

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Upstate Forever
Greenville, South Carolina

We have audited the accompanying financial statements of Upstate Forever (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Upstate Forever as of December 31, 2015 and 2014, 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.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
May 4, 2016

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2015 TOTAL | 2014 TOTAL |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| ASSETS | | | | | |
| Cash | \$ 303,085 | 774,710 | - | 1,077,795 | \$ 932,579 |
| Marketable Securities | 2,197,826 | 392,785 | 908,923 | 3,499,534 | 1,534,749 |
| Deposits | 1,200 | - | - | 1,200 | 1,200 |
| Accounts Receivable | 26,733 | 145,453 | 26,906 | 199,092 | 135,304 |
| Long-Term Pledges Receivable, net | - | 129,748 | - | 129,748 | 115,410 |
| Prepaid Expenses | 5,284 | - | - | 5,284 | 6,690 |
| Other Current Assets | 6,087 | - | - | 6,087 | 4,964 |
| Land Held for Resale | 1,000 | - | - | 1,000 | 380,550 |
| Due to/from other Funds | (143) | - | 143 | - | - |
| Property and Equipment, net | 695,407 | 162,164 | - | 857,571 | 905,826 |
| TOTAL ASSETS | \$ 3,236,479 | 1,604,860 | 935,972 | 5,777,311 | \$ 4,017,272 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 27,838 | 4,356 | - | 32,194 | \$ 6,936 |
| Accrued Liabilities | 48,143 | 4,014 | - | 52,157 | 146,579 |
| TOTAL LIABILITIES | 75,981 | 8,370 | - | 84,351 | 153,515 |
| NET ASSETS | | | | | |
| Unrestricted | 3,160,498 | - | - | 3,160,498 | 1,401,047 |
| Temporarily Restricted | - | 1,596,490 | - | 1,596,490 | 1,592,640 |
| Permanently Restricted | - | - | 935,972 | 935,972 | 870,070 |
| TOTAL NET ASSETS | 3,160,498 | 1,596,490 | 935,972 | 5,692,960 | 3,863,757 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,236,479 | 1,604,860 | 935,972 | 5,777,311 | \$ 4,017,272 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2015 TOTAL | 2014 TOTAL |
|---|---------------------|---------------------------|---------------------------|------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | |
| Public Support | | | | | |
| Grants | \$ - | 1,512,809 | - | 1,512,809 | \$ 549,007 |
| Contributions | 235,867 | 19,953 | - | 255,820 | 538,719 |
| Membership | 169,438 | - | - | 169,438 | 163,256 |
| Land Trust Endowments | - | 14,000 | 77,610 | 91,610 | 29,122 |
| Legacies and Bequests | 2,000,000 | - | - | 2,000,000 | - |
| Transfers Between Funds | (9,328) | 9,328 | - | - | - |
| Net Assets Released from Restrictions | 1,625,798 | (1,614,090) | (11,708) | - | - |
| TOTAL PUBLIC SUPPORT | 4,021,775 | (58,000) | 65,902 | 4,029,677 | 1,280,104 |
| Revenue | | | | | |
| Consulting Fees | 4,000 | 18,726 | - | 22,726 | 8,671 |
| Special Events, net of Expenses | 22,306 | 21,416 | - | 43,722 | 60,975 |
| Interest Income | 2,245 | 934 | - | 3,179 | 2,361 |
| Investment Income | (37,493) | (20,017) | - | (57,510) | 90,260 |
| Bike Share Revenue | - | 31,310 | - | 31,310 | 24,988 |
| Other | 1,730 | 9,481 | - | 11,211 | 27,158 |
| TOTAL REVENUE | (7,212) | 61,850 | - | 54,638 | 214,413 |
| TOTAL PUBLIC SUPPORT AND REVENUE | 4,014,563 | 3,850 | 65,902 | 4,084,315 | 1,494,517 |
| EXPENSES | | | | | |
| Program | | | | | |
| Conservation Easements | 772,000 | - | - | 772,000 | 55,000 |
| Consulting Subcontract Costs | 94,377 | - | - | 94,377 | 269,712 |
| Other Program Costs | 1,068,202 | - | - | 1,068,202 | 959,279 |
| Management | 129,990 | - | - | 129,990 | 93,498 |
| Fundraising | 190,543 | - | - | 190,543 | 183,395 |
| TOTAL EXPENSES | 2,255,112 | - | - | 2,255,112 | 1,560,884 |
| CHANGE IN NET ASSETS | 1,759,451 | 3,850 | 65,902 | 1,829,203 | (66,367) |
| NET ASSETS, BEGINNING OF YEAR | 1,401,047 | 1,592,640 | 870,070 | 3,863,757 | 3,930,124 |
| NET ASSETS, END OF YEAR | \$ 3,160,498 | 1,596,490 | 935,972 | 5,692,960 | \$ 3,863,757 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

