Andrews  
Susan Baker  
Suzanne O'Bryant  
Teghan Himelfarb  
The Thatcher Family  
Thompson Wyatt  
Tom Reeves  
Tracey Van De Putte  
Wes Reeves



# LIFE MEMBERS

MR. & MRS. DAVID ADCOCK  
DR. & MRS. RICHARD ALLEN  
MR. & MRS. DOUGLAS ANDERSON  
MRS. MEG ANDERSON  
MR. & MRS. MARK ANDREWS  
MR. & MRS. ALLEN AUCHENPAUGH  
MR. & MRS. GEORGIO AYDOGDU  
MR. & MRS. KENT BABCOCK  
MR. & MRS. GARY BANAS  
DR. GEOFFREY BANKS & MRS. NATALIE BANKS  
MS. SUSAN BAKER  
MR. & MRS. DAVID BEAM  
MR. & MRS. SAMUEL BELL  
DR. & MRS. WILLIAM BENNETT  
MRS. BILL BERNE  
DR. KIMBERLY BLACKWELL  
DR. & MRS. JOHN BOOLS  
MR. & MRS. MICHAEL BRADER-ARAJE  
MR. & MRS. KEITH BRADLEY  
MR. & MRS. DON BRADLEY  
MR. & MRS. THOMAS BRADSHAW  
MR. & MRS. JOE BRAWNER  
MR. JAMES BROWN & MRS. DEVON BROWN  
MS. ELIZABETH BURROUGHS  
MR. & MRS. JOHN W. BYRNE  
MR. & MRS. THOMAS BYRNE  
MR. & MRS. SPENCER CARNEY

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MS. LOIS CASSIDY  
MR. & MRS. JOHN CATHCART  
MRS. ANN CATHCART  
MR. GEORGE CECIL  
MS. BEVERLY CHAMBERS  
THE CHANTER FAMILY  
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MR. & MRS. CHARLES CHRISTIAN  
MR. & MRS. R. TODD CLANCY  
MRS. J. M. COBURN  
MS. JENNY COCKBURN-BECHERER  
MR. & MRS. EARL E. CONGDON  
MR. & MRS. SKY CONKLIN  
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MR. & MRS. JAY COPAN  
MRS. HOWARD W. COUPLAND  
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MR. ADAN COY  
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MR. & MRS. KEVIN DELK

MR. & MRS. CHUCK DIETSCH  
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MR. & MRS. GEORGE ENOCHS  
MS. ELISE DEE COY EPSTEIN  
MS. ALEXA LEIGH EPSTEIN  
MR. BARRY EVANS AND  
MRS. MARLA WRIGHT-EVANS  
MR. & MRS. WILLIAM G. FABER  
DOREEN AND JOHN FAIRBANK  
DR. & MRS. WILLIAM FARABOW  
DAVID AND LELIA FARR  
MR. JEFF FARRIS AND MRS. ALIA FARRIS  
THE FELDER FAMILY  
MR. & MRS. STUART FIRTH  
MR. JOHN L. FISHER  
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MRS. MARIANNA FITZ-HUGH  
MR. SLAUGHTER FITZ-HUGH III  
MR. SLAUGHTER FITZ-HUGH IV  
MR. & MRS. JOHN FLANAGAN  
MS. CAROLYN FLEMING  
MR. & MRS. FRANK FLOYD



# LIFE MEMBERS

MR. ROBERT FLETCHER &  
DR. MARIE CHABOT-FLETCHER  
MR. & MRS. BOB FLYNN  
DR. & MRS. JAMES FOGHT  
DR. & MRS. STUART FOUNTAIN  
MR. & MRS. BRYANT FRECH  
MR. & MRS. NELSON FRY  
MR. & MRS. VIC GALEF  
MR. & MRS. WILLIAM GARDNER  
MR. & MRS. BOYD GASQUE  
MR. AND MRS. RICHARD GERHARDT  
MR. & MRS. WILLIAM J. GILILAN  
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MR. & MRS. BILL GRANTMYRE  
DR. JERRY GREENHOOT  
MR. & MRS. JOHN GRIM  
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MR. & MRS. JOSEPH HARLAN  
MR. ROBERT HARPER & MRS. KRISTIN HARPER  
MR. & MRS. JAMES E. HARRINGTON  
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MR. SCOTT HARTMAN & DR. LISA HARTMAN  
MR. & MRS. MICHAEL HARTSHORN  
DR. & MRS. ALEXANDER HATTAWAY  
MR. & MRS. JOHN HEALY  
MR. & MRS. BOB HELGESEN

