



**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
MARCH 31, 2021 AND 2020**

THE STUDENT CONSERVATION ASSOCIATION, INC.

Contents
March 31, 2021 and 2020

	<u>Pages</u>
Unmodified Opinion on Financial Statements Accompanied by Other Information – Not-For-Profit Entity	1 - 1A
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 26
Schedule of Expenditures of Federal Awards	27 - 28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	29 - 30
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	31 - 32
Schedule of Findings and Questioned Costs	33



50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpc.com

**Unmodified Opinion on Financial Statements Accompanied by
Other Information – Not-For-Profit Entity**

Independent Auditor's Report

To the Board of Directors of
The Student Conservation Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Student Conservation Association, Inc. (a Massachusetts corporation, not for profit) (the Association) which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 on page one present fairly, in all material respects, the financial position of The Student Conservation Association, Inc. as of March 31, 2021 and 2020, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended March 31, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

AAFCPA, Inc.

Westborough, Massachusetts
September 21, 2021

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statements of Financial Position
March 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash	\$ 3,947,948	\$ 1,951,969	\$ 5,899,917	\$ 836,662	\$ 2,536,538	\$ 3,373,200
Government contracts and other receivables, net	3,384,463	-	3,384,463	4,893,263	-	4,893,263
Current portion of pledges receivable, net	117,158	318,949	436,107	81,700	467,493	549,193
Prepaid expenses and other assets	783,779	-	783,779	501,464	-	501,464
Total current assets	8,233,348	2,270,918	10,504,266	6,313,089	3,004,031	9,317,120
Other Assets:						
Pledges receivable, net of current portion	-	86,646	86,646	-	188,699	188,699
Investments	2,747,173	6,790,946	9,538,119	2,132,077	5,375,892	7,507,969
Beneficial interests in trusts	-	744,451	744,451	-	544,118	544,118
Property and equipment, net	1,824,060	-	1,824,060	3,213,017	-	3,213,017
Total assets	\$ 12,804,581	\$ 9,892,961	\$ 22,697,542	\$ 11,658,183	\$ 9,112,740	\$ 20,770,923
Liabilities and Net Assets						
Current Liabilities:						
Line of credit	\$ -	\$ -	\$ -	\$ 2,813,747	\$ -	\$ 2,813,747
Current portion of note payable, net	56,734	-	56,734	99,996	-	99,996
Current portion of capital lease obligations	45,209	-	45,209	133,082	-	133,082
Accounts payable	204,582	-	204,582	322,726	-	322,726
Accrued expenses	964,650	-	964,650	951,468	-	951,468
Deferred revenue	213,697	-	213,697	209,227	-	209,227
Total current liabilities	1,484,872	-	1,484,872	4,530,246	-	4,530,246
Other Liabilities:						
Note payable, net of current portion and unamortized debt issuance costs	2,364,667	-	2,364,667	791,671	-	791,671
Capital lease obligations, net of current portion	105,348	-	105,348	86,654	-	86,654
Split-interest agreements	1,485,268	-	1,485,268	1,582,893	-	1,582,893
Conditional advance	1,917,900	-	1,917,900	-	-	-
Accrued rent	410,757	-	410,757	337,200	-	337,200
Total liabilities	7,768,812	-	7,768,812	7,328,664	-	7,328,664
Net Assets:						
Without donor restrictions:						
Operating	1,078,198	-	1,078,198	41,403	-	41,403
Board designated	3,077,965	-	3,077,965	2,186,502	-	2,186,502
Property and equipment	879,606	-	879,606	2,101,614	-	2,101,614
Total without donor restrictions	5,035,769	-	5,035,769	4,329,519	-	4,329,519
With donor restrictions	-	9,892,961	9,892,961	-	9,112,740	9,112,740
Total net assets	5,035,769	9,892,961	14,928,730	4,329,519	9,112,740	13,442,259
Total liabilities and net assets	\$ 12,804,581	\$ 9,892,961	\$ 22,697,542	\$ 11,658,183	\$ 9,112,740	\$ 20,770,923

The accompanying notes are an integral part of these statements.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statements of Activities