| EXPENSES | OTHER PROGRAMS | MANAGEMENT | FUNDRAISING | 2015 TOTAL | 2014 TOTAL |
|------------------------------|---------------------------|-------------------|--------------------|-----------------------|-----------------------|
| Accounting Fees | \$ - | 10,200 | - | 10,200 | \$ 9,850 |
| Advertising | 48,345 | 213 | 3,775 | 52,333 | 18,763 |
| Asset Impairment Charge | - | - | - | - | 90,270 |
| Bank Charges | 10,318 | 85 | 4,206 | 14,609 | 6,162 |
| Computer Expense | 15,015 | 4,320 | 1,394 | 20,729 | 28,555 |
| Consultants | 61,322 | 17,143 | 2,710 | 81,175 | 28,675 |
| Copier and Copies | 5,833 | 660 | - | 6,493 | 5,839 |
| Depreciation | 27,402 | 20,853 | - | 48,255 | 44,497 |
| Education/Training | 1,050 | - | 1,067 | 2,117 | 2,429 |
| Insurance | 6,385 | 22,330 | - | 28,715 | 28,422 |
| Licenses & Fees | 2,004 | 1,553 | 250 | 3,807 | 2,979 |
| Loss on Sale of Property | 115,226 | - | - | 115,226 | - |
| Meeting & Conference | 18,223 | 567 | 245 | 19,035 | 9,730 |
| Miscellaneous | 3,011 | 284 | 502 | 3,797 | 3,424 |
| Organizational Dues | 5,205 | 275 | 1,698 | 7,178 | 4,754 |
| Overhead Allocation | 77,746 | (96,517) | 18,771 | - | - |
| Postage and Mailing | 1,419 | 1,428 | 3,543 | 6,390 | 5,702 |
| Printing | 18,116 | 213 | 5,623 | 23,952 | 57,420 |
| Records Management | - | 695 | - | 695 | 720 |
| Rent (Spartanburg Office) | 16,820 | - | - | 16,820 | 15,840 |
| Repairs & Maintenance | 19,364 | 4,829 | - | 24,193 | 21,271 |
| Salaries | 485,984 | 104,531 | 117,317 | 707,832 | 690,312 |
| Salaries - Employee Benefits | 44,065 | 9,301 | 10,536 | 63,902 | 60,345 |
| Salaries - Paid Time Off | - | (210) | - | (210) | 1,045 |
| Salaries - Payroll Service | - | 2,690 | - | 2,690 | 1,767 |
| Salaries - Payroll Taxes | 37,278 | 8,070 | 9,008 | 54,356 | 51,707 |
| Salaries - Bonuses | 21,223 | 5,306 | 5,306 | 31,835 | - |
| Supplies | 4,370 | 2,060 | 203 | 6,633 | 9,334 |
| Telecommunications | 8,145 | 4,728 | 1,167 | 14,040 | 14,640 |
| Travel | 13,489 | 634 | 3,222 | 17,345 | 17,012 |
| Utilities | 844 | 3,749 | - | 4,593 | 4,708 |
| | <u>\$ 1,068,202</u> | <u>129,990</u> | <u>190,543</u> | <u>1,388,735</u> | <u>1,236,172</u> |
| Conservation Easements | | | | 772,000 | 55,000 |
| Consulting Subcontract Costs | | | | 94,377 | 269,712 |
| | | | | <u>2,255,112</u> | <u>\$ 1,560,884</u> |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,829,203 | \$ (66,367) |
| Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities: | | |
| Unrealized Loss/(Gain) on Marketable Securities | 134,126 | (46,849) |
| Loss/(Gain) on Sale of Land | 115,226 | - |
| Depreciation | 48,255 | 44,497 |
| Changes in Operating Assets and Liabilities | | |
| (Increase) Decrease in Deposits, Prepaid Expenses and Other Current Assets | 283 | 3,439 |
| (Increase) Decrease in Accounts Receivable | (78,126) | 242,479 |
| (Increase) Decrease in Land Held for Resale | - | 90,270 |
| Increase (Decrease) in Liabilities | (69,164) | 88,259 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,979,803 | 355,728 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net Purchase of Marketable Securities | (2,098,911) | (55,154) |