MR. AND MRS. KENDALL HENDRICK  
MR. & MRS. JOHN HENSON  
MR. & MRS. CHARLIE HIMES  
MR. & MRS. DAVID HODSON  
MRS. LORETTE HOLLINSHED  
MR. WILLIAM HOLTZRAGER  
MR. & MRS. TRIG HORTON  
MR. CHARLIE HOUSE  
MR. & MRS. GIDEON HUDDLE  
MR. VICTOR FARAH & MS. ROBIN HUDSON  
JIM & GINNY HUNT & FAMILY  
MS. SANDRA HYDE  
DR. & MRS. RONALD I. HUTTON  
MR & MRS BRENT JACOBSEN  
MR. & MRS. JOHN JELINEK  
MR. & MRS. DOUGLAS JELLISON  
MR. & MRS. DAVID W. JESSEN  
MR. & MRS. DALE JOHNSON  
MR. & MRS. BRIAN JOHNSON  
MR. & MRS. E.R. JOHNSTON  
MR. & MRS. WILLIAM JONES  
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DR. & MRS. ANTHONY KAMEEN  
MR. & MRS. BARRY KANE  
MR. LARRY HOPKINS &  
MRS. TERRI KELLY-HOPKINS  
MR. & MRS. JOHN KROPP

MR. & MRS. ROBERT KETELS  
MR. & MRS. J. HALL KINLAW  
MR. KIRKPATRICK  
MR. & MRS. KOCH  
MR. & MRS. JOHN KNOTT  
MR. & MRS. WARREN KNOUFF  
MR. & MRS. FRED KRAININ  
MR. & MRS. JAMES LADD  
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MR. & MRS. LARRY LAMMERT  
MR. & MRS. ROD LANG  
MR. & MRS. JOSEPH LEE  
MR. & MRS. POUL LINDEGAARD  
MS. RUTH LINDSAY  
MR. ROBERT LOCK  
MR. & MRS. DEREK LONKER  
MR. & MRS. MICHAEL LORD  
BARRY & JENNIFER LUCAS  
MR. CHRIS EDMONDS & MR. FRED LYMAN  
DR. NANCY K. MAGUIRE  
MR. & MRS. GEORGE MARTIN  
MS. BARBARA MARTIN  
MR. & MRS. MICHAEL MASSIE  
MR. & MRS. JOHN MAY  
MR. & MRS. JAMES MCCARTHY  
MR. & MRS. GEORGE MCGOWEN  
MR. & MRS. STEPHEN MCINNIS



# LIFE MEMBERS

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MR. & MRS. W. LAWRENCE MCKEITHAN  
MR. & MRS. KIRK MEYERS  
MR. & MRS. HARRY MILLER  
MS. PAT MILLER  
MR. & MRS. MARK MITCHELL  
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MR. & MRS. PAUL MUGGE  
MR. BILL MULLICAN  
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MR. ED SPENCE  
THE SPIVEY FAMILY  
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MR. & MRS. NORMAN STOCKTON

MR. TIM DUNN & DR. ELLEN STOFAN  
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MS. PENNY JACKSON TRASK  
MR. BYNUM TUDOR  
MS. ELIZABETH TUDOR  
MS. JOANNA TUDOR  
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MRS. LEE WESTER  
MS. VALERIE WHITE  
MS. MICHELLE WHITMAN  
MRS. NONIE WILLIAMS



# LIFE MEMBERS

MR. & MRS. MATTHEW WILSON

MRS. RACHEL WILSON

MR. & MRS. E. JAMES WISNER

MR. & MRS. RON WRIGHT

DRS. SALLY & JOHN YORK

BILL & KAREN YOUNG

MR. RICHARD YOUNG

MRS. PAT YOUNG

MS. ROBYN BALLARD ZIPERSKI

MR. & MRS. PAUL ZOUKIS

# The Bald Head Island Conservancy, Inc.

Bald Head Island, North Carolina

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

For the Year Ended December 31, 2021

The Bald Head Island Conservancy, Inc.  
**CONTENTS**  
For the Year Ended December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bald Head Island Conservancy, Inc.  
Bald Head Island, North Carolina

### Opinion

We have audited the accompanying financial statements of Bald Head Island Conservancy, Inc. (a North Carolina non-profit corporation) 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 Bald Head Island Conservancy, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bald Head Island Conservancy, Inc. 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 these 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 Bald Head Island Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bald Head Island Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bald Head Island Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited Bald Head Island Conservancy, Inc.'s 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Jason C Keller CPA PLLC". The signature is written in a cursive, flowing style.