For the Years Ended March 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Government contract revenue	\$ 18,109,876	\$ -	\$ 18,109,876	\$ 26,200,077	\$ -	\$ 26,200,077
Grants and contributions	7,753,398	1,863,401	9,616,799	7,602,825	2,731,590	10,334,415
Donated goods and services	483,227	-	483,227	684,963	-	684,963
Investment return designated for current operations	254,178	-	254,178	178,605	-	178,605
Other income	12,118	-	12,118	96,374	-	96,374
Net assets released from restrictions	2,698,566	(2,698,566)	-	3,318,622	(3,318,622)	-
Total operating revenue	<u>29,311,363</u>	<u>(835,165)</u>	<u>28,476,198</u>	<u>38,081,466</u>	<u>(587,032)</u>	<u>37,494,434</u>
Operating Expenses:						
Program expenses:						
Community	3,638,941	-	3,638,941	6,992,965	-	6,992,965
Corps	8,657,314	-	8,657,314	9,971,403	-	9,971,403
Internship	6,643,981	-	6,643,981	9,652,755	-	9,652,755
Other programs	214,842	-	214,842	956,882	-	956,882
Total program expenses	<u>19,155,078</u>	<u>-</u>	<u>19,155,078</u>	<u>27,574,005</u>	<u>-</u>	<u>27,574,005</u>
General and administrative	5,678,007	-	5,678,007	6,563,037	-	6,563,037
Fundraising	3,257,444	-	3,257,444	3,364,330	-	3,364,330
Total operating expenses	<u>28,090,529</u>	<u>-</u>	<u>28,090,529</u>	<u>37,501,372</u>	<u>-</u>	<u>37,501,372</u>
Changes in net assets from operations	<u>1,220,834</u>	<u>(835,165)</u>	<u>385,669</u>	<u>580,094</u>	<u>(587,032)</u>	<u>(6,938)</u>
Non-Operating Revenue (Expenses):						
Investment return, net	184,851	1,768,437	1,953,288	(51,507)	(285,872)	(337,379)
Gain on sale of property and equipment	366,194	-	366,194	-	-	-
Change in value of beneficial interests in trusts	-	200,333	200,333	-	(27,156)	(27,156)
Endowment contributions	-	31,500	31,500	-	28,149	28,149
Charitable gift annuity contributions	-	17,500	17,500	-	67,500	67,500
Beneficial interests in trust contribution	-	-	-	-	247,742	247,742
Collection of previously written off bad debt	-	-	-	21,498	-	21,498
Change in value of split-interest agreements	-	(148,206)	(148,206)	-	(144,011)	(144,011)
Investment return designated for current operations	-	(254,178)	(254,178)	-	(178,605)	(178,605)
Impairment loss	(1,065,629)	-	(1,065,629)	-	-	-
Total non-operating revenue (expenses)	<u>(514,584)</u>	<u>1,615,386</u>	<u>1,100,802</u>	<u>(30,009)</u>	<u>(292,253)</u>	<u>(322,262)</u>
Changes in net assets	<u>\$ 706,250</u>	<u>\$ 780,221</u>	<u>\$ 1,486,471</u>	<u>\$ 550,085</u>	<u>\$ (879,285)</u>	<u>\$ (329,200)</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statements of Changes in Net Assets
For the Years Ended March 31, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets, March 31, 2019	\$ 3,939,434	\$ 9,832,025	\$ 13,771,459
Changes in net assets	550,085	(879,285)	(329,200)
Net asset transfer	<u>(160,000)</u>	<u>160,000</u>	<u>-</u>
Net Assets, March 31, 2020	4,329,519	9,112,740	13,442,259
Changes in net assets	<u>706,250</u>	<u>780,221</u>	<u>1,486,471</u>
Net Assets, March 31, 2021	<u><u>\$ 5,035,769</u></u>	<u><u>\$ 9,892,961</u></u>	<u><u>\$ 14,928,730</u></u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statements of Cash Flows
For the Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,486,471	\$ (329,200)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	445,601	589,068
Amortization of debt issuance costs	-	16,345
Bad debts	242,224	-
Gain on sale of property and equipment	(366,194)	-
Change in value of beneficial interests in trusts	(200,333)	27,156
Endowment contributions	(31,500)	(28,149)
Charitable gift annuity contributions	(17,500)	(67,500)
Beneficial interests in trust contribution	-	(247,742)
Collection of previously written off bad debt	-	(21,498)
Change in value of split-interest agreements	148,206	144,011
Realized and unrealized (gains) losses on investments	(1,752,730)	564,027
Impairment loss	1,065,629	-
Changes in operating assets and liabilities:		
Government contracts and other receivables	1,325,426	(282,871)
Pledges receivable	156,289	354,700
Prepaid expenses and other assets	(282,315)	210,960
Accounts payable	(118,144)	(25,191)
Accrued expenses	13,182	199,468
Deferred revenue	4,470	122,922
Conditional advance	1,917,900	-
Accrued rent	73,557	337,200
Net cash provided by operating activities	<u>4,110,239</u>	<u>1,563,706</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(55,764)	(131,145)
Proceeds from sale of property and equipment	370,973	-
Charitable gift annuity contributions	17,500	67,500
Purchase of investments	(2,326,808)	(1,174,798)
Proceeds from sale of investments	2,049,388	1,123,646
Payments to annuitants	(245,831)	(242,995)
Net cash used in investing activities	<u>(190,542)</u>	<u>(357,792)</u>
Cash Flows from Financing Activities:		
Net (payments on) proceeds from line of credit	(2,813,747)	2,324,217
Endowment contributions	31,500	28,149
Principal payments on capital lease obligations	(140,467)	(209,091)
Principal payments on note payable	(891,667)	(100,000)
Proceeds from note payable	2,421,401	-
Net cash provided by (used in) financing activities	<u>(1,392,980)</u>	<u>2,043,275</u>
Net Change in Cash	2,526,717	3,249,189
Cash:		
Beginning of year	<u>3,373,200</u>	<u>124,011</u>
End of year	<u>\$ 5,899,917</u>	<u>\$ 3,373,200</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 42,310</u>	<u>\$ 170,344</u>
Supplemental Disclosure of Non-Cash Transaction:		
Property and equipment acquired through capital leases	<u>\$ 71,288</u>	<u>\$ 126,199</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statement of Functional Expenses
 For the Year Ended March 31, 2021
 (With Comparative Totals for the Year Ended March 31, 2020)

	2021								2020	
	Program				Total Program	Support			Total	
	Community	Corps	Internship	Other Programs		General and Administrative	Fundraising	Total Support		
Personnel and Related Costs:										
Salaries and wages	\$ 2,117,303	\$ 5,780,110	\$ 2,993,742	\$ 85,462	\$ 10,976,617	\$ 2,520,620	\$ 1,390,822	\$ 3,911,442	\$ 14,888,059	\$ 18,886,179
Payroll taxes	231,063	296,171	563,249	9,759	1,100,242	175,735	102,655	278,390	1,378,632	1,845,989
Fringe benefits	128,120	175,489	2,766	1,397	307,772	507,706	69,836	577,542	885,314	866,005
Contracted services	9,194	10,653	4,274	122	24,243	207,259	43,995	251,254	275,497	986,937
Total personnel and related costs	<u>2,485,680</u>	<u>6,262,423</u>	<u>3,564,031</u>	<u>96,740</u>	<u>12,408,874</u>	<u>3,411,320</u>	<u>1,607,308</u>	<u>5,018,628</u>	<u>17,427,502</u>	<u>22,585,110</u>
Occupancy:										
Rent	30,235	182,993	10,984	313	224,525	275,355	186,489	461,844	686,369	797,204
Depreciation	29,422	31,176	41,698	5,066	107,362	48,128	39,360	87,488	194,850	193,604
Utilities	-	64,124	-	-	64,124	8,646	7,074	15,720	79,844	84,659
Interest	-	-	-	-	-	19,569	10,081	29,650	29,650	64,261
Property insurance	-	-	-	-	-	11,350	5,847	17,197	17,197	10,151
Repairs and maintenance	-	741	-	-	741	8,000	-	8,000	8,741	6,629
Total occupancy	<u>59,657</u>	<u>279,034</u>	<u>52,682</u>	<u>5,379</u>	<u>396,752</u>	<u>371,048</u>	<u>248,851</u>	<u>619,899</u>	<u>1,016,651</u>	<u>1,156,508</u>
Other:										
Professional fees	21,147	25,250	29,879	853	77,129	807,530	1,024,862	1,832,392	1,909,521	2,481,398
Participant housing and meals	28,092	472,840	1,327,982	11,620	1,840,534	5,990	-	5,990	1,846,524	2,414,471
Field travel and transportation	259,193	390,879	667,694	28,614	1,346,380	5,946	-	5,946	1,352,326	2,404,308
Technology	135,090	194,071	253,065	33,668	615,894	134,594	92,534	227,128	843,022	500,549
Insurance	91,267	99,345	161,864	4,404	356,880	425,121	15,650	440,771	797,651	1,290,274
Advertising	132,493	158,199	187,199	5,336	483,227	39,569	52,907	92,476	575,703	515,469
Supplies and equipment	188,864	145,148	56,356	2,338	392,706	58,471	4,357	62,828	455,534	733,872
Conferences and training	19,483	254,266	69,866	2,627	346,242	28,843	5,816	34,659	380,901	944,736
Depreciation	67,671	80,800	95,612	2,726	246,809	3,942	-	3,942	250,751	395,464
Bad debts	36,475	43,551	51,535	1,469	133,030	76,694	32,500	109,194	242,224	-
Printing and postage	4,400	18,338	2,104	1,390	26,232	85,175	94,111	179,286	205,518	180,048
Uniforms	30,915	65,863	95,079	9,396	201,253	363	-	363	201,616	317,880
Staff travel	19,737	58,746	15,013	5,357	98,853	52,842	25,795	78,637	177,490	895,996
Telephone	17,858	98,367	1,959	2,583	120,767	19,004	7,970	26,974	147,741	282,944
Miscellaneous	4,335	5,176	6,124	174	15,809	100,302	25,478	125,780	141,589	180,947
Memberships and subscriptions	36,584	5,018	5,937	168	47,707	46,271	16,739	63,010	110,717	105,572
Interest	-	-	-	-	-	4,982	2,566	7,548	7,548	115,826
Total other	<u>1,093,604</u>	<u>2,115,857</u>	<u>3,027,268</u>	<u>112,723</u>	<u>6,349,452</u>	<u>1,895,639</u>	<u>1,401,285</u>	<u>3,296,924</u>	<u>9,646,376</u>	<u>13,759,754</u>
Total expenses	<u>\$ 3,638,941</u>	<u>\$ 8,657,314</u>	<u>\$ 6,643,981</u>	<u>\$ 214,842</u>	<u>\$ 19,155,078</u>	<u>\$ 5,678,007</u>	<u>\$ 3,257,444</u>	<u>\$ 8,935,451</u>	<u>\$ 28,090,529</u>	<u>\$ 37,501,372</u>

