

# 2022

# EXECUTIVE DIRECTOR'S ANNUAL REPORT

Bald Head Island Conservancy  
BHIC.org



# CELEBRATING 2022



**Our Vision:** BHIC champions the sustainability of barrier islands through environmental research and stewardship

**Our Mission:** We Discover, Learn, Conserve, and Preserve

## **Thank You for Supporting the Bald Head Island Conservancy in 2022!**

Ahhh... No hurricanes, no coyote invasions of sea turtle nests, and COVID mostly in the rearview mirror! I am not sure what should be considered 'normal' on Bald Head Island, but we certainly enjoyed relatively calm winds and flat seas for running the Conservancy ship in 2022. We took advantage of the relative peace to go full bore on several important initiatives including beginning the process of reimagining our campus with new interactive exhibits and animal domiciles in our Fleming Education building, bringing back Brunswick County 6th graders to the island for Barrier Island Botanists, and undertaking a Coastal Sustainability Center initiative among many others. Of course, the Conservancy ship needs fuel to operate and we are indebted to those who provide it by supporting our major fundraisers such as the Annual Fund, July 4th auction, and membership drives, as well as shopping in Turtle Central. Perhaps the highlight of how our efforts impact fellow islanders was the incredible number of new Life Memberships in 2022 = 36!! Wow, that number is more than double any previous year and we are so appreciative to all those who made this magnanimous commitment to us in 2022!

For 2023, we are focused on better understanding the challenges that the island faces in the coming years/decades including sea level rise concerns, regional development and land use changes, and protection of undeveloped natural spaces on Bald Head Island. We are also focused on increasing our ability to engage with the public about the wonders of coastal systems by continuing with our campus reimagination plans and hopefully through more off-island outreach throughout the year. With your help and continued support, we are confident that the best years of the Conservancy are still to come!

G. Christopher Shank  
Executive Director



# 2022 HIGHLIGHTS



## FLEMING EDUCATION BUILDING RENOVATION

With help from a couple of Major Gifts received in 2021, (Thank you again Brown and Wisner families!!) we substantially upgraded the campus visitor experience in the Fleming Education building. After reopening Memorial Day weekend, more than 18,000 visitors entered Fleming's doors to explore the new ambassador animal spaces and enjoy exciting new interactive exhibits! We also created some excellent new outdoor learning spaces around campus that were used primarily for our camps but also for our youngest visitors to enjoy. We finally brought our campus education spaces into the 21st century and are so excited to keep going in this direction – hint... we have some more cool plans for 2023!



Interactive Sandbox



Sea Turtle Mural



Classroom &  
Animal Exhibits



Draw Alive

# 2022 HIGHLIGHTS

## JOHNSTON CENTER FOR COASTAL SUSTAINABILITY

Conversations with Dick and Pat Johnston about coastal sustainability and the Conservancy's role in promoting this concept began a few years ago. We were finally able to get this initiative in full gear in 2022 starting with the first Annual Johnston Coastal Sustainability Symposium in April. We invited several noted academic partners from UNCW, Duke, William and Mary, and Georgia Tech who conduct research on various aspects of sustainability to give presentations on pressing topics such as sea level rise, resource economics, and barrier island geophysics. The dinner lecture at the Club was given by BHIC Board member Dr. Dylan McNamara whose day job is serving as the Chair of Physics and Physical Oceanography at UNCW. I absolutely love bringing these types of events to the island with so many smart and inquisitive homeowners who care so much about the future of Bald Head Island and coastal ecosystems. In addition to hosting an annual Symposium, the Conservancy is now pursuing sustainability projects including evaluating the potential for living shorelines to stabilize our salt marsh edges and installing sea level gauges to better assess local impacts to BHI. In short, we face many challenges in protecting the island and as Dick and Pat often state, we need to understand as much as we can to keep BHI healthy and beautiful for our grandkids. If you are interested in reviewing the event or perhaps learning more about the Center's framework, please visit our website (<https://bhic.org/conservation/coastal-sustainability/>).



Johnston Center for Coastal Sustainability  
Advisory Panel

# 2022 HIGHLIGHTS

## BARRIER ISLAND BOTANISTS RETURNS

After a 2-year covid hiatus, several hundred of our middle school neighbors from Brunswick County ventured to BHI for a truly unique hands-on learning experience with BHIC staff as part of our Barrier Island Botanists program. We often take for granted how special our island is given how fortunate we are to work, visit, or live here. So, it feels especially wonderful to share our island with these young kids who for many are being given a once in a lifetime opportunity to ride the ferry to a magical distant island to see a spectacular marsh integrated with a unique maritime forest. Of course, riding in golf carts is also an important part of their experience! I appreciate the community's willingness to share BHI with these kids, after all, they need to be invested in the future of SE NC as much as we do if it is to remain the bountiful natural locale it is today.



Brunswick County 6th graders learning about BHI's maritime forest, salt marsh, and coastal dunes