Jason C. Keller, CPA, PLLC  
Wilmington, NC  
June 24, 2022

The Bald Head Island Conservancy, Inc.  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2021 (with comparative amounts for 2020)

<b>ASSETS</b>		
	2021	2020 (for comparative purposes only)
Cash and cash equivalents	\$ 1,024,698	\$ 420,741
Investments:		
Endowment investments - Board designated	1,112,979	1,144,649
Other receivables	29,274	72,665
Inventories	249,157	183,278
Prepaid expenses	22,918	18,973
<b>TOTAL CURRENT ASSETS</b>	<b>2,439,026</b>	<b>1,840,306</b>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and equipment	5,672,754	5,389,149
Accumulated depreciation	(1,887,550)	(1,718,107)
	3,785,204	3,671,042
Land - BHIC (21.33 acres Middle Island)	1,750,000	1,750,000
Land - BHIC (campus location)	186,760	186,760
Total land	1,936,760	1,936,760
Net property and equipment	5,721,964	5,607,802
<b>TOTAL ASSETS</b>	<b>\$ 8,160,990</b>	<b>\$ 7,448,108</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 55,360	\$ 42,374
Refundable advance - PPP loan	-	153,600
Notes payable - current maturities	-	41,825
Leases payable - current maturities	-	4,317
Accrued sales tax	5,370	8,415
Accrued employee bonuses	7,000	24,100
Accrued payroll taxes and liabilities	4,252	4,570
Gift certificates outstanding	592	-
Deferred revenue	-	1,450
<b>TOTAL CURRENT LIABILITIES</b>	<b>72,574</b>	<b>280,651</b>
NOTE PAYABLE - (less current maturities)	-	134,336
LEASES PAYABLE - (less current maturities)	-	3,754
<b>TOTAL LIABILITIES</b>	<b>72,574</b>	<b>418,741</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	1,066,992	123,321
Investment in fixed assets	3,785,204	3,671,042
Board Designated Quasi-Endowment	1,112,979	1,144,649
Total without donor restrictions	5,965,175	4,939,012
With donor restrictions		
Restricted use grants/donations	186,481	153,595
Restricted (BHIC Land)	1,936,760	1,936,760
Total with donor restrictions	2,123,241	2,090,355
<b>TOTAL NET ASSETS</b>	<b>8,088,416</b>	<b>7,029,367</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,160,990</b>	<b>\$ 7,448,108</b>

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

Bald Head Island Conservancy, Inc.  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021 (with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	(for comparative purposes only)
<b>PUBLIC SUPPORT AND REVENUES</b>				
Sales – gift shop	\$ 1,079,323	\$ -	\$ 1,079,323	\$ 736,559
Less cost of sales	(601,342)	-	(601,342)	(399,209)
Gross profit	477,981	-	477,981	337,350
Membership revenues	154,578	-	154,578	175,161
Contributions, grants and pledges	1,050,325	178,906	1,229,231	490,848
Special events	210,639	-	210,639	175,308
Camps, school and program income	140,171	-	140,171	78,891
Research contract income	214,786	-	214,786	314,529
Government grants (PPP)	153,600	-	153,600	-
Insurance proceeds	27,394	-	27,394	-
Directory & calendar income	691	-	691	11,010
Rental income	2,500	-	2,500	2,500
Sales tax refunds	1,302	-	1,302	-
Net assets released from restrictions:				
Satisfaction of program restrictions	146,020	(146,020)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>2,579,987</b>	<b>32,886</b>	<b>2,612,873</b>	<b>1,585,597</b>
<b>EXPENSES</b>				
Program services:				
Education and research	335,684	-	335,684	337,339
Conservation and preservation	485,475	-	485,475	446,806
Conservation related product sales	292,441	-	292,441	226,832
Total program services	1,113,600	-	1,113,600	1,010,977
Supporting activities:				
Management and general	374,161	-	374,161	318,799
Marketing & development	200,559	-	200,559	199,123
Total supporting activities	574,720	-	574,720	517,922
<b>TOTAL EXPENSES</b>	<b>1,688,320</b>	<b>-</b>	<b>1,688,320</b>	<b>1,528,899</b>
<b>INCOME/(LOSS) FROM OPERATIONS</b>	<b>891,667</b>	<b>32,886</b>	<b>924,553</b>	<b>56,698</b>
<b>OTHER INCOME/(EXPENSES)</b>				
Investment return	134,496	-	134,496	95,417
Loss on disposal of fixed assets	-	-	-	(6,829)
Total other income/(expenses)	134,496	-	134,496	88,588
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>1,026,163</b>	<b>32,886</b>	<b>1,059,049</b>	<b>145,286</b>
Net assets at beginning of year	4,939,012	2,090,355	7,029,367	6,884,120
Prior period adjustment	-	-	-	(39)
Net assets at end of year	<u>\$ 5,965,175</u>	<u>\$ 2,123,241</u>	<u>\$ 8,088,416</u>	<u>\$ 7,029,367</u>