The accompanying notes are an integral part of these statements.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2020

	Program				Total Program	Support		Total Support	Total
	Community	Corps	Internship	Other Programs		General and Administrative	Fundraising		
Personnel and Related Costs:									
Salaries and wages	\$ 3,839,470	\$ 6,176,046	\$ 4,296,387	\$ 401,821	\$ 14,713,724	\$ 2,644,023	\$ 1,528,432	\$ 4,172,455	\$ 18,886,179
Payroll taxes	403,409	323,076	788,989	46,037	1,561,511	166,819	117,659	284,478	1,845,989
Fringe benefits	153,607	208,239	-	6,576	368,422	453,256	44,327	497,583	866,005
Contracted services	153,502	766	5,174	107	159,549	817,854	9,534	827,388	986,937
Total personnel and related costs	<u>4,549,988</u>	<u>6,708,127</u>	<u>5,090,550</u>	<u>454,541</u>	<u>16,803,206</u>	<u>4,081,952</u>	<u>1,699,952</u>	<u>5,781,904</u>	<u>22,585,110</u>
Occupancy:									
Rent	209,255	87,838	116,978	33,572	447,643	192,259	157,302	349,561	797,204
Depreciation	29,234	30,977	41,431	5,035	106,677	47,819	39,108	86,927	193,604
Utilities	-	62,490	37	-	62,527	13,468	8,664	22,132	84,659
Interest	-	-	-	-	-	44,740	19,521	64,261	64,261
Property insurance	-	-	-	-	-	6,700	3,451	10,151	10,151
Repairs and maintenance	-	-	-	-	-	4,375	2,254	6,629	6,629
Total occupancy	<u>238,489</u>	<u>181,305</u>	<u>158,446</u>	<u>38,607</u>	<u>616,847</u>	<u>309,361</u>	<u>230,300</u>	<u>539,661</u>	<u>1,156,508</u>
Other:									
Professional fees	142,264	121,672	188,839	16,919	469,694	1,056,825	954,879	2,011,704	2,481,398
Participant housing and meals	95,123	621,239	1,647,147	50,379	2,413,888	81	502	583	2,414,471
Field travel and transportation	523,210	562,149	1,125,687	191,373	2,402,419	-	1,889	1,889	2,404,308
Technology	81,590	112,624	150,665	23,026	367,905	76,582	56,062	132,644	500,549
Insurance	324,052	242,822	540,157	37,129	1,144,160	128,736	17,378	146,114	1,290,274
Advertising	144,787	123,830	192,188	17,219	478,024	22,910	14,535	37,445	515,469
Supplies and equipment	369,182	222,657	68,756	16,466	677,061	41,384	15,427	56,811	733,872
Conferences and training	146,814	481,947	121,386	14,246	764,393	129,432	50,911	180,343	944,736
Depreciation	85,550	79,949	116,540	11,940	293,979	57,088	44,397	101,485	395,464
Printing and postage	10,553	15,651	3,745	17,114	47,063	49,370	83,615	132,985	180,048
Uniforms	54,580	69,998	157,320	35,743	317,641	239	-	239	317,880
Staff travel	93,195	291,265	66,185	24,907	475,552	288,970	131,474	420,444	895,996
Telephone	49,519	122,782	1,890	5,413	179,604	95,102	8,238	103,340	282,944
Miscellaneous	2,860	2,643	6,291	340	12,134	155,493	13,320	168,813	180,947
Memberships and subscriptions	68,648	-	289	26	68,963	22,251	14,358	36,609	105,572
Interest	12,561	10,743	16,674	1,494	41,472	47,261	27,093	74,354	115,826
Total other	<u>2,204,488</u>	<u>3,081,971</u>	<u>4,403,759</u>	<u>463,734</u>	<u>10,153,952</u>	<u>2,171,724</u>	<u>1,434,078</u>	<u>3,605,802</u>	<u>13,759,754</u>
Total expenses	<u>\$ 6,992,965</u>	<u>\$ 9,971,403</u>	<u>\$ 9,652,755</u>	<u>\$ 956,882</u>	<u>\$ 27,574,005</u>	<u>\$ 6,563,037</u>	<u>\$ 3,364,330</u>	<u>\$ 9,927,367</u>	<u>\$ 37,501,372</u>

The accompanying notes are an integral part of these statements.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS

Operations

The Student Conservation Association, Inc. (the Association) is a New York nonprofit corporation established for the purposes of building the next generation of conservation leaders and inspiring lifelong stewardship of our environment and communities. The Association engages young people in hands-on service to the land, offering opportunities for education, leadership, and personal development in projects conducted throughout the United States of America.

Nonprofit Status

The Association is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Association is also exempt from state income taxes. Donors may deduct contributions made to the Association within IRC requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government Contracts and Other Receivables and Allowance for Doubtful Accounts

Government contracts and other receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is based on management's best estimate of the amount of probable credit losses in accounts receivable, specific identification of probable losses, and an estimate of additional losses based on historical write-off experience. The allowance for doubtful accounts at March 31, 2021 and 2020, totaled \$48,208 and \$29,098, respectively.