| Acquisition of Property and Equipment | - | (49,314) |
| Proceeds from Sale of Land | 264,324 | - |
| NET CASH USED IN INVESTING ACTIVITIES | (1,834,587) | (104,468) |
| NET INCREASE/(DECREASE) IN CASH | 145,216 | 251,260 |
| CASH, BEGINNING OF YEAR | 932,579 | 681,319 |
| CASH, END OF YEAR | \$ 1,077,795 | \$ 932,579 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2014 TOTAL |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| ASSETS | | | | |
| Cash | \$ 456,790 | 475,789 | - | \$ 932,579 |
| Marketable Securities | 241,614 | 454,299 | 838,836 | 1,534,749 |
| Deposits | 1,200 | - | - | 1,200 |
| Accounts Receivable | 18,312 | 105,758 | 11,234 | 135,304 |
| Long-Term Pledges Receivable, net | 7,500 | 107,910 | - | 115,410 |
| Prepaid Expenses | 6,690 | - | - | 6,690 |
| Other Current Assets | 4,964 | - | - | 4,964 |
| Land Held for Resale | 1,000 | 359,550 | 20,000 | 380,550 |
| Property and Equipment, net | 716,260 | 189,566 | - | 905,826 |
| TOTAL ASSETS | \$ 1,454,330 | 1,692,872 | 870,070 | \$ 4,017,272 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 6,936 | - | - | \$ 6,936 |
| Accrued Liabilities | 46,347 | 100,232 | - | 146,579 |
| TOTAL LIABILITIES | 53,283 | 100,232 | - | 153,515 |
| NET ASSETS | | | | |
| Unrestricted | 1,401,047 | - | - | 1,401,047 |
| Temporarily Restricted | - | 1,592,640 | - | 1,592,640 |
| Permanently Restricted | - | - | 870,070 | 870,070 |
| TOTAL NET ASSETS | 1,401,047 | 1,592,640 | 870,070 | 3,863,757 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,454,330 | 1,692,872 | 870,070 | \$ 4,017,272 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2014 TOTAL |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Public Support | | | | |
| Grants | \$ - | 549,007 | - | \$ 549,007 |
| Contributions | 536,003 | 2,716 | - | 538,719 |
| Membership | 163,256 | - | - | 163,256 |
| Land Trust Endowments | - | 2,000 | 27,122 | 29,122 |
| Transfers Between Funds | (36,814) | 36,814 | - | - |
| Net Assets Released from Restrictions | 1,029,891 | (1,029,891) | - | - |
| TOTAL PUBLIC SUPPORT | 1,692,336 | (439,354) | 27,122 | 1,280,104 |
| Revenue | | | | |
| Consulting Fees | 4,044 | 4,627 | - | 8,671 |
| Special Events, net of Expenses | 50,257 | 10,718 | - | 60,975 |
| Interest Income | 1,090 | 1,271 | - | 2,361 |
| Investment Income | 15,177 | 75,083 | - | 90,260 |
| Bike Share Revenue | - | 24,988 | - | 24,988 |
| Other | 1,099 | 26,059 | - | 27,158 |
| TOTAL REVENUE | 71,667 | 142,746 | - | 214,413 |
| TOTAL PUBLIC SUPPORT AND REVENUE | 1,764,003 | (296,608) | 27,122 | 1,494,517 |
| EXPENSES | | | | |
| Program | | | | |
| Conservation Easements | 55,000 | - | - | 55,000 |
| Consulting Subcontract Costs | 269,712 | - | - | 269,712 |
| Other Program Costs | 959,279 | - | - | 959,279 |
| Management | 93,498 | - | - | 93,498 |
| Fundraising | 183,395 | - | - | 183,395 |
| TOTAL EXPENSES | 1,560,884 | - | - | 1,560,884 |
| CHANGE IN NET ASSETS | 203,119 | (296,608) | 27,122 | (66,367) |
| NET ASSETS, BEGINNING OF YEAR | 1,197,928 | 1,889,248 | 842,948 | 3,930,124 |
| NET ASSETS, END OF YEAR | \$ 1,401,047 | 1,592,640 | 870,070 | \$ 3,863,757 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