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

The Bald Head Island Conservancy, Inc.  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2021 (with comparative totals for 2020)

	2021						2020
	Program Services						
	Education and research expense	Conservation and preservation	Conservation related product sales	General and Administrative	Marketing & Development	Total	(for comparative purposes only)
Salaries and wages	\$ 123,914	\$ 261,133	\$ 154,718	\$ 172,822	\$ 121,447	\$ 834,034	\$ 761,290
Payroll taxes	10,060	21,200	12,560	14,030	9,860	67,710	57,039
Health Insurance	2,236	13,687	3,763	27,140	-	46,826	41,683
Pension expense	729	10,427	9,870	17,853	5,320	44,199	30,917
Travel and transportation	11,170	23,539	13,946	15,578	10,947	75,180	60,594
Environmental study contract costs	-	55,603	-	-	-	55,603	73,356
Outreach and educational programs	12,489	-	-	-	-	12,489	20,781
Depreciation	68,058	37,960	34,741	22,396	6,288	169,443	156,608
Insurance	29,520	18,450	11,070	11,070	3,690	73,800	59,746
Utilities	19,702	12,314	7,388	7,388	2,463	49,255	54,114
Housekeeping & cleaning	7,112	4,445	2,667	2,667	889	17,780	22,794
Repairs and maintenance	35,104	21,940	13,164	13,164	4,388	87,760	66,448
Supplies	9,270	827	22,247	6,717	-	39,061	19,614
Computer and software	6,320	3,950	2,370	2,369	6,079	21,088	17,112
Banking and merchant fees	-	-	-	15,491	-	15,491	13,607
Equipment rental	-	-	-	7,191	-	7,191	7,250
Professional fees	-	-	-	28,405	-	28,405	12,486
Training and development	-	-	-	4,802	-	4,802	6,114
Interest expense	-	-	-	3,682	-	3,682	9,021
Special events	-	-	-	-	17,454	17,454	25,858
Fundraising campaign exp.	-	-	-	-	9,182	9,182	8,179
Printing & marketing	-	-	3,937	-	2,552	6,489	2,504
Subscriptions & dues	-	-	-	1,169	-	1,169	612
Licenses & fees	-	-	-	227	-	227	1,172
	<u>\$ 335,684</u>	<u>\$ 485,475</u>	<u>\$ 292,441</u>	<u>\$ 374,161</u>	<u>\$ 200,559</u>	<u>\$ 1,688,320</u>	<u>\$ 1,528,899</u>

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

The Bald Head Island Conservancy, Inc.