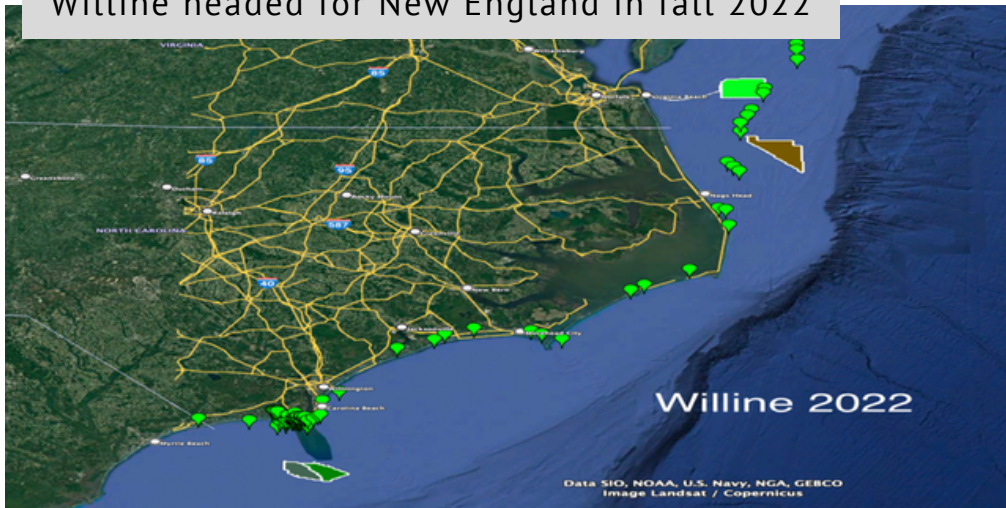


# BHIC'S MISSION IN ACTION WE DISCOVER

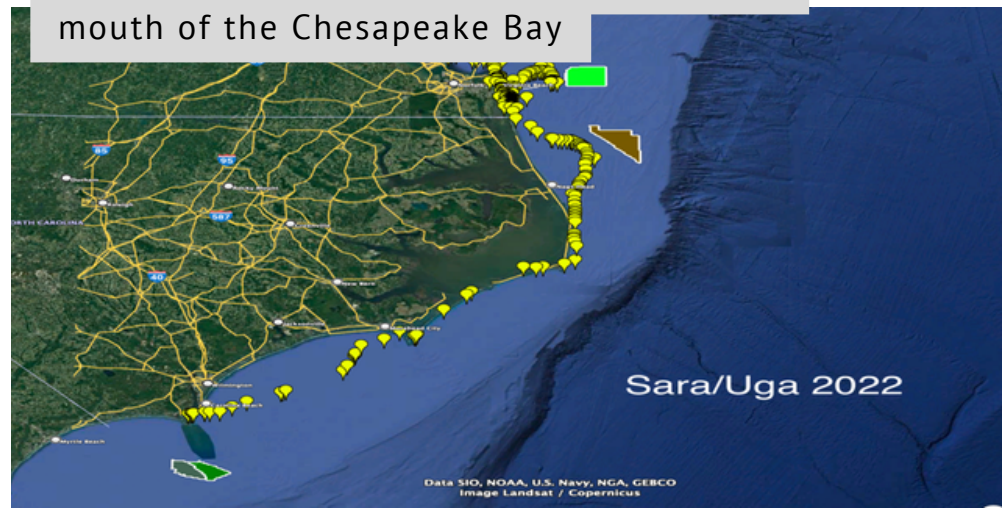
## WHERE DO BHI SEA TURTLES GO AFTER NESTING SEASON?

In partnership with scientists at Florida Fish and Wildlife, we attached satellite tags to two of our legacy turtles (Willine and Sara) in summer 2022 to track their post-nesting movements. We have plans to continue this work in 2023 as we aim to understand how our turtles use and migrate through potential offshore wind farm lease areas.

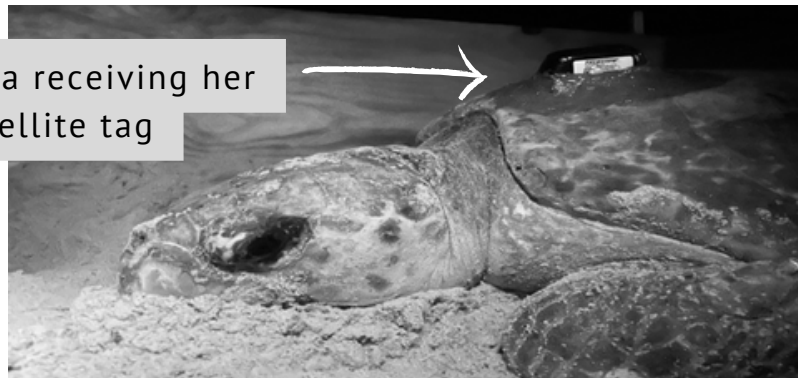
Willine headed for New England in fall 2022



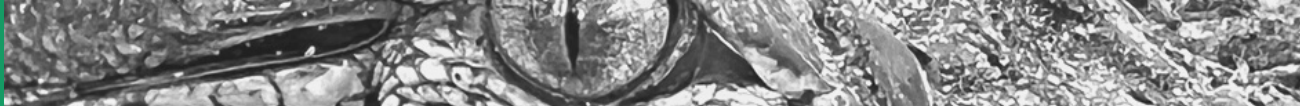
While Sara preferred hanging out near the mouth of the Chesapeake Bay



Sara receiving her satellite tag



# BHIC'S MISSION IN ACTION WE LEARN



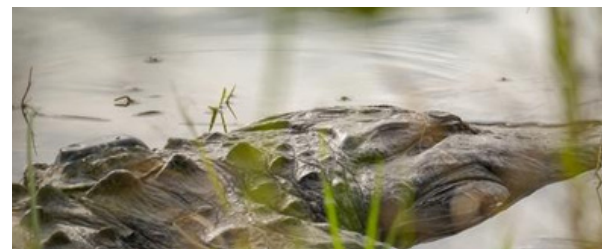
## RESEARCH PARTNERSHIPS FOR BIRD MIGRATIONS, COYOTES & ALLIGATORS, AND TIDAL CREEK WATER QUALITY

We learn a great deal about BHI's ecosystem with our academic partners. In 2022, we worked with scientists on a range of studies including evaluating PFAS compounds in alligators, coyote population dynamics, developing technology to detect real-time bacterial contamination in tidal creek waters, and evaluating bird migration routes through SE NC.



MOTUS tower is part of an international bird tracking system. We saw previously tagged Painted buntings returning to BHI from Costa Rica as well as a Lesser Yellowlegs that had flown from central Canada to BHI in less than 1 week!

Coyote scat sampled for genetics study with NC Museum of Natural Sciences to assess coyote populations on BHI.



Satellite tag attached to base of Fluffy's head. We watched him move around BHI during spring 2022. Work is part of NCSU study examining PFAS in aquatic species.



Testing fluorescence detection system to monitor bacteria in Bald Head Creek with NCSU and U. Florida partners.



# BHIC'S MISSION IN ACTION WE CONSERVE

## ISLAND CLEAN-UPS, SALT MARSH RESTORATION, AND WILDLIFE PROTECTION



Conservancy staff nursed stranded dolphin at Shoals overnight



Osprey nest platform repaired in Bald Head Creek by intern Ben Cotter with help from islanders Thompson Wyatt and Rick Nelson



350 lbs of trash and debris cleared from forest, beach, and marsh



Phase 2 of oyster reef restoration project



# BHIC'S MISSION IN ACTION WE PRESERVE

## SMITH ISLAND LAND TRUST ACQUIRES NEW PROPERTIES



**The Smith Island Land Trust (SILT)** serves an essential role as the preservation partner of the Conservancy. The need to preserve property has increased in importance in recent years as the pace of development has increased. Land donations are incredibly valuable in protecting ecological continuity for BHI's vegetative and animal species. In 2022, with Marianna Fitz-Hugh as Board President, SILT acquired 2 beautiful properties along Cape Creek. Additionally, BHIC and SILT Board member Jim Brown helped develop a more modernized SILT website with interactive property maps.



Dogwood Ridge property



Cape Creek Road property



# ALL-TIME BHI RECORDS

## HATCHLINGS ABOUND!

Summer 2022 was an especially busy time for our Sea Turtle Protection Program. Our mamas laid 148 nests, close to our all-time nest record of 170 set in 2019. However, although the total number of nests weren't record-breaking, a more important statistic is the number of baby turtles that make it to the sea successfully and by that measure, 2022 did break records with 13,167 energetic tiny loggerhead sea turtles beginning their lives in the summer surf along Bald Head Island beaches! We were quite fortunate in that impacts from hurricanes in the region were largely felt after most nests had hatched and our new cage designs combined with an apparently smaller coyote population eliminated any loss due to predation. Wonder where those little turtles are now?



Paul Hillbrand with nesting mom



Kids from Wilmington's Young Scientist Academy discovering the majesty of watching hatchlings entering the ocean



# ALL-TIME BHI RECORDS



## 36 NEW LIFE MEMBERS!

Although I can't speak to the early days of the Conservancy, I am pretty darn sure the growth of our Life Member community in 2022 blew away any previous year! Typically, annual Life Member additions range from 5-10, but we added 36 last year! It is truly amazing to have so many new families committing to the future of the Conservancy in this way. I have had a wonderful time getting to know many of our newest Life Members during our porch chats and behind the scenes tours of campus. For those that I haven't had the good fortune to meet on our porch, I hope to meet with all of you in 2023! Thank you so very much!!!



