

The Turtle Survival Alliance Foundation
Report on Financial Statements
Years Ended December 31, 2018 and 2017

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The Turtle Survival Alliance Foundation
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Independent Auditors' Report

To the Board of Directors
The Turtle Survival Alliance Foundation
Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of The Turtle Survival Alliance Foundation, which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Turtle Survival Alliance Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McCoy Kiddy LLC

Mount Pleasant, South Carolina

December 12, 2019



The Turtle Survival Alliance Foundation
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,051,120	\$ 1,903,117
Current portion of pledges receivable	99,000	149,000
Current portion of related party pledges receivable	123,000	123,000
Inventory	32,438	17,484
Investments	11,266,099	11,054,184
Total Current Assets	12,571,657	13,246,785
Non-Current Assets		
Pledges receivable, net of current portion	2,597	109,064
Related party pledges receivable, net of current portion	4,427	128,984
Deposits	11,667	2,000
Cash surrender value of life insurance policy	100,000	-
Property and equipment, net	807,634	850,558
Investments restricted for permanent endowment	135,749	135,749
Total Non-Current Assets	1,062,074	1,226,355
Total Assets	\$ 13,633,731	\$ 14,473,140
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 160,089	\$ 171,383
Accrued expenses	9,243	18,511
Current portion of long-term debt	4,141	3,897
Total Current Liabilities	173,473	193,791
Long-term debt, net of current portion	38,877	43,586
Total Liabilities	212,350	237,377
Net Assets		
Without Donor Restrictions		
Undesignated	1,240,879	1,291,289
Board designated	11,495,145	12,004,741
Total Net Assets Without Donor Restrictions	12,736,024	13,296,030
With Donor Restrictions	685,357	939,733
Total Net Assets	13,421,381	14,235,763
Total Liabilities and Net Assets	\$ 13,633,731	\$ 14,473,140

See accompanying notes to financial statements and independent auditors' report.

The Turtle Survival Alliance Foundation
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions and grants	\$ 1,335,411	\$ 174,658	\$ 1,510,069	\$ 273,770	\$ 615,741	\$ 889,511
In-kind contributions	100,855	-	100,855	101,688	-	101,688
Inventory sales, net	28,909	-	28,909	19,896	-	19,896
Tryon book sales	-	-	-	-	84	84
Conference registration fees	51,168	-	51,168	71,463	-	71,463
Conference fundraising auction	15,019	-	15,019	13,141	-	13,141
Membership dues	29,953	-	29,953	37,321	-	37,321
Program income	4,619	-	4,619	-	-	-
Non profit income	19,966	-	19,966	-	-	-
Investment (loss) income	(309,882)	(11,379)	(321,261)	2,147,716	15,509	2,163,225
Net assets released from restrictions	417,655	(417,655)	-	716,385	(716,385)	-
Total Revenue and Support	<u>\$ 1,693,673</u>	<u>\$ (254,376)</u>	<u>\$ 1,439,297</u>	<u>\$ 3,381,380</u>	<u>\$ (85,051)</u>	<u>\$ 3,296,329</u>

The Turtle Survival Alliance Foundation
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services						
Animal management	\$ 462,753	\$ -	\$ 462,753	\$ 429,941	\$ -	\$ 429,941
Field conservation	1,019,354	-	1,019,354	586,258	-	586,258
Conference	72,038	-	72,038	86,573	-	86,573
Total Program Services	<u>1,554,145</u>	<u>-</u>	<u>1,554,145</u>	<u>1,102,772</u>	<u>-</u>	<u>1,102,772</u>
Supporting services						
Management and general	632,315	-	632,315	340,756	-	340,756
Fundraising	67,219	-	67,219	87,287	-	87,287
Total Supporting Services	<u>699,534</u>	<u>-</u>	<u>699,534</u>	<u>428,043</u>	<u>-</u>	<u>428,043</u>
Total Expenses	<u>2,253,679</u>	<u>-</u>	<u>2,253,679</u>	<u>1,530,815</u>	<u>-</u>	<u>1,530,815</u>
Change in Net Assets	<u>(560,006)</u>	<u>(254,376)</u>	<u>(814,382)</u>	<u>1,850,565</u>	<u>(85,051)</u>	<u>1,765,514</u>
Net Assets at Beginning of Year	<u>13,296,030</u>	<u>939,733</u>	<u>14,235,763</u>	<u>11,445,465</u>	<u>1,024,784</u>	<u>12,470,249</u>
Net Assets at End of Year	<u>\$ 12,736,024</u>	<u>\$ 685,357</u>	<u>\$ 13,421,381</u>	<u>\$ 13,296,030</u>	<u>\$ 939,733</u>	<u>\$ 14,235,763</u>