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2021 (with comparative amounts for 2020)

	2021	2020
		(for comparative purposes only)
Increase (decrease) in cash flows		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,059,049	\$ 145,286
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	169,443	156,608
(Gain)/loss on investments	(125,057)	(85,898)
(Gain)/loss on disposal of fixed assets	-	6,829
Prior period adjustment	-	(39)
(Increase) decrease in operating assets:		
Receivables	43,391	(29,853)
Inventories	(65,879)	(16,124)
Prepaid expenses	(3,945)	18,513
Increase (decrease) in operating liabilities:		
Accounts payable	12,986	30,069
Accrued sales tax	(3,045)	6,030
Accrued payroll taxes	(318)	(3,363)
Deferred Revenue	(1,450)	1,450
Accrued employee bonus	(17,100)	24,100
Refundable advance - PPP loan	(153,600)	153,600
Gift certificates outstanding	592	-
Net cash provided by operating activities	915,067	407,208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(283,605)	(117,000)
Proceeds from the sale of property and equipment	-	5,250
Purchase of investments	(643,223)	(673,114)
Proceeds from the sale of investments	799,950	628,648
Net cash used in investing activities	(126,878)	(156,216)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - line of credit	75,000	30,000
Principal payments on line of credit	(75,000)	(55,392)
Principal payments on capital leases	(8,071)	(5,322)
Principal payments on long-term debt	(176,161)	(28,305)
Net cash provided by financing activities	(184,232)	(59,019)
Net increase in cash and cash equivalents	603,957	191,973
Cash and cash equivalents at beginning of year	420,741	228,768
Cash and cash equivalents at end of year	<u>\$ 1,024,698</u>	<u>\$ 420,741</u>

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

The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

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**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Nature of Activities**

BHIC was established as a non-profit entity, which was incorporated in 1983. Its primary purpose is to conserve the natural resources of Bald Head Island, lying in Brunswick County, North Carolina, including its surrounding marshes, creeks and streams. BHIC also administers various programs educating participants on the conservation of the aforementioned environmental areas. In addition, BHIC operates a gift shop selling items designed to promote conservation awareness.

**Accounting Method**

The Organization records its transactions using the accrual basis method of accounting, whereby revenue and the related assets are recognized when earned and expenses are recognized when the obligation is incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and any highly liquid debt instruments with maturities of less than 3 months.

**Contributions**

All contributions are considered to be available for use at the discretion of the Organization unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes all fixed asset purchases over \$500. All assets are depreciated using the straight-line method with depreciable lives of five (5) years for equipment and vehicles, seven (7) years for furniture and fixtures, fifteen (15) years for certain building improvements and forty (40) years for the buildings.

**Other Receivables**

Other receivables consist of amounts due from credit card companies for gift shop sales near end as well as December billing on contract income (see Note 18). The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

**Donated Assets**

All donated assets are recorded on the Organization's books at the fair market value at the date of the contribution. The Organization does not imply time restrictions on contributions of long-lived assets.

**Inventories**

Inventories are valued at the lower of cost or market. Cost is determined by the average cost method.

**Income Taxes**

The Organization qualifies as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Form 990 informational returns filed with the IRS remain subject to examination by taxing authorities for a period of 3 years. At December 31, 2021 returns for fiscal years ending in 2018, 2019 and 2020 remain "open" to possible examination.

The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

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**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Management Estimates**

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. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The Statement of Activities presents expenses by functional classification (program, general & administrative, and marketing & development). The Statement of Functional Expenses presents these same expenses by functional and natural classification (salaries, travel, utilities, etc.). Certain costs have been allocated among functional categories using an objective basis (such as staff members' time or building square footage).

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 24, 2022, the approximate date the financial statements were available to be issued.

**NOTE 2: INVESTMENTS & FAIR VALUE MEASUREMENTS**

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

- Level 1 - Quoted prices in active markets for identical assets
- Level 2 - Significant other observable inputs.
- Level 3 - Significant unobservable inputs

Assets and liabilities that are measured at fair value on a recurring basis are as follows at December 31, 2021:

	<u>Cost</u>	<u>Fair Value (Level 1)</u>	<u>Unrealized Gain (loss)</u>
Publicly traded stocks and mutual funds:	<u>\$ 837,011</u>	<u>\$ 1,112,979</u>	<u>\$ 275,968</u>

Investments internally restricted by the board of directors totaled \$1,112,979 at December 31, 2021 (see Note 3).

The Organization's investment return for the year ended December 31, 2021 is summarized as follows:

Interest and dividend income	\$ 16,939
Net realized and unrealized gains/losses	125,057
External investment expenses	<u>( 7,500 )</u>
Total investment return	<u>\$ 134,496</u>

The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE 3: BOARD DESIGNATED QUASI-ENDOWMENT FUND**

The Organization's endowment consists of one fund established to provide a permanent reservoir of assets that will provide regular income for the needs of The Bald Head Island Conservancy, Inc. The endowment fund only includes assets designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the *donor-restricted* endowment funds absent explicit donor stipulations to the contrary. However, the Organization does not maintain any donor-restricted endowment funds as of December 31, 2021.