Enjoying company with Life Members new and old on the porch



# BHI TRADITIONS CONTINUE



## World Sea Turtle Day



Our Sea Turtle Intern crew reacting to Governor Cooper's World Sea Turtle Week Proclamation!

## July 4th Cart Raffle



Dick Johnston and his hat are important parts of our July 4th golf cart raffle!

## Annual Shrimp Boil



Our chance to give a special THANKS to all Volunteers and Life Members

## Thad Wester Fishing School



Nearly 40 years of making kids and adults smile about BHI's bounty!

## Turtle Trot 5K



Medal winners for one of our summer Turtle Trots

## Simply Southern Day Clean-Up



Even teen boys can be helpful!

# DEPARTMENTAL HIGHLIGHTS

## TURTLE CENTRAL

PAM SMITH, AMY DUNMIRE, DESI BRIDGE

- Record sales revenue exceeded \$1.1 million breaking the previous record from 2021. For reference, TC's 2016 budget was only \$650,000.
- TC also served as gateway for development activities bringing in \$95K in non-retail fundraising revenue via membership sales and general gift acceptance.
- I am not sure exactly how many questions TC answers each year related to anything and everything BHI including sea turtles, coyotes, restaurant choices, golf cart charging, beach accesses, snakes,... but if gazillion was a number, I would say more than that!

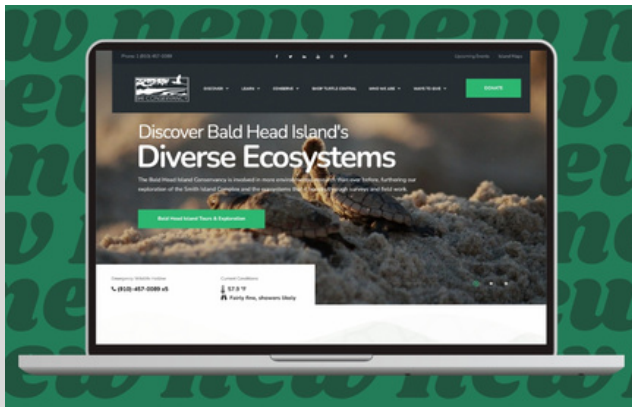


# DEPARTMENTAL HIGHLIGHTS



## DEVELOPMENT/MARKETING MELISSA BLACKMON, MORGAN HOOKS, JENNY MARTY

- 36 New Life Members is likely a world record for any organization!
- Annual Fund video production in support of our most important fundraiser proved financially and educationally effective as our Annual Fund raised >\$240K.
- It took a substantial effort to upgrade our website, but it was worth it as our primary communications vehicle with the public is now more engaging and interactive than ever.



# DEPARTMENTAL HIGHLIGHTS



## FINANCE DIANE CAHOON

- Our annual operating budget has increased 50% since 2017, including a plethora of new projects and huge retail growth. The dedication to upgrade our oversight protocols accordingly has been amazing.
- As we establish a new financial baseline, it has never been more important to ensure we understand cash flows that change dramatically from season to season, and the finance team has been integral in working with our Board leadership on this effort.
- Our campus has many more pieces of equipment, furniture, carts, computers... than 10 years ago and an important project for 2022 was cataloging all fixed assets including creating photographic records for insurance purposes. Hopefully we won't have a claim to file in 2023, but we will be ready if we do!



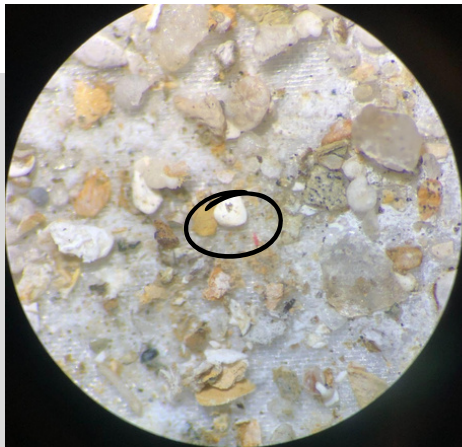
# DEPARTMENTAL HIGHLIGHTS

## SCIENCE AND SEA TURTLES

BETH DARROW, LAUREN SCHAALE, PAUL HILLBRAND

We work on a large number of projects that most people aren't aware of including a few new efforts in 2022:

- Examined microplastics in the sand of BHI beaches with UNCW's Plastic Oceans Project
- Demonstrated that terrapin excluder devices (TEDs) installed on crab traps that are designed to protect diamondback terrapins do not limit blue crab harvest
- Verified comparable biodiversity and abundance of salt marsh critters on restored oyster reef habitat vs. natural oyster reefs



Microplastics viewed under a microscope



Installing TEDs on a family's crab pot



Sampling oyster reefs in Bald Head Creek



# DEPARTMENTAL HIGHLIGHTS

## SCIENCE AND SEA TURTLES

BETH DARROW, LAUREN SCHAALE, PAUL HILLBRAND

- Scientific staff also worked on important education initiatives including NC Oyster Week and Beach Patrol Ride Alongs with the sea turtle team.
- Investigations of our 40-year sea turtle nesting data set continued highlighting the amazing site fidelity of some of our nesting turtles over past couple of decades.



Adding a shell bag of adopted oysters to one of our reefs



Exploring East Beach on UTV



Graduate student assisting with alligator tagging

# DEPARTMENTAL HIGHLIGHTS

## EDUCATION

JENNIFER WIGGEN, TIM CHISHOLM

- >4000 program participants including nearly sold-out summer camps and outdoor programs
- Developed a new program, Family Beach Fishing, which sold out every day it was offered.
- Laid foundation for Fleming re-imagination 2.0 process that is currently underway including renovations to the BISC media center to provide space for VR technology and dedicated classroom space in the Fleming Education building.



Tim Chisholm teaching children how to seine net



Our Box turtles celebrating thousands of Fleming visitors

# DEPARTMENTAL HIGHLIGHTS

## CAMPUS AND FACILITIES

GEOFF MOORE

- For the first time, we developed a long-term campus maintenance plan that can be used to estimate expected capital expenses on an annual basis over the coming decades. This was a huge accomplishment!
- In addition to the Fleming renovation, we also completed a few important projects in the dorm including reconfiguring 2 bedrooms into private living suites for staff housing and completing the Endless Summer intern lounge in honor of Claire Miley.
- Although it may not sound important, transforming one of our 4-seater carts into a 6-seater has been an enormous victory for logistics of staff commuting back and forth to the ferry each day. We have grown so much that the number of staff commuters exceeded the number of seats in our commuter carts.



# THANK YOU, STAFF



## Thank You Team!

I am so proud of the staff I work with at the Conservancy.

They are a team of true professionals who work with incredible dedication to our Mission each and every day!