See accompanying notes to financial statements and independent auditors' report.

The Turtle Survival Alliance Foundation
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services				Supporting Services			Total Expenses
	Animal Management	Field Conservation	Conference	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 744,126	\$ 5,000	\$ 749,126	\$ (13,655)	\$ -	\$ (13,655)	\$ 735,471
Contractual services	35,251	136,031	38,713	209,995	128,161	15,730	143,891	353,886
In-kind contributions	61,375	19,758	3,937	85,070	4,237	11,548	15,785	100,855
Facilities and equipment	27,461	44,295	-	71,756	26,480	-	26,480	98,236
Depreciation	-	-	-	-	42,924	-	42,924	42,924
Postage and mailings	327	3,130	-	3,457	11,983	-	11,983	15,440
Printing and copying	-	560	-	560	18,918	-	18,918	19,478
Supplies	19,321	11,438	853	31,612	3,212	-	3,212	34,824
Animal care	25,231	890	-	26,121	-	-	-	26,121
Bank fees	204	1,372	-	1,576	8,557	-	8,557	10,133
Advertising	-	-	-	-	301	-	301	301
Fundraising	-	5	-	5	645	-	645	650
Insurance	42,561	-	-	42,561	40,790	-	40,790	83,351
Payroll expense	202,904	8,563	-	211,467	243,557	39,519	283,076	494,543
Travel	7,504	48,748	8,535	64,787	53,571	-	53,571	118,358
Website	1,235	-	-	1,235	9,652	-	9,652	10,887
Utilities	38,498	48	-	38,546	2,877	-	2,877	41,423
Miscellaneous	-	-	-	-	29,646	-	29,646	29,646
Other	881	390	15,000	16,271	20,459	422	20,881	37,152
Total Expenses	\$ 462,753	\$ 1,019,354	\$ 72,038	\$1,554,145	\$ 632,315	\$ 67,219	\$ 699,534	\$2,253,679

The Turtle Survival Alliance Foundation
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				Supporting Services			Total Expenses
	Animal Management	Field Conservation	Conference	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 256,055	\$ 5,000	\$ 261,055	\$ 180	\$ -	\$ 180	\$ 261,235
Contractual services	19,292	149,672	23,531	192,495	82,646	73,040	155,686	348,181
In-kind contributions	18,238	20,050	4,104	42,392	4,466	11,715	16,181	58,573
Facilities and equipment	41,386	55,845	3,803	101,034	9,188	-	9,188	110,222
Depreciation	-	-	-	-	46,450	-	46,450	46,450
Postage and mailings	981	514	-	1,495	5,397	-	5,397	6,892
Printing and copying	85	1,404	2,000	3,489	9,401	257	9,658	13,147
Supplies	22,898	9,414	3,995	36,307	1,939	-	1,939	38,246
Animal care	59,769	20,338	-	80,107	-	-	-	80,107
Bank fees	(1,330)	25	-	(1,305)	24,410	-	24,410	23,105
Advertising	-	-	-	-	2,650	-	2,650	2,650
Fundraising	-	-	-	-	559	-	559	559
Insurance	-	1,729	-	1,729	17,087	-	17,087	18,816
Payroll expense	210,921	27,579	-	238,500	120,919	-	120,919	359,419
Travel	15,367	23,534	9,692	48,593	11,705	-	11,705	60,298
Website	2,630	-	-	2,630	3,454	-	3,454	6,084
Utilities	38,558	4,699	-	43,257	467	-	467	43,724
Miscellaneous	-	-	-	-	(24,039)	-	(24,039)	(24,039)
Other	1,146	15,400	34,448	50,994	23,877	2,275	26,152	77,146
Total Expenses	\$ 429,941	\$ 586,258	\$ 86,573	\$ 1,102,772	\$ 340,756	\$ 87,287	\$ 428,043	\$ 1,530,815