Pledges Receivable and Allowance for Uncollectible Pledges

Pledges receivable at March 31, 2021 and 2020, consist of unconditional grants and contributions committed to the Association (see Note 13). Pledges are recorded at their net present value when unconditionally committed. The reserve for uncollectible pledges is based on past collection experience together with a review of the current status of the existing pledges. Pledge balances are charged off against the reserve when it is probable the pledge will not be recovered. The allowance for uncollectible pledges receivable at March 31, 2021 and 2020, totaled \$140,579 and \$81,729, respectively.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Return

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period. Investment return on the Association's endowment is included in net assets with donor restrictions (see Note 5). Investments without donor restrictions are classified as long-term based on management's intent to hold these investments for long-term purposes.

Property and Equipment and Depreciation

Property and equipment (see Note 6) having a value of \$10,000 or more and a useful life of greater than one year are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are recorded at cost when purchased or constructed and at fair value when donated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	30 years
Program, computer and office equipment	2 - 10 years
Motor vehicles	5 years
Leasehold improvements	Life of the lease
Equipment under capital lease	Lesser of estimated useful life or lease term

The Association accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant and Equipment*. During fiscal year 2021, the Association recognized an impairment loss on the carrying value of land and buildings located in Charlestown, New Hampshire (the Charlestown Property) (see Note 6).

Split-Interest Agreements

Charitable remainder trusts were donated to the Association on the condition that the Association commit to making periodic stipulated payments to the donor or other designated individuals at a stated percentage of the fair value of the trust. Gift annuities were given to the Association also on the condition that the Association commit to making periodic stipulated payments to the donor or other designated individuals. Payments terminate at a time specified in the gift annuity and charitable remainder trust agreements, usually upon death of the donor or designated individuals.

Debt Issuance Costs

Debt issuance costs are amortized using the effective interest method over the term of the related debt (see Note 7).

Fair Value Measurements

The Association follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Association would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Association uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Association. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

The Association records investments at fair value (see Note 4) using Level 1 inputs. Marketable securities are recorded at fair values as derived directly from quotations on major trading exchanges. Split-interest planned giving instruments (see Note 9) are stated at fair value of the underlying investments. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Association maintains a portion of its investments with and without donor restrictions in a common pool. The unit-share (market value) method of accounting is used for additions to and withdrawals from the pool and for allocating income and gains and losses. Investments are not insured and are subject to ongoing market fluctuations.

Beneficial Interests in Trusts

The Association has beneficial interests in charitable remainder trusts held and invested by third party trustees (see Note 10). Gains and losses on investments are considered changes in the present value of expected cash flows and are recognized as gains or losses in net assets with donor restriction. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

Split-Interest Liabilities

The Association has entered into charitable gift annuity contracts with various donors as described on page 9. Contributions implicit in these split-interest agreements are generally recorded as increases in net assets with donor restrictions given the inherent time limitation imposed on the transferred assets.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Split-Interest Liabilities (Continued)

The present value of payments to beneficiaries of charitable gift annuities are calculated based on the donors' life expectancies and discount rates which represent the risk adjusted rates in existence at the date of the gifts. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in net assets with donor restrictions in the statements of activities. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities, including notes payable, does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Net Assets

Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Association. The Association has grouped its net assets without donor restrictions into the following categories:

Operating - represent funds available to carry on the operations of the Association.

Property and equipment - represent resources that serve as collateral and expended on property and equipment, net of related debt.

Board designated - consists of the following:

Board designated funds functioning as endowment - consists of net assets which are part of the endowment set aside by the Board of Directors for various purposes. These funds may only be used with the approval of the Board of Directors (see Note 5) and totaled \$1,274,709 and \$835,680 at March 31, 2021 and 2020, respectively.

Board designated other - consists of non-endowment net assets of the Association that have been set aside by the Board of Directors to fund various initiatives and working capital needs. These funds may only be used with the approval of the Board of Directors and totaled \$1,803,256 and \$1,350,822 at March 31, 2021 and 2020, respectively.

With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purposes (purpose restricted), amounts for unrestricted use in future periods (time restricted), and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent. In accordance with New York State law, all earnings and appreciation of a donor restricted endowment are restricted until appropriated by the Board of Directors.

THE STUDENT CONSERVATION ASSOCIATION, INC.Notes to Financial Statements
March 31, 2021 and 2020**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Net Assets (Continued)***With Donor Restrictions (Continued)*

Net assets with donor restrictions are restricted as follows at March 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purposes:		
Program development	\$ 1,050,000	\$ 1,200,000
Restricted to geographic region	640,597	756,425
Crews	417,969	75,469
Other programmatic functions	142,082	339,381
Restricted to geographic region and position	<u>106,917</u>	<u>633,955</u>
	<u>2,357,565</u>	<u>3,005,230</u>
Subject to the passage of time:		
Net position in charitable gift annuities, inherently restricted for future use	1,467,331	835,443
Beneficial interests in trusts, inherently restricted for future use	744,451	544,118
Restricted for use in future fiscal years	<u>-</u>	<u>187,500</u>
	<u>2,211,782</u>	<u>1,567,061</u>
Subject to the Association's endowment spending policy and appropriation:		
Investment in perpetuity	4,571,949	4,540,449
Accumulated earnings on endowment	<u>751,665</u>	<u>-</u>
	<u>5,323,614</u>	<u>4,540,449</u>
	<u>\$ 9,892,961</u>	<u>\$ 9,112,740</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions	\$ 2,511,066	\$ 3,094,550
Expiration of time restrictions	<u>187,500</u>	<u>224,072</u>
	2,698,566	3,318,622
Investment return designated for current operations	<u>254,178</u>	<u>178,605</u>
	<u>\$ 2,952,744</u>	<u>\$ 3,497,227</u>

One gift for \$160,000 previously recorded as an addition to net assets with donor restrictions and released to net assets without donor restrictions prior to fiscal year 2019, was reclassified to net assets restricted in perpetuity due to changes in facts and circumstances of the gift related to the donor's intentions. This gift is shown as a net asset transfer in the accompanying fiscal year 2020 statement of changes in net assets.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributed income may include gifts of cash, collection items, or promises to give. Contributions and grants, including unconditional promises to give, are recognized as revenues in the period received and recorded in the appropriate net asset category in accordance with donor-imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. Contributions of assets other than cash are reported at their estimated fair value. When considered material, contributions and grants to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), the Association must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Association should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. These amounts are included in deferred revenue in the accompanying statements of financial position.