# THANK YOU, STAFF

## GOOD LUCK TO MELISSA AND LAUREN

We said goodbye to two of our staff members at the end of 2022. Chief Development Officer Melissa Blackmon took a lead development position with Cape Fear Academy in Wilmington much closer to her family home and Coastal Scientist Lauren Schaale returned to school to study GIS full-time. We appreciate the dedication that both had shown the Conservancy the past 4 years and wish y'all nothing but the best in your new endeavors!



# GIVING THANKS

## BOARD OF DIRECTORS

As I wrote in a BHA article in 2022, our Board members are the unsung heroes of the Conservancy. I have learned a great deal from these dedicated volunteers and can't imagine there is another nonprofit that has a Board that cares any more about their organization's mission. Katie Chatas has led the Board as President the past couple of years in a manner that has bonded this group of high-achieving professional individuals into a focused and enthusiastic team. Further, the mutual trust and respect between Board and staff has been critical in helping our organization achieve numerous financial and programmatic milestones as well begin to reimagine the future of our campus. Our Board's other officers include VP John Cathcart who provides decades of BHI knowledge and thoughtful oversight to his role, Treasurer Slaughter Fitz-Hugh who has been instrumental in helping stabilize the Conservancy's financial baseline, and Secretary Randall Tuttle who brings an important business savvy to the Board. In addition to these officers, the Executive Committee included Trish Healy who turned our nominating process into a much more organized process, Ginger Aydogdu who brought her enormous retail success via Simply Southern to help elevate Turtle Central's operations and guide our Development Committee, and Julie Keenan who provided careful HR guidance by leading the Human Capital Committee. The other members of our Board include Jay Adams, Kim Blackwell, Jim Brown, Nancy Easterling, Marianna Fitz-Hugh (SILT President), Hilary Gerhardt, Laura Hall, Hollie Hart, John Kinney, John May, Dylan McNamara, Donna Patterson, Rich Tarplin, and Shannon Thatcher. We wish a special thanks to Katie, Hollie, Rich, and Jay who will be rolling off the Board in 2023, with an extra special thanks to Katie Chatas whose term as Board President was incredibly impactful!



# GIVING THANKS

## VOLUNTEERS

We are assisted each year by dozens of volunteers who believe in our Mission and show it with hours upon hours of active assistance. A few of the many special families that made a difference this year include the Plotts who volunteered in several roles including nest monitors, serving as docents and animal caretakers in our Fleming Education building, and processing packages and straightening the floor at Turtle Central. Hollie Hart's family was also kind in taking care of our ambassador snakes and turtles when we needed the help. I believe the Brown family spends more time helping the Conservancy than actually taking time to relax on vacation and can be found on the beaches at night watching over several sea turtle nests or helping TC whenever they are on the island. Speaking of TC volunteers, Elyse Armitage and Donna Patterson have at least a couple of decades of combined experience helping our retail operations. The Phillips family served as our lead nest monitors this year and appear to not spend even a single night in their own beds during nesting season. We appreciate that our interns get fed by many people throughout the year with Betsi Stephen providing special attention to these young professionals and helping them feel at home. Personally, I very much enjoy working with Tom and Ginny Reeves in organizing our fall fishing school each year. I hope that Ginny's father Thad Wester would be excited to see how this annual experience continues to thrive! Thanks to all who gave their time and passion to make us better in 2022!



Brown family handling the ribbon cutting when we reopened the Fleming Education Building in spring 2022

# GIVING THANKS

## MEMBERS & DONORS

As mentioned above, we had 36 new Life Members in 2022, more than double any previous year. Additionally, we had >100 families support us through other types of annual memberships. Most memberships are purchased during the summer with the hopes of seeing a nesting mom or hatchlings during a Turtle Walk. Fortunately, many members were able to experience the fascinating rituals of our summer reptilian visitors since we had near record nests and a record number of hatchlings. Other ways in which we were so generously supported included our July 4 fundraiser where >700 raffle tickets were sold in pursuit of a new golf cart and >\$40K was raised via our silent auction. Unique for 2022 was a special wine tasting event graciously hosted by the Popes and the Market where Penfolds Winery (California) brought some of their classic offerings to the island for an evening of camaraderie and generosity to the Conservancy. I think the event was a big hit for attendees, and we certainly appreciate the nice check that was generated! Another special evening billed as a '39th birthday party' for two Board members Katie Chatas and Kim Blackwell, turned into an extra special occasion through some generous giving by attendees, especially the Brown family. Each year, the biggest source of development revenue comes not from events and memberships, but from the 100% gracious giving of the Conservancy's community through our Annual Fund. Every member of our Board donated to the Annual Fund in 2022 with a combined giving exceeding \$50,000! Wow, thank you Board! In total, thanks to many generous donors, our Annual Fund raised almost \$250K! Lastly, we received grant funding from The F. M. Kirby Foundation who has provided considerable funding for two decades and Simply Southern whose support for TC has been enormous the past few years. I speak for the entire staff when I say y'all are truly inspirational!!



Penfolds wine tasting event at the Market



# GIVING THANKS

# SPONSORS

## DIAMOND



## PLATINUM



*A Bald Head Island Company*



BALD HEAD ISLAND LIMITED

## GOLD



## SILVER



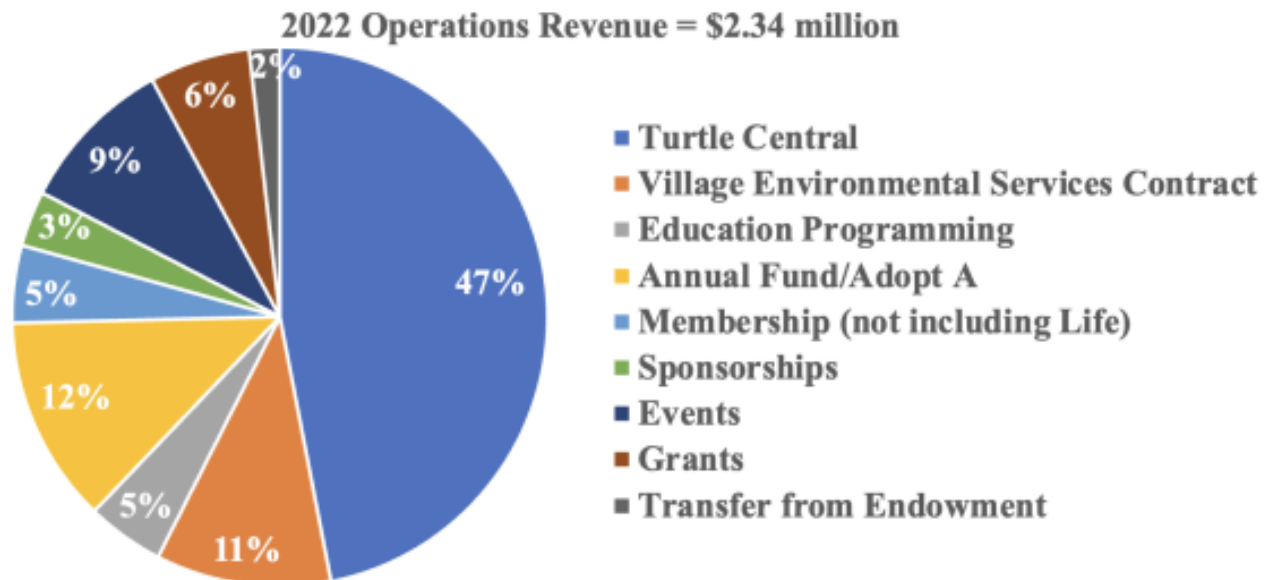
## BRONZE



# 2022 FINANCIAL OVERVIEW



In 2022, operations revenue exceeded \$2.3 million for the very first time in the Conservancy's history, with gross TC income providing slightly less than 50% of that number (not including cost of goods). By comparison, our annual budget in 2016 was \$1.5 million and TC's revenue was under \$700K. The increase in operations revenue represents a lot of hard work by the Board and staff and some incredibly generous giving the past few years by the Conservancy community. Our financial baseline has now reached a level where we are able to handle some very important and long overdue campus repair and renovation projects and allocate approximately 10% of our annual budget to campus maintenance. However, there is still much to do in the coming years and we need to grow our revenue streams if we are to continue to grow our impact on BHI and beyond.