| EXPENSES | OTHER PROGRAMS | MANAGEMENT | FUNDRAISING | 2014 TOTAL |
|------------------------------|---------------------------|-------------------|--------------------|-----------------------|
| Accounting Fees | \$ - | 9,850 | - | \$ 9,850 |
| Advertising | 17,940 | - | 823 | 18,763 |
| Asset Impairment Charge | 90,270 | - | - | 90,270 |
| Bank Charges | 3,879 | 1,140 | 1,143 | 6,162 |
| Computer Expense | 20,300 | 4,307 | 3,948 | 28,555 |
| Consultants | 17,951 | 2,350 | 8,374 | 28,675 |
| Copier and Copies | 4,927 | 634 | 278 | 5,839 |
| Depreciation | 23,517 | 20,980 | - | 44,497 |
| Education/Training | 2,184 | - | 245 | 2,429 |
| Insurance | 6,677 | 21,745 | - | 28,422 |
| Licenses & Fees | 998 | 1,761 | 220 | 2,979 |
| Meeting & Conference | 8,321 | 245 | 1,164 | 9,730 |
| Miscellaneous | 2,475 | 345 | 604 | 3,424 |
| Organizational Dues | 2,875 | 275 | 1,604 | 4,754 |
| Overhead Allocation | 78,791 | (96,463) | 17,672 | - |
| Postage and Mailing | 1,102 | 618 | 3,982 | 5,702 |
| Printing | 44,965 | 1,048 | 11,407 | 57,420 |
| Records Management | - | 720 | - | 720 |
| Rent (Spartanburg Office) | 15,840 | - | - | 15,840 |
| Repairs & Maintenance | 14,046 | 7,225 | - | 21,271 |
| Salaries | 492,079 | 87,951 | 110,282 | 690,312 |
| Salaries - Employee Benefits | 43,447 | 7,331 | 9,567 | 60,345 |
| Salaries - Paid Time Off | - | 1,045 | - | 1,045 |
| Salaries - Payroll Service | - | 1,767 | - | 1,767 |
| Salaries - Payroll Taxes | 36,846 | 6,585 | 8,276 | 51,707 |
| Supplies | 6,637 | 2,504 | 193 | 9,334 |
| Telecommunications | 8,235 | 5,427 | 978 | 14,640 |
| Travel | 14,078 | 299 | 2,635 | 17,012 |
| Utilities | 899 | 3,809 | - | 4,708 |
| | <u>\$ 959,279</u> | <u>93,498</u> | <u>183,395</u> | <u>1,236,172</u> |
| Conservation Easements | | | | 55,000 |
| Consulting Subcontract Costs | | | | 269,712 |
| | | | | <u>\$ 1,560,884</u> |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