Grants and contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Unconditional grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions with donor-imposed restrictions and conditions are reported as an increase in net assets without donor restrictions if the restrictions and conditions expire in the reporting period in which the grant and contribution is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Government contract revenue is recognized as expenditures are incurred or services rendered due to the conditional nature of the contracts, in accordance with Topic 958. Amounts billed and collected before services are rendered are included in deferred revenue. Revenue from bequests is recorded when there is an irrevocable right to the bequest, and it is unconditionally pledged or received. All other revenue is recognized when earned.

Donated Goods and Services

The Association receives donated goods and services. These amounts, which are based upon information provided by the donors who contributed these goods and services, are recorded at their estimated fair value determined on the date of contribution and are included in donated goods and services in the accompanying statements of activities.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

Donated goods and services consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Advertising	\$ 483,227	\$ 478,023
Airline tickets	-	160,000
Rent	-	46,940
	<u>\$ 483,227</u>	<u>\$ 684,963</u>

Donated goods and services are included in advertising, staff travel and rent in the accompanying statements of functional expenses.

The Association also receives the services of volunteers who have made significant contributions of their time in furtherance of the Association's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

Advertising Costs

Advertising costs are expensed as incurred by the Association.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function. The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related costs, technology, telephone, and printing and postage, which are allocated based on an estimate of time and level of effort spent on the Association's program and supporting functions. In addition, occupancy and depreciation are allocated on a square footage basis.

Income Taxes

The Association accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Association has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at March 31, 2021 and 2020. The Association's information returns are subject to examination by the federal and state jurisdictions.

Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statements of activities. Non-operating revenue (expenses) include activities relating to the Association's investment portfolio and planned giving instruments, and capital activity.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through September 21, 2021, which is the date the financial statements were available to be issued. See Notes 11, 17 and 18 for events that met the criteria for disclosure in the financial statements.

3. LIQUIDITY

Financial assets available for use by the Association within one year from the statements of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,899,917	\$ 3,373,200
Contracts and other receivables, net	3,384,463	4,893,263
Current portion of pledges receivable, net	<u>436,107</u>	<u>549,193</u>
	9,720,487	8,815,656
Add - investment return designated for fiscal years 2022 and 2021 operations	265,000	254,178
Less - Board designated funds not in investments	(1,790,452)	(1,637,318)
Less - contracts and other receivables held as collateral on the line of credit as of March 31	-	(2,813,747)
Less - donor contributions restricted for specific purposes	<u>(2,270,920)</u>	<u>(2,816,531)</u>
Financial assets available to meet cash needs for service expenses within one year	<u>\$ 5,924,115</u>	<u>\$ 1,802,238</u>

The Association has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2021 and 2020, the Association also has \$1,803,256 and \$1,350,822, respectively, of other Board designated funds that could be spent to fund initiatives or working capital needs with Board approval. In addition, the Association has a line of credit agreement which allows for available borrowings up to \$6,500,000 (see Note 8).

4. INVESTMENTS

Investments consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 1,007,406	\$ 2,117,678
Fixed income funds	2,996,957	2,346,551
Equity funds:		
Large cap domestic equities	2,852,511	1,430,235
Small and mid cap domestic equities	1,227,539	617,243
International equities	1,067,898	897,251
Other mutual funds	<u>385,808</u>	<u>99,011</u>
	<u>\$ 9,538,119</u>	<u>\$ 7,507,969</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

4. INVESTMENTS (Continued)

Included in investments is one fund that is restricted in nature and could not be applied toward payment of other obligations of the Association, whereby is maintained for satisfying the Association's obligation under its split-interest liabilities. This fund had a balance of \$2,952,599 and \$2,418,336 at March 31, 2021 and 2020, respectively.

New York Insurance Code requires the Association to maintain a reserve fund adequate to meet the future payments under its outstanding charitable gift annuity contracts. In addition, the law requires that the reserve be invested in accordance with a prudent investor standard. As of March 31, 2021 and 2020, the Association had sufficient funds in its reserve and those funds were invested in accordance with the New York Insurance Code.

5. ENDOWMENT

The Association's endowment fund (the Fund) includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. 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 Association has interpreted the New York Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Association, and (7) the Association's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

5. ENDOWMENT (Continued)

Spending Policy

The Association has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior three fiscal years through the calendar year-end preceding the fiscal year in which the distribution is planned. The spending policy appropriation is calculated at the beginning of each fiscal year. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. For the years ended March 31, 2021 and 2020, the Association appropriated a total of \$254,178 and \$178,605, respectively, for operations which is reflected as investment return designated for current operations in the accompanying statements of activities.

In addition to the endowment spending policy, the Board of Directors may designate spending from net assets without donor restrictions, into its general budget. This spending is part of the Finance Committee's decisions as outlined in the budget. In fiscal years 2021 and 2020, there were no special Board designations.

Endowment Funds with Deficiencies

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. However, the Association has a policy that prohibits spending from endowments funds that are underwater. The endowment funds of the Association were not underwater at March 31, 2021 and 2020.

Endowment Activity

Changes in endowment net assets for fiscal years 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, March 31, 2019	\$ 868,582	\$ 4,713,934	\$ 5,582,516
Contributions/redesignations	178,605	28,149	206,754
Net asset transfer	(160,000)	160,000	-
Investment return, net	(51,507)	(183,029)	(234,536)
Amounts appropriated for expenditure in accordance with spending policy	<u>-</u>	<u>(178,605)</u>	<u>(178,605)</u>
Endowment net assets, March 31, 2020	835,680	4,540,449	5,376,129
Contributions/redesignations	254,178	31,500	285,678
Investment return, net	184,851	1,005,843	1,190,694
Amounts appropriated for expenditure in accordance with spending policy	<u>-</u>	<u>(254,178)</u>	<u>(254,178)</u>
Endowment net assets, March 31, 2021	<u>\$ 1,274,709</u>	<u>\$ 5,323,614</u>	<u>\$ 6,598,323</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

6. PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 4,604,744	\$ 5,614,609
Program, computer and office equipment	1,124,003	1,139,276
Motor vehicles	42,051	561,132
Leasehold improvements	176,334	176,334
Land	<u>34,500</u>	<u>34,500</u>
	5,981,632	7,525,851
Less - accumulated depreciation	<u>4,157,572</u>	<u>4,312,834</u>
Property and equipment, net	<u>\$ 1,824,060</u>	<u>\$ 3,213,017</u>

For the years ended March 31, 2021 and 2020, depreciation expense totaled \$445,601 and \$589,068, respectively.