# LOOKING TO 2023

## NEW STRATEGIC PLAN

In early 2019, after several months of discussions under the leadership of past Board President Nanette Watjen, we released a strategic plan that saw us update our Vision and Mission statements and put forth 4 guiding strategies related to barrier island research, marketing/communications, fundraising/donor relations, and education programming. During the process, it seemed as if we were laying down some mighty ambitious action item lists considering where we had been financially and given that Hurricane Florence wasn't too far behind us. Over the past 4 years, we have held semi-annual meetings to update our action item lists and decipher which tasks we had accomplished and which we wanted to pursue before the next update meeting. Well, after our December 2022 meetings, we are just about out of action items on our strategy lists! I gained such an appreciation for how valuable the strategic planning process was for guiding the Conservancy and now realize that we are going to need a new plan in fall 2023. Among the big picture needs that I expect will be included in a new strategic plan are guidance for a major campus reimagination plan, for which we have only scratched the surface thus far, and increased focus on island sustainability. I am confident that with the current Board leadership and outstanding staff that the 2023 strategic planning process will prove equally valuable 4-5 years from now.

### **BHIC's 40th Anniversary**

2023 marks the 40th anniversary of the Bald Head Island Conservancy. We are planning a major celebration for this summer to commemorate our founding. [Stay tuned!](#)

**Thanks for your support and we look forward to seeing you on the island in the coming year!**





# 2022 VOLUNTEERS

Susan & Mark Andrews  
Mary Anne Arata  
Kevin V. Arata  
Elyse Armitage  
Nick Baker  
Susan Baker  
Charlotte Benninghoff  
Ethan Blackburn  
Averi June Blackburn  
Jack Blackmon  
Devon Brown  
Sinclair Brown  
Jim Brown  
Haley Browne  
Suzi Buzzard  
Ballentine Carter  
Lillian Carter  
Marie Chabot-Fletcher  
Katie Chatas  
Sylvia Clavien  
Caroline Clavien  
Ian Condon  
Ariana Cortes  
Kathy Didawick  
Liz Dion  
Nathan Emonson  
Adam Farris  
Alia Farris  
Madison Ford  
Beth Gozon

Hollie Hart & family  
Gianca Helgesen  
Teghan Himelfarb  
Lillian Jarmosevich  
Owen Jennings  
Pat Johnston  
Lionel Jones  
Betsy Kelly  
Cate Kelly  
Cole Kennemer  
Kathy Ketels  
Bob Ketels  
Jack Knott  
Juliet Kreisel  
Johanna Kreisel  
Chris Kuzmuk  
Campbell Rose Kuzmuk  
Jenn Kuzmuk  
Reagan Lee  
Megan Macken and Son  
Annette Marks  
Sheila May  
Brooks McCall  
Carter McCall  
Dixon Mcleod  
FA McLeod  
Mary Kirk Michael  
Della Scott Michael  
Autumn Rierson Michael  
Suzanne O'Bryant

Donna Patterson  
Annika Phase  
Siddarth Phase  
Richard Phillips  
Preston & Lexy Plotts  
Steff & Greg Plotts  
Bill Powers  
Sammie Powers  
Mark Prak  
Robin Prak  
Colleen Riff  
Kris Riley  
Betty Robinson  
Rozier Family  
Jennifer Russel  
Sue Shaylor  
Gregg Thatcher  
Tracey Van De Putte  
Hank Van Ness  
Georgia Wall  
Emilyann Wilson  
Bruce Wilson  
Dee Ann Wilson  
Ron Wright  
Edward Wright  
Katie Mac Wright  
Emily Ann Wright  
Carol Wright  
Thompson Wyatt



# LIFE MEMBERS

## Names in green became Life Members in 2022

Mr. and 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

### **Drs. Rodolphe & Lisa Barrangou**

Mr. & Mrs. David Beam  
Tom and Jenny Becherer  
Mr. & Mrs. Samuel Bell  
Dr. & Mrs. William Bennett  
Mrs. Bill Berne  
Dr. Kimberly Blackwell

### **Dr. & Mrs. Matthew Boes**

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

### **Alan Briggs & Dianne Reid & Family**

James & Devon Brown  
**Mr. and Mrs. Kevin Brown**  
Ms. Elizabeth Burroughs  
Mr. & Mrs. John W. Byrne  
Mr. & Mrs. Thomas Byrne  
Mr & Mrs. Spencer Carney  
Mr. & Mrs. Watts Carr  
Ms. Lois Cassidy  
Mr. and Mrs. John Cathcart  
Mrs. Ann Cathcart  
Mr. George Cecil  
Ms. Beverly Chambers

The Chanter Family  
Mr. & Mrs. Geoffrey Chatas  
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  
Mr. & Mrs. Buck Cook  
Mr. & Mrs. Jay Copan  
Mrs. Howard W. Coupland  
Mr. Rex Cowdry & Ms. Donna Patterson  
Ms. Adie Coy  
Mr. Adan Coy  
Mr. & Mrs. Ronald Cresswell  
Mr. & Mrs. Richard R. Crisp Lacy  
Mrs. JoAnn Davis  
Mr. & Mrs. Oswaldo de Rivero Barreto  
Ms. Jenny Dees  
Nick del Rosso & Kristin White del Rosso  
Mr. & Mrs. Kevin Delk

### **James & Joyce Dickerson**

Mr. & Mrs. Chuck Dietsche  
Mr. & Mrs. Scott Doron  
Dr. & Mrs. Gene Douglas  
**Drs. Pamela S Douglas & Geoffrey S Ginsburg**  
Mr. & Mrs. Robert Drumheller  
Mr. & Mrs. Edgar Dunham  
Dr. & Mrs. David Durack  
Mr. & Mrs. Joe Durkan  
Mr. & Mrs. George Enochs  
Ms. Elise Dee Coy Epstein  
Ms. Alexa Leigh Epstein

### **The Evans Family**

Mr. Barry Evans & Mrs. Marla Wright-Evans  
Mr. & Mrs. William G. Faber  
Doreen and John Fairbank  
Dr. & Mrs. William Farabow