The Turtle Survival Alliance Foundation
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

Cash Flows From Operating Activities	2018	2017
Change in net assets	\$ (814,382)	\$ 1,765,430
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	42,924	46,450
Investment income	321,261	(2,163,225)
Change in:		
Pledges receivable	156,467	372,040
Related party pledges receivable	124,557	121,114
Inventory	(14,954)	(10,613)
Deposits	(9,667)	(2,000)
Accounts payable	(11,294)	74,691
Accrued expenses	(9,268)	782
Life insurance policy	(100,000)	-
Contributions restricted for endowment	-	(84)
Net cash (used in) provided by operating activities	(314,356)	204,585
Cash Flows From Investing Activities		
Decrease in cash restricted for endowment	9,449	-
Purchase of investments	(2,087,930)	(8,467,182)
Proceeds from sale of investments	1,545,305	9,897,056
Purchases of property and equipment	-	(127,971)
Net cash (used in) provided by investing activities	(533,176)	1,301,903
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	50,000
Payments on long-term debt	(4,465)	(2,517)
Proceeds from contributions restricted to endowment	-	84
Net cash (used in) provided by financing activities	(4,465)	47,567
Net (Decrease) Increase in Cash and Cash Equivalents	(851,997)	1,554,055
Cash and Cash Equivalents, Beginning of Year	1,903,117	349,062
Cash and Cash Equivalents, End of Year	\$ 1,051,120	\$ 1,903,117
Supplemental Disclosure		
Interest paid	\$ 2,237	\$ 3,323

See accompanying notes to financial statements and independent auditors' report.

The Turtle Survival Alliance Foundation

Notes to Financial Statements

Note A – Nature of Operations and Summary of Significant Accounting Policies

Nature of Activities

The Turtle Survival Alliance Foundation (the Foundation) is a non-profit organization located in South Carolina. The Foundation's mission is transforming passion for turtles into effective conservation action through a global network of living collections and recovery programs. The Foundation is supported primarily through contributions, conference fees, and membership dues.

The Foundation provides conservation efforts in various countries throughout the world and collaborates with other organizations to provide these services in Myanmar (through the Wildlife Conservation Society, which is authorized to conduct financial transactions in Burma in accordance with the Office of Foreign Assets Control issued by the Department of Treasury), Bangladesh, India, Madagascar, Vietnam, China, Cambodia, Belize, Brazil, Colombia, and the Philippines.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The Turtle Survival Alliance Foundation

Notes to Financial Statements

Functional Allocation of Expenses

Expenses are primarily charged to program services, management and general, and fundraising expenses based on direct expenses incurred. Expenses not directly chargeable are allocated to the categories of program services, management and general, and fundraising based upon management's estimates. Management reviews and adjusts its methodology for these estimates periodically.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

All unrestricted, highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents for financial statement purposes.

Pledges Receivable

Unconditional pledges are recognized as receivables and revenue or gains in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional pledges due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received.

The Foundation uses the allowance method to determine uncollectible pledges when deemed necessary. The allowance is based on prior years' experience and management's analysis of specific accounts. Bad debts are charged to expense in the year they are considered uncollectible. Recoveries are credited to revenue in the year collected.

Inventory

Inventory consists of merchandise used for retail sales and is stated at cost. Inventory sales are reflected net of cost of goods sold of \$4,593 and \$4,506 for the years ended December 31, 2018 and 2017, respectively.