**Endowment Net Assets Composition by Type of Fund**

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment Funds	\$ <u>1,112,979</u>	\$ <u>-</u>	\$ <u>1,112,979</u>

**Changes in Endowment Net Assets**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,144,649	\$ -	\$ 1,144,649
Investment return:			
Investment income	16,939	-	16,939
Net appreciation (loss) – realized & unrealized	125,057	-	125,057
External brokerage/advisor fees	<u>( 7,500)</u>	<u>-</u>	<u>( 7,500)</u>
Total Investment return	134,496	-	95,417
Other changes:			
Contributions	40,000	-	40,000
Withdrawals – annual allocation	( 39,732)	-	( 39,732)
Withdrawals – operations loan payoff	<u>( 166,434)</u>	<u>-</u>	<u>( 166,434)</u>
Total Other changes	<u>( 166,166)</u>	<u>-</u>	<u>( 166,166)</u>
Endowment net assets, end of year	\$ <u>1,112,979</u>	\$ <u>-</u>	\$ <u>1,112,979</u>

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization while seeking to maintain the purchasing power of the endowment assets. As of December 31, 2021 endowment assets only include board-designated funds. Risk should be similar to or lower than the return volatility of the blended index of the Portfolio. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the return of a broad market index or an index blended in proportions similar to the long-term general asset allocation for the portfolio.

The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3: BOARD DESIGNATED QUASI-ENDOWMENT FUND (continued)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization may annually budget for distribution an amount not to exceed 4% of the average year end balance in the endowment fund over the previous 3 years. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow by achieving a rate-of-return in excess of the 4% planned payouts.

During 2021 the Board of Directors authorized a one-time payout of \$166,434 from Endowment earnings and used the funds to completely extinguish debt referred to as the “operations loan” held by First-Citizens Bank & Trust Company.

**NOTE 4: INVENTORIES**

Inventories totaling \$249,157 at December 31, 2021 consist of apparel and other retail items designed to promote conservation awareness.

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

Buildings & Improvements	\$ 5,499,368
Furniture, equipment and software	105,637
Transportation equipment	67,749
	<u>\$ 5,672,754</u>

The Organization recorded depreciation expense in the amount of \$169,443 for the year ended December 31, 2021. Total accumulated depreciation is \$1,887,550 at December 31, 2021.

**NOTE 6: PAYCHECK PROTECTION PROGRAM NOTE**

On April 17, 2020, the Organization received loan proceeds in the amount of \$153,600 under the Paycheck Protection Program (“PPP”). The Organization received notice that the PPP loan balance was forgiven by the Small Business Association on July 20, 2021. The Organization has recognized \$153,600 forgiven loan proceeds as revenue during the year ended December 31, 2021.

**NOTE 7: LINE OF CREDIT**

The Organization maintains an unsecured line of credit with First-Citizens Bank & Trust Company in the amount of \$250,000. The line bears interest at 0.5% over the latest Prime Rate as published in the Money Rates table of the Wall Street Journal. Interest is payable monthly and any outstanding interest and principal is due August 15, 2022. There is \$0 outstanding on the line of credit at December 31, 2021.

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**NOTE 8: NOTES PAYABLE**

After receiving board of directors' approval, the Organization made a lump sum distribution from the Endowment Fund of \$166,434 (see Note 3) in order to pay off the remaining portion of the "Operations Loan" note payable in April 2021. As of December 31, 2021 the Organization has no outstanding notes payable.

**NOTE 9: CAPITAL LEASE COMMITMENTS**

All capital lease commitments were paid off during the year ended December 31, 2021.

**NOTE 10: OPERATING LEASE COMMITMENTS**

The Organization leases certain equipment under operating leases with terms of one year or less. Rental expense related to these leases is \$7,191 for the year ended December 31, 2021.

**NOTE 11: CONTRIBUTED SERVICES**

A number of unpaid volunteers have made contributions of their time to work in the gift shop and various other areas of the organization's operations. The value of this contributed time is not reflected in the statement of activities because the criterion for recognition has not been satisfied under FASB ASC 958-605-50-1.