David and Lelia Farr  
Mr. Jeff Farris & Mrs. Alia Farris  
The Felder Family  
Mr. & Mrs. Stuart Firth  
Mr. John L. Fisher  
Ms. Anne Garland Fitz-Hugh  
Mrs. Marianna Fitz-Hugh  
Mr. Slaughter Fitz-Hugh III  
Mr. Slaughter Fitz-Hugh IV  
Mr. & Mrs. John Flanagan  
Ms. Carolyn Fleming  
Mr. Robert Fletcher  
& Dr. Marie Chabot-Fletcher  
Mr. & Mrs. Frank Floyd

### **This Flick Family**

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  
Mr. & Mrs. Kenneth E. Glass  
Mr. & Mrs. Bill Grantmyre  
Dr. Jerry Greenhoot  
Mr. & Mrs. John Grim  
The David Hall Family  
**Ellen and Spence Hamrick**  
Mr. & Mrs. Raymond Harbert  
Mr. & Mrs. Joseph Harlan  
Mr. Robert Harper & Mrs. Kristin Harper  
Mr. & Mrs. James E. Harrington  
The Hart Family  
**Mr. & Mrs. Scott Hartman**  
Mr. & Mrs. Michael Hartshorn



# LIFE MEMBERS

## Names in green became Life Members in 2022

Dr. & Mrs. Alexander Hattaway  
Mr. & Mrs. John Healy  
Mr. & Mrs. Bob Helgesen  
Mr. and Mrs. Kendall Hendrick  
Mr. & Mrs. John Henson  
Mr. & Mrs. Robert Henson  
**Mr. Jesse Hermann and Ms. Julie Keenan**  
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 and Ginny Hunt and 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  
**Sally and Tom Johnston**  
Mr. & Mrs. William Jones  
Dr. & Mrs. Oren W. Justice  
Dr. & Mrs. Anthony Kameen  
Mr. & Mrs. Barry Kane  
Mr. Larry Hopkins & Mrs. Terri Kelly-Hopkins  
Mr. & Mrs. Robert Ketels  
Mr. & Mrs. J. Hall Kinlaw  
Mr. Kirkpatrick  
Mr. and Mrs. Koch  
Mr. & Mrs. John Knott  
Mr. & Mrs. Warren Knouff  
Mr. & Mrs. Fred Krainin

Mr. & Mrs. John Kropp  
Mr. & Mrs. James Ladd  
Mr. & Mrs. Wayne Lambert  
Mr. & Mrs. Larry Lammert  
Mr. & Mrs. Rod Lang  
Mr. & Mrs. Joseph Lee  
Mr. and Mrs. Poul Lindegaard  
Ms. Ruth Lindsay  
Mr. Robert Lock  
Mr. & Mrs. Derek Lonker  
Mr. & Mrs. Michael Lord  
Barry and Jennifer Lucas  
**Sam Lucas**  
Mr. Chris Edmonds and Mr. Fred Lyman  
Dr. Nancy K. Maguire  
**The Maher Family**  
**Ken & Paige Marsh, Amelia Anne & Cece**  
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  
Mr. Stanley McInnis  
Mr. & Mrs. W. Lawrence McKeithan  
Mr. & Mrs. Kirk Meyers  
**Robert and Allison Miley**  
**Barbara Adams Miller & Leonard Miller**  
Mr. & Mrs. Harry Miller  
Ms. Pat Miller  
Mr. & Mrs. Mark Mitchell  
Mr. George Mitchell  
Mr. Kent Mitchell  
Mrs. Carol Morris  
Mr. & Mrs. Paul Mugge  
Mr. Bill Mullican  
Ms. Cheryl Murphy

Mr. & Mrs. Dave Nelson  
Mr. & Mrs. Marvin Neuwirth  
**Ms. Hannah Newcombe**  
John and Mary Murrill Oakes  
**Murrill Irene Oakes**  
**Pat & Suzanne O'Bryant**  
Mr. & Mrs. Ronald O'Keefe  
Mr. Robert Overstreet  
**Sharon Palsha & Jake Freiberger & Family**  
Mr. Charles Pardee  
Mr. & Mrs. Doyle Parrish  
Mr. & Mrs. Mark Payne  
Mr. & Mrs. Douglas Perry  
Mr. & Mrs. Harper Peterson  
Mr. & Mrs. David Peterson  
Ms. Mary Peyton  
Mr. & Mrs. Richard Phillips  
**The Plotts Family**  
**Steve and Tami Polge & Family**  
Mr. & Mrs. Jim Poole  
Mr. & Mrs. Walter Poole  
Mr. and Mrs. Mark Prak  
Mr. & Mrs. Bill Pritchard  
Ms. Dana Pritchett  
Rocky and Deb Rausch  
Mr. & Mrs. Ken Reckhow  
Mr. & Mrs. Alan Reyner  
Mr. & Mrs. Paul Rice  
**Randy & Kris Riley**  
**Sybil Robb**  
Mrs. Melanie Robbins  
Mr. Lawrence Kirby & Ms. Diane Robinson  
**Rooney-Dillon Family**  
Ms. Juanita Roushdy  
**Jim and Sheri Ruddy & Family**  
Ms. Alice Saunders  
Mr. & Mrs. Paul Schmidt  
Mrs. Anita Schnog



# LIFE MEMBERS

## Names in green became Life Members in 2022

Mr. & Mrs. Thomas Schuler  
Mr. Philip C. Scibilia  
Mr. David Shaddy  
**Dr. Julie and Dr. Ned Sharpless**  
Mr. & Mrs. Gaither Shaw  
Ms. Kaitlyn Clare Silvagni  
Mr. & Mrs. Brad Smith  
Mr. Marcus Smith  
Mr. A.C. Sorrell  
Ms. Sallie Shuping-Russell & Mr. Ed Spence  
The Spivey Family  
**Jim & Elizabeth Stanfill**  
Dr. & Mrs. Scott Starks  
Mr. & Mrs. Bill Staton  
Mr. & Mrs. Norman Stockton  
Mr. Tim Dunn & Dr. Ellen Stofan  
Mr. & Mrs. Jon Stonehouse  
Mr. Terry Sullivan  
Mr. & Mrs. Robert Syring  
Mr. & Mrs. Rich Tarplin  
Dr. & Mrs. Robert Timmons  
**Alex, Courtney, Elia & Sylvie Toledo**  
Ms. Milan Tolley  
Mr. & Mrs. George Toulas  
Ms. Penny Jackson Trask  
Mr. Bynum Tudor  
Ms. Elizabeth Tudor  
Ms. JoAnna Tudor  
Mr. & Mrs. Randall Tuttle  
Mrs. Betty Twiggs  
Mr. & Mrs. Robb VanMarter  
Mr. & Mrs. Jerry VanSant  
Mr. & Mrs. C. Porter Vaughan  
Mr. and Mrs. Drayton Virkler  
Mr. & Mrs. Howard Walker  
Mr. Edmund G. Warren  
Mr. & Mrs. Tom Watjen  
Mr. & Mrs. Peter Watson

**Dr. & Mrs. John Welch**  
Mr. & Mrs. Griffin Weld  
Mr. & Mrs. David Welden  
**Bryan and Janet Wester**  
Mrs. Lee Wester  
Ms. Valerie White  
Ms. Michelle Whitman  
**James and Mildred Wilkinson**  
Mrs. Nonie Williams  
**Dee & Bruce Wilson**  
Mr. & Mrs. Matthew Wilson  
Mrs. Rachel Wilson  
Mr. & Mrs. E. James Wisner  
**Theodore Wojtech & Claire Lonagan**  
**Deborah Wong and Richard Riddell**  
Mr. & Mrs. Ron Wright  
Drs. Sally and 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, 2022



The Bald Head Island Conservancy, Inc.  
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For the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Jason C. Keller CPA PLLC in black ink.