The Turtle Survival Alliance Foundation

Notes to Financial Statements

Endowment Funds

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market value based on quoted market prices. Unrealized gains and losses are included in the Statement of Activities. Investment income, interest and dividends, and gains/losses are reported as without donor restrictions or with donor restrictions, depending on the nature of investment.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) and defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 was effective for the Foundation's financial assets and liabilities for the years ended December 31, 2018 and 2017.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Generally, items costing \$1,000 or more are capitalized; lesser amounts for property and equipment are expensed. Depreciation is computed using the straight-line methods based on the items' estimated useful lives ranging from 3 to 39 years. Management periodically determines if any property and equipment is impaired and removes fully-depreciated assets from the accounts.

The Turtle Survival Alliance Foundation

Notes to Financial Statements

Collections

The Foundation's collections of turtles are not capitalized and recognized as assets on the Statement of Financial Position. Any expenditures or receipts related to purchases, program service expense, or animal sales revenue are reported separately in the Statement of Activities in the period in which they occur. The Foundation holds its collections for public exhibition, education, research, and conservation activities, rather than for financial gain. It is impracticable to attempt to assign values to the collection, because the animals have certain attributes, such as species, sex, age, breeding potential, and relationship to others in the ecosystem that make it difficult to determine an objective basis for valuation.

Revenue Recognition

The Foundation records revenue upon receipt of donations or, in the event of an unconditional promise to give, when the commitment has been made to the Foundation. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. Membership dues range from \$25 to \$200 and are recorded at the time the member joins. Conference registration fees are recognized when received.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. The recorded amount of donated assets is \$43,117 for the years ended December 31, 2018 and 2017.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition* (ASC 958-605), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically be purchased by the Foundation. Volunteers have provided many hours in program services and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 – 605 are not met. The recorded amount of donated services is \$57,738 and \$58,571 for the years ended December 31, 2018 and 2017.

Advertising Expenses

The Foundation expenses advertising cost as they incurred. Advertising expenses totaled \$301 and \$2,650 for the years ended December 31, 2018 and 2017, respectively.

Income Tax Status

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income generated from unrelated business activities. There is no unrelated business income for the years ended December 31, 2017 and 2016. The Foundation qualifies under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Turtle Survival Alliance Foundation

Notes to Financial Statements

The FASB provides guidance on the Foundation's evaluation of accounting for uncertainty in income taxes. Management evaluated the Foundation's position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which will replace numerous requirements in U.S. GAAP, including industry-specific requirements. This guidance provides a five step model to be applied to all contracts with customers, with an underlying principle that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 requires extensive quantitative and qualitative disclosures covering the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including disclosures on significant judgments made when applying the guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018 for nonpublic organizations.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The standard requires use of the modified retrospective transition approach. While the Organization is currently evaluating this standard, given the significant amount of leases the Organization is party to, the Organization expects this standard will have a significant impact on the Organization's financial statements from the recognition of right of use assets and related liabilities. This guidance is effective for annual reporting periods beginning after December 15, 2019 for nonpublic organizations.

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Note B – Concentrations of Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

As of December 31, 2018, there were no investment concentrations. As of December 31, 2017, the Foundation's investments were 51% invested in two investments.

The Turtle Survival Alliance Foundation
Notes to Financial Statements

Note C – Pledges Receivable

Pledges receivable are unconditional promises to pay a certain amount and consist of the following at December 31, 2018:

	Unrelated Party	Related Party
2019	\$ 99,000	\$ 123,000
2020	10,384	20,000
	109,384	143,000
Less: unamortized discount	(7,787)	(15,573)
	\$ 101,597	\$ 127,427

Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. Management has determined that no allowance is necessary at December 31, 2018 and 2017.

Note D – Fair Value of Financial Assets and Liabilities

The Foundation has adopted the provisions of FASB ASC 820 *Fair Value Measurements and Disclosures* for its financial assets and liabilities and is required to provide additional disclosures. FASB ASC 820 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability. FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Foundation at December 31, 2018 and 2017.

The Foundation does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the years ended December 31, 2018 and 2017.