Upstate Forever (the “Organization”) is a nonprofit organization founded in 1998 to promote sensible growth and the protection of special places in the Upstate region of South Carolina. The Organization accomplishes its mission through three major programs: Land Trust, Clean Air and Water, and Sustainable Communities. The Organization receives third-party donations, grants from state and federal governments, foundations and private industry, and investment income.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may be or will be met either by actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets that consist of an endowment fund held for the purpose of maintaining and monitoring conservation easements.

Cash and Cash Equivalents

For the statement of cash flows, the Organization considers all instruments with a maturity of three months or less at date of purchase to be cash equivalents.

Marketable Securities

Marketable securities consist primarily of publicly traded mutual funds, and are classified as available-for-sale. Such securities are carried at fair value based on quoted market prices, with any unrealized gains or losses reported as a change in unrestricted net assets or temporarily restricted net assets.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements.

Property and Equipment

Property and equipment with an estimated useful life of at least 2 years and with a cost or value equal to or greater than \$2,500 are recorded at cost if purchased, and recorded at fair market value if donated. Assets are depreciated on a straight line method.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conservation Easements

A conservation easement is an agreement between a landowner and the Organization in which the landowner permanently relinquishes most or all of the rights to develop the property and agrees to other terms benefitting the public. The easement is publicly recorded, and is binding on all future owners of the property. The Organization's principal responsibility is to ensure compliance with the terms of the easement. It meets this responsibility by periodically inspecting the property and, if necessary, taking appropriate action to enforce the easement.

Each conservation easement received by the Organization provides that it cannot be transferred or assigned to any person or entity except to an organization that is qualified under the Internal Revenue Code to receive easements and that has the commitment, ability, and resources to meet its responsibilities and obligations under the easement and to take the necessary steps to protect the conservation values of the property. Accordingly, there is no market for any of the conservation easements received by the Organization.

Conservation easements donated to the organization are recorded at a zero value in the Statement of Financial Position, the Statement of Activities and the Statement of Functional Expenses. Conservation easements that are purchased are recorded at a zero value in the Statement of Financial Position, and are shown as an expense in the Statement of Activities, Statement of Functional Expenses and Statement of Cash Flows. The funding source that enables the purchase of these easements is shown as a revenue in the Statement of Activities and Statement of Cash Flows, resulting in a net zero effect on net assets.

The Organization believes that tracking the value of conservation easements under management is useful to gauge the significance of the ongoing responsibility to monitor these easements. Accordingly, for purposes of note disclosure only, conservation easements received by the Organization are disclosed at the value paid to acquire the conservation easement or the estimated value of the development rights relinquished under the easement, that is, the amount of the reduction in fair market value (as defined in IRS regulations) resulting from the easement at the date it is recorded. This value is generally established through qualified appraisals that are performed at or near the recording date. Where such an appraisal is not available, management makes its best estimate of the value based on relevant facts and circumstances. Values are not updated as they represent the historical cost at the date the easements were granted.

Grants

The Organization receives grants from federal, state and local governments, as well as from private organizations, to be used for specific programs or for the purchase of conservation easements. For government grants, the excess of reimbursable expenditures over cash receipts is included in accounts receivable.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These estimates and assumptions 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.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization currently maintains bank accounts at five banks. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 as of December 31, 2015 and 2014, and the Organization’s holdings exceeded the insured limits by \$5,061 and \$2,199, respectively. The Organization does not have a policy for requiring collateral for bank deposits in excess of federally insured limits.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

At December 31, 2015 and 2014, the Organization’s marketable securities were the only financial instruments carried at fair value on the statements of financial position in accordance with the FASB ASC 820-10 valuation hierarchy. These marketable securities were valued based upon Level 1 inputs, which are unadjusted quoted prices for identical assets in an active market.

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, 2015 and 2014.

Money market funds and mutual funds: Both are valued at the net asset value of shares held by the Organization at year end, based upon quoted prices in active markets that the Organization has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such assets and liabilities.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 – MARKETABLE SECURITIES

The Organization’s marketable securities are reported at fair value in the statements of financial position, as noted above, and consist of the following:

| <u>Description</u> | <u>December 31,</u> | |
|-----------------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| Cash (Deposit-in-Transit) | \$ - | \$ 3,750 |
| Community Foundation Funds | 18,466 | 18,936 |
| Money Market Fund | 338,734 | 52,331 |
| Mutual Funds - Stocks | 1,843,912 | 674,000 |
| Mutual Funds - Bonds | 1,033,369 | 426,584 |
| Mutual Funds - Other | 265,053 | 359,148 |
| Total Marketable Securities | <u>\$ 3,499,534</u> | <u>\$ 1,534,749</u> |