Jason C. Keller, CPA, PLLC

Wilmington, NC

June 7, 2023

The Bald Head Island Conservancy, Inc.  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2022 (with comparative amounts for 2021)

ASSETS	2022	2021 (for comparative purposes only)
Cash and cash equivalents	\$ 762,780	\$ 1,024,698
Investments:		
Endowment investments - Board designated	1,044,193	1,112,979
Other receivables	22,470	29,274
Inventories	356,589	249,157
Prepaid expenses	16,402	22,918
TOTAL CURRENT ASSETS	2,202,434	2,439,026
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and equipment	5,856,627	5,672,754
Accumulated depreciation	(2,040,833)	(1,887,550)
	3,815,794	3,785,204
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	5,752,554	5,721,964
TOTAL ASSETS	\$ 7,954,988	\$ 8,160,990
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,161	\$ 55,952
Accrued sales tax	4,117	5,370
Accrued employee bonuses	7,500	7,000
Accrued payroll taxes and liabilities	11,991	4,252
TOTAL CURRENT LIABILITIES	39,769	72,574
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	951,045	1,066,992
Investment in fixed assets	3,815,794	3,785,204
Board Designated Quasi-Endowment	1,044,193	1,112,979
Total without donor restrictions	5,811,032	5,965,175
With donor restrictions		
Restricted use grants/donations	167,427	186,481
Restricted (BHIC Land)	1,936,760	1,936,760
Total with donor restrictions	2,104,187	2,123,241
TOTAL NET ASSETS	7,915,219	8,088,416
TOTAL LIABILITIES AND NET ASSETS	\$ 7,954,988	\$ 8,160,990

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, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(for comparative purposes only)
<b>PUBLIC SUPPORT AND REVENUES</b>				
Sales – gift shop	\$ 1,095,034	\$ -	\$ 1,095,034	\$ 1,079,323
Less cost of sales	<u>(608,876)</u>	-	<u>(608,876)</u>	<u>(601,342)</u>
Gross profit	486,158	-	486,158	477,981
Membership revenues	283,350	-	283,350	154,578
Contributions, grants and pledges	354,305	72,629	426,934	1,229,231
Special events	299,919	-	299,919	210,639
Camps, school and program income	109,390	-	109,390	140,171
Research contract income	293,280	-	293,280	214,786
Government grants (PPP)	-	-	-	153,600
Insurance proceeds	-	-	-	27,394
Directory & calendar income	986	-	986	691
Rental income	2,500	-	2,500	2,500
Refunds and rebates	200	-	200	1,302
Net assets released from restrictions:	<u>91,683</u>	<u>(91,683)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,921,771</b>	<b>(19,054)</b>	<b>1,902,717</b>	<b>2,612,873</b>
<b>EXPENSES</b>				
Program services:				
Education and research	511,743	-	511,743	335,684
Conservation and preservation	492,387	-	492,387	485,475
Conservation related product sales	<u>323,682</u>	-	<u>323,682</u>	<u>292,441</u>
Total program services	1,327,812	-	1,327,812	1,113,600
Supporting activities:				
Management and general	338,544	-	338,544	374,161
Marketing & development	<u>237,953</u>	-	<u>237,953</u>	<u>200,559</u>
Total supporting activities	<u>576,497</u>	<u>-</u>	<u>576,497</u>	<u>574,720</u>
<b>TOTAL EXPENSES</b>	<b>1,904,309</b>	<b>-</b>	<b>1,904,309</b>	<b>1,688,320</b>
<b>INCOME/(LOSS) FROM OPERATIONS</b>	<b>17,462</b>	<b>(19,054)</b>	<b>(1,592)</b>	<b>924,553</b>
<b>OTHER INCOME/(EXPENSES)</b>				
Investment return (loss)	(165,561)	-	(165,561)	134,496
Loss on disposal of fixed assets	<u>(6,044)</u>	-	<u>(6,044)</u>	<u>-</u>
Total other income/(expenses)	<u>(171,605)</u>	<u>-</u>	<u>(171,605)</u>	<u>134,496</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(154,143)</b>	<b>(19,054)</b>	<b>(173,197)</b>	<b>1,059,049</b>
Net assets at beginning of year	<u>5,965,175</u>	<u>2,123,241</u>	<u>8,088,416</u>	<u>7,029,367</u>
Net assets at end of year	<u><u>\$ 5,811,032</u></u>	<u><u>\$ 2,104,187</u></u>	<u><u>\$ 7,915,219</u></u>	<u><u>\$ 8,088,416</u></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, 2022 (with comparative totals for 2021)