The Turtle Survival Alliance Foundation
Notes to Financial Statements

The following tables sets forth by level within FASB ASC 820's fair value hierarchy, the Foundation's financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2018 and 2017. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value Measurements at December 31, 2018			
	Level 1	Level 2	Level 3
Equity securities	\$ 6,406,440	\$ -	\$ -
Mutual funds:			
Traditional	392,231	-	-
Fixed income	4,603,177	-	-
	\$ 11,401,848	\$ -	\$ -

Fair Value Measurements at December 31, 2017			
	Level 1	Level 2	Level 3
Equity securities	\$ 6,818,113	\$ -	\$ -
Mutual funds:			
Traditional	166,367	-	-
Fixed income	4,205,453	-	-
	\$ 11,189,933	\$ -	\$ -

The Foundation has \$1,051,120 and \$1,903,117 respectively, of cash including cash held in brokerage accounts, as of December 31, 2018 and 2017, which are not classified as a Level as prescribed within FASB ASC 820.

The determination of the fair value above incorporates various factors required under FASB ASC 820. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Foundation's nonperformance risk on its liabilities.

The Turtle Survival Alliance Foundation
Notes to Financial Statements

Note E – Property and Equipment

Property and equipment as of December 31, 2018 and 2017 are summarized below:

	2018	2017
Land and improvements	\$ 124,796	\$ 124,796
Buildings	746,774	746,774
Furniture and fixtures	2,630	2,630
Machinery and equipment	95,268	95,268
Animal enclosures	50,066	50,066
Less: accumulated depreciation	(211,900)	(168,976)
	\$ 807,634	\$ 850,558

Depreciation expense for the years ended December 31, 2018 and 2017, was \$42,924 and \$46,450, respectively.

Note F – Long-term Debt

In April 2017, the Foundation entered into a secured note payable with Heritage Trust Federal Credit Union for the purchase of a building. The original note is for \$50,000 with monthly payments of \$557, including interest at a fixed rate of 6.10%. The note matures in April 2027. The balance of the note as of December 31, 2018 is \$43,018. Interest expense charged is \$2,237 for the year ended December 31, 2018.

The principal payments for the next five years are as follows:

Year Ending December 31:			
	2019	\$	4,141
	2020		4,394
	2021		4,677
	2022		4,970
	2023		5,282
	Thereafter		19,554
		\$	43,018

The Turtle Survival Alliance Foundation
Notes to Financial Statements

Note G – Net Assets without Donor Restrictions

During 2013, the Board of Directors established the Operating Endowment to be used for operating expenses for field programs. During 2016, the Board of Directors established the TSA Stewardship Fund in order to further its charitable purpose and mission. Net assets designed by the Board as of December 31, 2018 and 2017 are summarized below:

	Operating Endowment	TSA Stewardship Fund	Total
Beginning Balance, 1/1/2017	\$ 30,880	\$ -	\$ 30,880
Investment income	-	161,420	161,420
Change in market value	2,674	2,193,740	2,196,414
Support fees	-	(16,431)	(16,431)
Transfers	-	10,079,016	10,079,016
Board approved withdrawals	-	(446,558)	(446,558)
Ending Balance, 12/31/2017	33,554	11,971,187	12,004,741
Investment income	-	230,723	230,723
Change in market value	(3,123)	(527,754)	(530,877)
Support fees	-	(33,942)	(33,942)
Board approved withdrawals	-	(175,500)	(175,500)
Ending Balance, 12/31/2018	<u>\$ 30,431</u>	<u>\$ 11,464,714</u>	<u>\$ 11,495,145</u>

Note H – Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions are restricted for the following purposes at December 31:

	2018	2017
Subject to Time Restrictions	\$ 28,394	\$ 237,872
Subject to Purpose Restrictions		
Programs	530,663	554,733
Unappropriated endowment (losses) earnings	(9,449)	11,379
Endowment restricted by donor in perpetuity	135,749	135,749
	<u>656,963</u>	<u>701,861</u>
	<u>\$ 685,357</u>	<u>\$ 939,733</u>

The Turtle Survival Alliance Foundation
Notes to Financial Statements

Note I – Endowment

During 2011, the Foundation received a bequest of the Bern Tryon Library. The bequest contains various herpetological books and papers which the Foundation is selling. All proceeds are permanently restricted by the donor and the earnings are available to be used for the preservation of the bog turtle. The donated books and papers have questionable or uncertain value and no alternative use adds value to the Foundation. Therefore, the donated books are being recognized in the financial statements as they are sold.