The Association recognized a \$1,065,629 loss on impairment of the Charlestown Property during the year ended March 31, 2021, which is presented as impairment loss in the accompanying fiscal year 2021 statement of activities. The Charlestown Property consists of land and three buildings and was determined to be impaired during the year ended March 31, 2021, based on an appraisal of the Charlestown Property in relation to a debt refinance (see Note 7) and the anticipated market price from the realtor being used to sell the Charleston Property (see Note 18).

Motor vehicles and office equipment under capital leases had a cash basis and accumulated depreciation and depreciation expense as of and for the years ended March 31:

	<u>Motor Vehicles</u>		<u>Office Equipment</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost	\$ 42,051	\$ 561,132	\$ 155,438	\$ 170,711
Accumulated depreciation	\$ 17,521	\$ 418,321	\$ 27,072	\$ 75,926
Depreciation expense	\$ 113,502	\$ 151,350	\$ 37,707	\$ 24,325

7. NOTES PAYABLE

Notes payable consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
3.45% note payable to a bank, due in monthly installments of \$12,449 through March 24, 2031 at which time the outstanding balance of \$1,757,452 and any accrued interest are due. This note is secured by all assets of the Association.	\$ 2,500,000	\$ -

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

7. NOTES PAYABLE (Continued)

	<u>2021</u>	<u>2020</u>
Note payable to a bank, which was due in monthly principal installments of \$8,333, bearing interest at a rate per annum equal to the bank's prime rate (3.25% at March 31, 2020). In March 2021, this note was repaid in full as part of the issuance of the note payable on page 18. This note was secured by a first security interest in property located at 689 River Road, Charlestown, New Hampshire.	-	891,667
	<u>2,500,000</u>	<u>891,667</u>
Less - unamortized debt issuance costs	<u>78,599</u>	<u>-</u>
Total notes payable	2,421,401	891,667
Less - current portion	<u>56,734</u>	<u>99,996</u>
	<u>\$ 2,364,667</u>	<u>\$ 791,671</u>

Debt issuance costs of \$78,599 were incurred in relation to the new note payable and line of credit (see Note 8) during the year ended March 31, 2021. These costs will be amortized beginning in fiscal year 2022. Financing costs related to the debt which were repaid in fiscal year 2021 were \$110,086 and were fully amortized at March 31, 2020. Imputed interest totaled \$16,345 for the year ended March 31, 2020, which is included in interest in the accompanying statement of functional expenses.

The notes payable have certain financial and non-financial covenants with which the Association must comply. The Association was in compliance with its covenants as of March 31, 2021 and 2020.

Interest expense on the Association's notes payable totaled \$29,650 and \$47,916 for the years ended March 31, 2021 and 2020, respectively, which is included in interest in the accompanying statements of functional expenses.

Future minimum principal payments and amortization of debt financing costs under the 3.45% note payable are as follows for the fiscal years ending March 31:

	<u>Principal Payments</u>	<u>Amortization of Debt Financing Costs</u>
2022	\$ 56,734	\$ 30,566
2023	66,130	30,566
2024	68,448	2,183
2025	70,847	2,183
2026	73,331	2,183
Thereafter	<u>2,164,510</u>	<u>10,918</u>
	<u>\$ 2,500,000</u>	<u>\$ 78,599</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

8. LINES OF CREDIT

The Association had a revolving line of credit agreement with a bank that allowed for borrowings up to \$5,000,000 as of March 31, 2020. Outstanding principal bore interest at a rate per annum equal to the bank's prime rate (3.25% at March 31, 2020) through October 1, 2020. In September 2020, the bank extended line of credit through October 2021. The line of credit was repaid in full and closed out as part of the refinance of the Association's debt (see Note 7). The balance outstanding on this line of credit totaled \$2,813,747 at March 31, 2020. Interest expense totaled \$5,919 and \$89,184 for the years ended March 31, 2021 and 2020, respectively, which is included in interest in the accompanying statements of functional expenses. This note was secured by a shared first security interest in contracts and other receivables, beneficial interest in trusts, and pledges receivable. The line of credit agreement contained certain financial and non-financial covenants in which the Association must comply. As of March 31, 2020, the Association was in compliance with these covenants.

The Association obtained a new revolving line of credit agreement with a bank in March 2021 that allows for borrowings up to \$6,500,000 as of March 31, 2021, as defined in the agreement, the available balance is based on 80% of outstanding contract and pledges receivable. Outstanding principal bears interest at the *Wall Street Journal's* prime rate (3.25% at March 31, 2021), with a floor of 3.25%. The Association did not draw down on this line of credit during the year ended March 31, 2021. The note is secured by a shared first security in all assets of the Association. The line of credit agreement contains certain financial and non-financial covenants in which the Association must comply. As of March 31, 2021, the Association was in compliance with these covenants. This line of credit expires in March 2023.

The available borrowings on the line of credit agreements are as follows at March 31:

	<u>2021</u>	<u>2020</u>
Maximum borrowings	\$ 2,893,804	\$ 5,000,000
Less - outstanding balance	<u>-</u>	<u>(2,813,747)</u>
Available borrowings	<u>\$ 2,893,804</u>	<u>\$ 2,186,253</u>

9. SPLIT-INTEREST AGREEMENTS

The Association administers various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries for a specified period of time. The assets remaining at termination of the agreement are available for the Association's use for various purposes as determined by the donor. The Association's charitable gift annuity assets as of March 31, 2021 and 2020, do not contain restrictions by the donor as to use upon termination of the agreement. The estimated net present value of the liability under the agreements is recorded at the date of the gift using applicable discount rates ranging from 0.8% to 6.2%, and applicable mortality rates. The revenue attributable to the estimated present value of future benefits to be received by the Association is recorded as an increase in the net assets with donor restrictions of the Association in accordance with its policy for recording contribution revenue in the period in which the charitable gift annuity is established. The assets held by the Association are included in investments in the accompanying statements of financial position and are recorded at fair value, based on quoted market prices. The Association makes distributions to the designated beneficiaries based on agreement provisions.