	2022					Total	2021
	Program Services						(for comparative purposes only)
	Education and research expense	Conservation and preservation	Conservation related product sales	General and Administrative	Marketing & Development		
Salaries and wages	\$ 137,005	\$ 270,085	\$ 170,739	\$ 167,716	\$ 123,057	\$ 868,602	\$ 834,034
Payroll taxes	10,528	20,755	13,120	12,888	9,456	66,747	67,710
Health Insurance	9,626	18,976	10,498	11,111	-	50,211	46,826
Pension expense	729	10,322	9,870	15,848	4,877	41,646	44,199
Travel and transportation	13,172	25,965	16,415	16,124	11,830	83,506	75,180
Environmental study contract costs	106,505	-	-	-	-	106,505	55,603
Outreach and educational programs	38,479	-	-	-	-	38,479	12,489
Depreciation	72,535	41,971	38,921	21,135	6,496	181,058	169,443
Insurance	27,849	17,406	10,443	10,443	3,481	69,622	73,800
Utilities	21,338	13,336	8,002	8,002	2,667	53,345	49,255
Housekeeping & cleaning	8,829	5,518	3,311	3,311	1,104	22,073	17,780
Repairs and maintenance	38,801	24,251	14,551	14,551	4,850	97,004	87,760
Supplies	10,162	33,687	16,641	5,344	-	65,834	39,061
Computer and software	16,185	10,115	6,069	6,069	7,631	46,069	21,088
Banking and merchant fees	-	-	-	15,628	-	15,628	15,491
Equipment rental	-	-	-	6,814	-	6,814	7,191
Professional fees	-	-	-	15,863	-	15,863	28,405
Training and development	-	-	-	2,911	-	2,911	4,802
Interest expense	-	-	-	2,698	-	2,698	3,682
Special events	-	-	-	-	44,601	44,601	17,454
Fundraising campaign exp.	-	-	-	-	13,202	13,202	9,182
Printing & marketing	-	-	5,102	-	4,701	9,803	6,489
Subscriptions & dues	-	-	-	1,741	-	1,741	1,169
Licenses & fees	-	-	-	347	-	347	227
	<u>\$ 511,743</u>	<u>\$ 492,387</u>	<u>\$ 323,682</u>	<u>\$ 338,544</u>	<u>\$ 237,953</u>	<u>\$ 1,904,309</u>	<u>\$ 1,688,320</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, 2022 (with comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
		(for comparative purposes only)
Increase (decrease) in cash flows		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ (173,197)	\$ 1,059,049
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	181,058	169,443
(Gain)/loss on investments	178,846	(125,057)
(Gain)/loss on disposal of fixed assets	6,044	-
(Increase) decrease in operating assets:		
Receivables	6,804	43,983
Inventories	(107,432)	(65,879)
Prepaid expenses	6,516	(3,945)
Increase (decrease) in operating liabilities:		
Accounts payable	(39,791)	12,986
Accrued sales tax	(1,253)	(3,045)
Accrued payroll taxes	7,739	(318)
Deferred Revenue	-	(1,450)
Accrued employee bonus	500	(17,100)
Refundable advance - PPP loan	-	(153,600)
Net cash provided by operating activities	<u>65,834</u>	<u>915,067</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(218,692)	(283,605)
Proceeds from the sale of property and equipment	1,000	-
Purchase of investments	(1,071,606)	(643,223)
Proceeds from the sale of investments	961,546	799,950
Net cash used in investing activities	<u>(327,752)</u>	<u>(126,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - line of credit	75,000	75,000
Principal payments on line of credit	(75,000)	(75,000)
Principal payments on capital leases	-	(8,071)
Principal payments on long-term debt	-	(176,161)
Net cash provided by financing activities	<u>-</u>	<u>(184,232)</u>
Net increase in cash and cash equivalents	(261,918)	603,957
Cash and cash equivalents at beginning of year	<u>1,024,698</u>	<u>420,741</u>
Cash and cash equivalents at end of year	<u>\$ 762,780</u>	<u>\$ 1,024,698</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, 2022

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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, ten or fifteen (10 - 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. 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, 2022 returns for fiscal years ending in 2019, 2020 and 2021 remain "open" to possible examination.



The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2022

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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 7, 2023, 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, 2022:

	<u>Cost</u>	<u>Fair Value (Level 1)</u>	<u>Unrealized Gain (loss)</u>
Publicly traded stocks and mutual funds:	<u>\$ 1,136,717</u>	<u>\$ 1,044,193</u>	<u>\$ (92,524)</u>

Investments internally restricted by the board of directors totaled \$1,044,193 at December 31, 2022 (see Note 3).

The Organization's investment return for the year ended December 31, 2022 is summarized as follows:

Interest and dividend income	\$ 20,785
Net realized and unrealized gains/losses	( 178,846 )
External investment expenses	<u>( 7,500 )</u>
Total investment return	<u>\$ ( 165,561 )</u>

The Bald Head Island Conservancy, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2022

**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, 2022.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment Funds	\$ <u>1,044,193</u>	\$ <u>-</u>	\$ <u>1,044,193</u>

**Changes in Endowment Net Assets**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,112,979	\$ -	\$ 1,112,979
Investment return:			
Investment income	20,785	-	20,785
Net appreciation (loss) – realized & unrealized	( 178,846)	-	( 178,846)
External brokerage/advisor fees	<u>( 7,500)</u>	<u>-</u>	<u>( 7,500)</u>
Total Investment return	( 165,561)	-	( 165,561)
Other changes:			
Contributions	140,000	-	140,000
Withdrawals – annual allocation	<u>( 43,225)</u>	<u>-</u>	<u>( 43,225)</u>
Total Other changes	<u>96,775</u>	<u>-</u>	<u>96,775</u>
Endowment net assets, end of year	\$ <u>1,044,193</u>	\$ <u>-</u>	\$ <u>1,044,193</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, 2022 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.

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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.

**NOTE 4: INVENTORIES**

Inventories totaling \$356,589 at December 31, 2022 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	\$ 5,689,605
Furniture, equipment and software	96,402
Transportation equipment	<u>70,620</u>
	<u>\$ 5,856,627</u>

The Organization recorded depreciation expense in the amount of \$181,058 for the year ended December 31, 2022. Total accumulated depreciation is \$2,040,833 at December 31, 2022.

**NOTE 6: LEASE COMMITMENTS**

The Organization has elected, as allowed by FASB ASC 842-20-25-2, not to recognize right-of-use assets and lease liabilities for short-term leases (that is, leases with terms of 12 months or less). As such, future scheduled payments under short-term lease arrangements, or the corresponding rights-of-use, are not displayed on the Statement of Financial Position. Rental expense related to these leases is \$6,814 for the year ended December 31, 2022.

**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, 2024. There is \$0 outstanding on the line of credit at December 31, 2022.

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**NOTE 8: 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 9: 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, 2022 amounted to \$41,646.

**NOTE 10: NET ASSEST WITH DONOR RESTRICTIONS**

During the year ended December 31, 2022, assets with donor restrictions totaling \$91,683 were reclassified to assets without donor restrictions upon satisfaction of the restriction.

Assets with donor restrictions consist of the following at December 31, 2022:

Cash: restricted for educational purposes	\$ 16,481
Cash: restricted for conservation purposes	150,946
	<u>167,427</u>
Land: restricted in perpetuity for operations and conservation purposes	<u>1,936,760</u>
Total net assets with donor restrictions	<u>\$ 2,104,187</u>

**NOTE 11: 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, 2022 there is an uninsured cash balance of \$194,949 held by the financial institutions.

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, 2022 there is an uninsured balance of \$544,193 held by the investment firm.

**NOTE 12: SUPPLEMENTAL CASH FLOW INFORMATION**

Interest charged to expense	<u>\$ 2,698</u>
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**NOTE 13: 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, 2022 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 14: LIQUIDITY DISCLOSURE**

The below reflects the Organizations financial assets as of December 31, 2022, 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, 2022	\$ 2,186,032
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	( 167,427 )
Quasi-endowment fund, primarily for long-term investing	<u>( 1,044,193 )</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 974,412</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).

**NOTE 15: 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 up to three years. 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:

<b>Customer:</b>	
Village of Bald Head Island	\$ 247,933
NC State University	<u>45,347</u>
	<u>\$ 293,280</u>
 <b>Geographic Region involved:</b>	
Southeastern North Carolina	<u>\$ 293,280</u>

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**NOTE 15: CONTRACTS WITH CUSTOMERS (continued)**

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

**Timing of Revenue Recognition:**

Services transferred over time	\$ <u>293,280</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	\$ 13,759
Current year revenue recorded	293,280
Less: Current year receipts from customers	<u>( 307,039 )</u>
End of year receivables	\$ <u>0</u>

At December 31, 2022 remaining performance obligations include \$108,136 expected future services and billings under the Village of Bald Head Island contract and \$18,509 expected future services and billings under the NC State University contract. The Village of Bald Head Island contract expires June 30, 2023 and the NC State University contract expires March 4, 2025.

**NOTE 16: 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, 2021, 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.