Endowment net assets consisted of the following at December 31, 2018 and 2017:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
with purpose restrictions	\$ -	\$ (9,449)	\$ 135,749	\$ 126,300
Total funds	\$ -	\$ (9,449)	\$ 135,749	\$ 126,300
Changes in endowment net assets:				
Endowment net assets, beginning of year	\$ -	\$ 11,379	\$ 135,749	\$ 147,128
Investment loss	-	(20,828)	-	(20,828)
Endowment net assets, end of year	\$ -	\$ (9,449)	\$ 135,749	\$ 126,300
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
with purpose restrictions	\$ -	\$ 11,379	\$ 135,749	\$ 147,128
Total funds	\$ -	\$ 11,379	\$ 135,749	\$ 147,128
Changes in endowment net assets:				
Endowment net assets, beginning of year	\$ -	\$ 870	\$ 135,665	\$ 136,535
Contributions	-	-	84	84
Distributions	-	(5,000)	-	(5,000)
Investment income	-	15,509	-	15,509
Endowment net assets, end of year	\$ -	\$ 11,379	\$ 135,749	\$ 147,128

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as funds of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are required to be reported in unrestricted net assets. As of December 31, 2018, the fair value of the funds had fallen below the original contribution amount by \$9,449. This deficiency resulted from unfavorable market conditions and continued appropriations for operations that were deemed prudent by the Board of Directors. There were no such deficiencies at December 31, 2017.

The Turtle Survival Alliance Foundation
Notes to Financial Statements

Note J – Operating Lease

The Foundation has entered into an operating lease agreement for its Charleston office location. This is a three year agreement effective through August 2020. The base rental amount is \$1,650 per month.

Future minimum lease payments under the operating lease in excess of one year as of December 31, 2018 is as follows:

Year Ending December 31:	
2019	\$ 19,800
2020	<u>13,200</u>
	<u>\$ 33,000</u>

Note K – Related Party Transactions

The Foundation’s board members contributed a total of \$30,463 and \$46,750 for the years ended December 31, 2018 and 2017, respectively.

Certain members of the Foundation’s Board of Directors are employees of affiliates such as Wildlife Conservation Society (WCS), which are direct donors to the Foundation and also party to a number of joint venture agreements relating to field projects undertaken by the Foundation and the affiliates. The Foundation disburses funds to affiliates in relation to its project obligations from funds received under grants which support the specific projects. The Foundation received \$450,212 and \$281,827 of donations from affiliates during the years ended December 31, 2018 and 2017, respectively.

Note L – Liquidity and Availability of Financial Assets

The Foundation’s working capital and cash flows have seasonal variations during the year attributable to the timing of support and contributions. To manage liquidity, the Foundation evaluates cash on a quarterly basis as part of the detail review of the internal financial statements, and estimates cash needs based on budgeted and current expenses.

The Turtle Survival Alliance Foundation
Notes to Financial Statements

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,051,120	\$ 1,903,117
Current portion of pledges receivable	99,000	149,000
Current portion of related party pledges receivable	123,000	123,000
Investments	<u>11,266,099</u>	<u>11,054,184</u>
Total Current Financial Assets	12,539,219	13,229,301
Less amounts not available to be used within one year:		
Net assets with donor restrictions, excluding endowment restricted by donor in perpetuity	(549,608)	(803,984)
Add back: Net assets with purpose or time restrictions to be met in less than a year	<u>530,663</u>	<u>566,112</u>
Total Amounts Not Available to be Used Within One Year	<u>(18,945)</u>	<u>(237,872)</u>
 Total Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	 <u>\$ 12,520,274</u>	 <u>\$ 12,991,429</u>

Note M – Subsequent Events

Management has evaluated subsequent events through the date which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.