THE STUDENT CONSERVATION ASSOCIATION, INC.Notes to Financial Statements
March 31, 2021 and 2020

9. SPLIT-INTEREST AGREEMENTS (Continued)

The changes in split-interest liabilities were as follows for the fiscal years ended March 31:

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 1,582,893	\$ 1,681,877
Payments	(245,831)	(242,995)
Change in value	<u>148,206</u>	<u>144,011</u>
Ending Balance	<u>\$ 1,485,268</u>	<u>\$ 1,582,893</u>

Split-interest agreements are reflected in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Investments (see Note 4)	\$ 2,952,599	\$ 2,418,336
Split-interest liabilities	<u>(1,485,268)</u>	<u>(1,582,893)</u>
Net position in charitable gift annuities, restricted for future use (see page 12)	<u>\$ 1,467,331</u>	<u>\$ 835,443</u>

10. BENEFICIAL INTERESTS IN TRUSTS

The Association is named as a beneficiary in three charitable remainder trusts as of March 31, 2021 and 2020. The income generated is paid to a designated beneficiary over their lifetime or for a predetermined period of time (the Benefit Period), as outlined in the trust documents. Upon the beneficiary's death or passage of the Benefit Period, the value of the donor's assets in the fund is transferred to the Association's net assets without donor restrictions, unless the donor has designated these funds for a restricted purpose. As of March 31, 2021 and 2020, the trusts' assets have not been restricted by the donors. The charitable remainder trust funds are included in net assets with donor restrictions at March 31, 2021 and 2020, based on the inherent time restriction associated with these funds. These funds have been discounted to their net present value based upon the donor's expected life or the remaining Benefit Period, the Internal Revenue Service (IRS) Federal rate for determining the present value of an annuity (0.8% and 2.2% at March 31, 2021 and 2020, respectively), and expected future obligations to beneficiaries, as well as an estimated rate of return on the trusts' assets.

The changes in beneficial interests in trusts were as follows for the fiscal years ended March 31:

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 544,118	\$ 323,532
Contribution	-	247,742
Change in value	<u>200,333</u>	<u>(27,156)</u>
Ending Balance	<u>\$ 744,451</u>	<u>\$ 544,118</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

11. LEASE AGREEMENTS

Operating Leases

The Association rents its facilities under various operating lease agreements. These leases expire at various dates through fiscal year 2031, with options to extend in some cases. Monthly payments under these lease agreements range from approximately \$400 to \$41,000. The Association is also responsible for certain operating costs under these lease agreements. Upon execution of one of the leases, the Association was obligated to provide a security deposit totaling \$32,300, which is included in prepaid expenses and other assets in the accompanying statements of financial position as of March 31, 2021 and 2020. This lease provided for twelve months of free rent from June 2019 to May 2020. In accordance with ASC Topic, *Leases*, the Association records rent expense on a straight-line basis over the term of the leases regardless of actual cash payments. The Association has accrued \$410,757 and \$337,200 of rent expense as of March 31, 2021 and 2020, respectively, which is reflected as accrued rent in the accompanying statements of financial position. Facility rent expense was \$686,369 and \$797,204 for the years ended March 31, 2021 and 2020, respectively, and is reflected as rent in the accompanying statements of functional expenses.

The Association rents certain vehicles under various operating lease agreements. These leases expire at various dates through fiscal year 2025. Monthly payments under these lease agreements range from approximately \$750 to \$1,141. The Association is also responsible for certain maintenance costs under these lease agreements. Vehicle rent expense was \$36,730 for the year ended March 31, 2021, and is included in field travel and transportation in the accompanying statement of functional expenses. There was no vehicle rent expense for the fiscal year ended March 31, 2020.

Future minimum cash payments under the non-cancellable portions of these operating leases are as follows for the fiscal years ending March 31:

	<u>Facilities</u>	<u>Vehicles</u>
2022	\$ 439,476	\$ 88,153
2023	434,531	88,153
2024	430,824	88,153
2025	436,751	51,423
2026	447,670	-
Thereafter	<u>1,988,124</u>	<u>-</u>
Total	<u>\$ 4,177,376</u>	<u>\$ 315,882</u>

Sub-lease Agreement

Subsequent to March 31, 2021, the Association entered into a sub-lease agreement with an unrelated third party for office space included in the above operating leases. The sublease begins in May 2021 and provides for three months of free rent with monthly receipts commencing in August 2021.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

11. LEASE AGREEMENTS (Continued)

Sub-lease Agreement (Continued)

Future minimum cash receipts under the sub-lease are as follows for the fiscal years ending March 31:

2022	\$ 187,000
2023	289,499
2024	299,632
2025	310,119
2026	320,973
Thereafter	<u>54,589</u>
Total	<u>\$ 1,461,812</u>

Capital Leases

The Association leases certain motor vehicles and office equipment under capital lease obligations, which are included in property and equipment, net (see Note 6). Discount rates ranging from 2.83% to 11.33% for the years ended March 31, 2021 and 2020, representing the interest rates implicit in the respective lease agreements, were used to discount the future minimum payments under these lease arrangements. Total capital lease interest expense was \$1,629 and \$26,642 for the years ended March 31, 2021 and 2020, respectively, which is included in interest in the accompanying statements of functional expenses. These agreements expire at various dates through December 2025.

Future minimum payments under the non-cancellable portions of these capital leases are as follows for the fiscal years ending March 31:

	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
2022	\$ 14,602	\$ 31,884	\$ 46,486
2023	9,735	31,884	41,619
2024	-	31,884	31,884
2025	-	24,586	24,586
2026	-	<u>10,782</u>	<u>10,782</u>
Total future minimum payments	24,337	131,020	155,357
Less - amount representing interest	<u>1,416</u>	<u>3,384</u>	<u>4,800</u>
	22,921	127,636	150,557
Less - current portion	<u>13,882</u>	<u>31,327</u>	<u>45,209</u>
Capital lease obligations, net	<u>\$ 9,039</u>	<u>\$ 96,309</u>	<u>\$ 105,348</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

12. CONCENTRATIONS

Credit Risk

The Association maintains its operating cash balances in various banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Association has not experienced any losses in such accounts.

Funding

The Association receives funding under Federal and state contracts, which totaled approximately 64% and 70% of the Association's operating revenue for the years ended March 31, 2021 and 2020, respectively. Payments to the Association are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Association as of March 31, 2021 and 2020, or on its results of operations for the years then ended. As of March 31, 2021 and 2020, two agencies represented 26% and 38%, respectively, of net government contracts and other receivables.

Approximately 34% and 43% of gross pledges receivable at March 31, 2021 and 2020, respectively, were due from two and three donors, respectively.

13. PLEDGES RECEIVABLE

The Association's outstanding pledges receivable are due as follows at March 31:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 576,686	\$ 630,922
Due in more than one year	<u>86,646</u>	<u>188,699</u>
Total pledges receivable	663,332	819,621
Allowance for uncollectible accounts	<u>(140,579)</u>	<u>(81,729)</u>
Pledges receivable, net	<u>\$ 522,753</u>	<u>\$ 737,892</u>

These amounts are not discounted to present value as the discounts would be immaterial to the accompanying financial statements.

14. RETIREMENT PLAN

The Association maintains a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all eligible employees who had attained the age of twenty-one and provided a minimum expected work schedule of 1,000 hours annually. The Plan calls for the Association to match up to 3% of an employee's salary. For the years ended March 31, 2021 and 2020, the Association's contributions to the Plan totaled approximately \$182,000 and \$15,000, respectively, which are included in fringe benefits in the accompanying statements of functional expenses.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

15. CONTINGENCIES

From time-to-time, the Association is engaged in legal cases that rise in the normal course of its operations, some of which are covered by insurance. The Association believes that the outcome of these cases will not have a material adverse effect on the financial position of the Association.