**NOTE 12: PENSION PLAN**

The Organization sponsors a SEP pension plan covering substantially all full-time employees. The Board of Directors has determined the employer contribution to be 7.00% of all eligible salaries. Contributions to the plan for the year ended December 31, 2021 amounted to \$44,199.

**NOTE 13: NET ASSEST WITH DONOR RESTRICTIONS**

During the year ended December 31, 2021, assets with donor restrictions totaling \$146,020 were reclassified to assets without donor restrictions upon satisfaction of the restriction.

Assets with donor restrictions consist of the following at December 31, 2021:

Cash: restricted for educational purposes	\$ 21,481
Cash: restricted for conservation purposes	165,000
	<u>186,481</u>
Land: restricted permanently for operations and conservation purposes	<u>1,936,760</u>
Total net assets with donor restrictions	<u>\$ 2,123,241</u>

**NOTE 14: CONCENTRATION OF CREDIT RISK**

The Organization maintains several bank accounts at two financial institutions. Accounts and certificates of deposits at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 there is an uninsured cash balance of \$601,770 held by the financial institutions.

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**NOTE 14: CONCENTRATION OF CREDIT RISK (continued)**

Marketable equity securities, mutual funds and cash equivalents are held by an investment firm. The investment firm is a member of the Securities Investor Protection Corporation (SIPC). Securities held by the custodian are protected by the SIPC for up to \$500,000 of coverage, including \$250,000 in claims for cash. The remaining coverage on securities and cash is provided by the custodian through a commercial insurer. The account protection applies to the physical loss or destruction of the assets, but it does not apply to any decline in the market value of the securities. At December 31, 2021 there is an uninsured balance of \$612,979 held by the investment firm.

**NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION**

Interest charged to expense	\$ <u>3,682</u>
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**NOTE 16: RELATED PARTY DISCLOSURE**

The Organization shares various resources with Smith Island Land Trust (SILT), a related party through economic interest. The entities maintain separate boards of directors however some individuals serve on both boards. An operating agreement was signed October 1, 2020 outlining the understanding between the entities. Control of either entity by the other is not considered to exist and therefore consolidated financial statements have not been prepared. There were no current year financial transactions between the entities.

**NOTE 17: LIQUIDITY DISCLOSURE**

The below reflects the Organizations financial assets as of December 31, 2021, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year. Amounts that are not available also include board designated amounts that could be utilized if the Board of Directors approved the use.

Financial assets, at December 31, 2021	\$ 2,422,079
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	( 186,481 )
Quasi-endowment fund, primarily for long-term investing	<u>( 1,112,979 )</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,122,619</u>

The Organization is funded through a variety of sources including retail sales, membership revenues, contributions, grants, program and research income. Some of the income contains restrictions that the resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. The Board of Directors may also authorize utilization of the quasi-endowment fund in the event of an unanticipated liquidity need. The Organization could also draw upon a \$250,000 available line of credit (see Note 7).

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**NOTE 18: CONTRACTS WITH CUSTOMERS**

The Organization routinely enters into service type contracts with the Village of Bald Head Island and will also occasionally enter into similar contracts with other governmental or environmentally involved entities. The contracts are for services related to environmental monitoring, studies and analysis and are for periods of 12 months or less. The services provided can cover a variety of environmental issues including wildlife, vegetation, erosion and water quality.

The current year contract income can be disaggregated into the following categories:

**Customer:**

Village of Bald Head Island	\$ <u>214,786</u>
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**Geographic Region involved:**

Southeastern North Carolina	\$ <u>214,786</u>
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**Timing of Revenue Recognition:**

Services transferred over time	\$ <u>214,786</u>
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Contracts are generally billed monthly to customers as the services are performed and receipt is expected within 30 days of billing. There are no beginning or ending of year contract assets or liabilities. The contract revenue receivable activity is as follows:

Beginning of year receivables	\$ 13,879
Current year revenue recorded	214,786
Less: Current year receipts from customers	<u>( 214,906 )</u>
End of year receivables	\$ <u>13,759</u>

At December 31, 2021 remaining performance obligations include \$127,462 expected future services and billings under the Village of Bald Head Island contract. The contract expires June 30, 2022.

**NOTE 19: COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain prior year revenue and/or expense accounts may have been consolidated or expanded in order to better conform with current year presentation.