In March 2020, the COVID-19 coronavirus pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on the Association, its operations and future financial statements. The accompanying financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of the Association is monitoring these events closely to assess the potential financial impact of the situation and determine appropriate courses of action. As of the date of this report, the Association is unable to accurately predict how the coronavirus will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

16. RELATED PARTY TRANSACTIONS

A member of the Association's Board of Directors provided financial consulting services to the Association. The Association compensated this Board member \$43,200 and \$273,036 for the years ended March 31, 2021 and 2020, respectively. This Board member abstains from discussions and does not vote on matters relating to the financial consulting services. A different member of the Association's Board of Directors served as interim Chief Executive Officer during the fiscal year ended March 31, 2021, and was compensated \$116,451.

17. CONDITIONAL GRANTS

The Association has been awarded conditional grants from governmental agencies and foundations. Payment of these awards is conditional upon the Association meeting certain progress benchmarks, incurring allowable costs, and submission of specific financial reports, as defined in the grant agreements or contracts. Accordingly, \$31,303,553 and \$14,605,596 have not been reflected in the accompanying financial statements as of March 31, 2021 and 2020, respectively.

The Association applied for and was awarded a loan (PPP I) of \$2,747,100, bearing interest at 1%, from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during a covered period as defined in the CARES Act. Subsequent to March 31, 2021, the balance of the loan, in addition to accrued interest of \$31,084, was forgiven by the Small Business Administration (SBA). The Association follows Topic 958 in accounting for PPP I. As the covered period fell in fiscal year 2021, the conditions of PPP I were met and, therefore, the revenue earned during the fiscal year. Revenue related to PPI is included in grants and contributions in the accompanying statement of activities for the year ended March 31, 2021.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements
March 31, 2021 and 2020

17. **CONDITIONAL GRANTS** (Continued)

The Association also applied for and received a second draw PPP loan (PPP II) totaling \$1,917,900. PPP II has the same general loan terms as PPP I. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a five-year period with interest at 1%. Any repayment will be deferred for a certain period from the end of the covered period as determined by the SBA. The balance of the note that is not forgiven, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations are subject to review and approval by the lending bank and the SBA.

The Association believes there is not more than a remote chance PPP II will not be forgiven and, therefore, is accounting for it as a conditional grant under Topic 958-605. It is determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with the loan application and CARES Act requirements. In the opinion of management, these conditions were not substantially met as of March 31, 2021, and therefore, the draw received for the conditional grant is considered a liability, and is presented as conditional advance in the accompanying March 31, 2021 statement of financial position. The Association has not accrued interest as of March 31, 2021, since it expects the interest to be forgiven.

18. **SUBSEQUENT EVENTS**

In August 2021, the Association listed property for sale with a net book value of approximately \$1,500,000 for an asking price of \$1,500,000. The Association was using the property through the end of the year ended March 31, 2021, and will continue to use the property through the date it is sold, as such, it is not classified as held for sale in the accompanying March 31, 2021 statement of financial position.

19. **RECLASSIFICATION**

Certain amounts in the fiscal year 2020 financial statements have been reclassified to conform with the fiscal year 2021 presentation.

THE STUDENT CONSERVATION ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Direct:			
Urban and Community Forestry Program	10.675	N/A	\$ 80,320
Cooperative Forestry Assistance	10.664	N/A	<u>2,036,668</u>
Total U.S. Department of Agriculture			<u>2,116,988</u>
U.S. Department of Commerce:			
Passed-Through Nature Conservancy, Inc.:			
Habitat Conservation	11.463	SCA_NOAAGulfCorps_08012017 GulfCorps SCA Year 1 20171204	<u>378,256</u>
Corporation for National and Community Service:			
AmeriCorps:			
Passed-Through the State of New York, Office of Children and Families	94.006	C028554 C028491	666,932
Passed-Through the Massachusetts Service Alliance, Inc.		19FXHMA002 2020 19ESHMA001 19-20	369,434
Direct		N/A	302,081
Passed-Through the State of Idaho, Serve Idaho		17ESHID0010001 19-20	137,837
Passed-Through NYS Dept of Environmental Conservation		C010633	349,532
Passed-Through Serve Alaska Commission		18FXHAK0010001	20,053
Passed-Through Volunteer NH!		18ESHNH001 20-21	<u>18,642</u>
Total AmeriCorps and Corporation for National and Community Service			<u>1,864,511</u>
U.S. Department of Defense:			
Direct:			
Youth Conservation Services	12.010	N/A	1,313,002
Basic and Applied Scientific Research	12.300	N/A	<u>272,094</u>
Total U.S. Department of Defense			<u>1,585,096</u>

THE STUDENT CONSERVATION ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards
 For the Year Ended March 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior:			
Direct:			
Fish, Wildlife and Plant Conservation Resource Management	15.231	N/A	47,935
Youth Conservation Opportunities on Public Lands	15.243	N/A	232,464
Youth Conservation	15.546	N/A	8,679
Youth Engagement, Education and Employment	15.676	N/A	1,477,316
Conservation Activities by Youth Service Organizations	15.931	N/A	<u>4,133,638</u>
Total U.S. Department of the Interior			<u>5,900,032</u>
U.S. Environmental Protection Agency:			
Direct:			
Gulf of Mexico Program	66.475	N/A	78,295
Passed-Through Texas Commission of Environmental Quality:			
Nonpoint Source Implementation Grants	66.460	TCEQ 582-20-10157	<u>65,044</u>
Total U.S. Environmental Protection Agency			<u>143,339</u>
Total Expenditures of Federal Awards			<u><u>\$ 11,988,222</u></u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2. Indirect Cost Rate

The Association has elected not to use the 10% de minimis cost rate for its Federal programs.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors of
The Student Conservation Association, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Student Conservation Association, Inc. (the Association), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

AAFCPA, Inc.

Westborough, Massachusetts
September 21, 2021

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors of
The Student Conservation Association, Inc.:

Report on Compliance for Each Major Federal Program

We have audited The Student Conservation Association, Inc.'s (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major Federal programs for the year ended March 31, 2021. The Association's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

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

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

AAFCPA, Inc.

Westborough, Massachusetts
September 21, 2021

THE STUDENT CONSERVATION ASSOCIATION, INC.

Schedule of Findings and Questioned Costs
March 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? _____ Yes X No

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Youth Conservation Services	12.010
Youth Engagement, Education and Employment	15.676

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? X Yes _____ No

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None