Total investment income/(losses) on marketable securities of (\$57,510) and \$90,260 includes (\$134,126) and \$46,849 of unrealized gains/(losses) for the years ended December 31, 2015 and 2014, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 6 – ENDOWMENT FUNDS

Land Trust Endowment

As part of the Organization’s Land Trust program, it receives gifts and contributions from individuals and entities to be used to ensure compliance with the terms of its conservation easements. (See Note 16 for a description of the Organization’s conservation easements).

The Land Trust Endowment is comprised of three individual funds: the Permanent Restricted Fund, and two temporarily restricted funds, Monitoring and Defense. These funds include amounts invested in marketable securities, land held for resale and amounts receivable from donors.

Investment income earned on the marketable securities is allocated to the Defense and Monitoring Funds in order to provide continuing support for the Organization’s oversight responsibilities.

It is the written intent of most donors and the Organization that cumulative investment losses, if any, will not be reported in unrestricted net assets. Investment losses will be reported first in temporarily restricted net assets to the extent of cumulative investment earnings, net of appropriations for expenditures, and then in permanently restricted net assets. Future investment income will be used to restore losses, if any, in the permanently restricted assets before again being available for the temporarily restricted funds.

Unrestricted Endowment

As of December 31, 2015 the Organization has received \$2,200,000 in unrestricted funds from one family, which the Board of Directors designated to be held as an endowment fund for future endeavors. The Organization classified these as unrestricted net assets, and records investment earnings also as unrestricted. The Board of Directors approves when and how to use these unrestricted gifts.

Accounting guidance

Temporarily restricted net assets are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund.
- The purposes of the Organization and the endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and appreciation of investments.
- Other resources of the Organization.
- The investment policy of the Organization.

Investment Objective

The Organization’s investment objective is to attain an average annual real total return (net of investment management fees) with an acceptable margin of risk. The overall goal is for the fund, over the long term (rolling three-year periods), to achieve returns comparable to appropriate asset class indexes. The Organization has a diversified approach to investment that balances the goals of maximizing return with preservation of funds. By diversifying among asset classes, and rebalancing toward policy target allocations, the Organization expects to enhance real market value.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Rebalancing asset allocations to policy targets is essential for maintaining the risk profile of this policy. When funds exceed established ranges, a rebalancing occurs, generally not more frequently than quarterly. Funds are diversified both by asset class and within asset class in accordance with the following guidelines: 60%-70% in equity securities, alternate investments and real estate, and 30%- 40% in fixed income funds (bonds and cash equivalents).

The Organization has chosen not to manage its underlying assets directly, but utilizes independent investment managers to do so. The Executive Committee of the Organization meets annually with the investment managers to review and discuss the management of the Endowment Funds.

The total fund balance is comprised of both marketable securities and other assets and liabilities of the Endowment Funds.

Changes in the Organization’s Endowment Funds, by net asset classification, for the year ended December 31, 2015 are summarized as follows:

| Description | 2015 | | | |
|---|---------------------|------------------------|------------------------|---------------------|
| | Board Designated | Land Trust | | Total |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Endowment Fund, Beginning of Year | \$ 241,614 | 410,058 | 870,070 | \$ 1,521,742 |
| Investment Gain | (37,493) | (20,017) | - | (57,510) |
| Contributions | 2,000,000 | 14,000 | 77,610 | 2,091,610 |
| Appropriation of Assets for Expenditure | (6,295) | (9,296) | (11,708) | (27,299) |
| Land Trust Endowment Fund, End of Year | <u>\$ 2,197,826</u> | <u>394,745</u> | <u>935,972</u> | <u>\$ 3,528,543</u> |

Changes in the Organization’s Endowment Funds, by net asset classification, for the year ended December 31, 2014 are summarized as follows:

| Description | 2014 | | | |
|---|-------------------|------------------------|------------------------|---------------------|
| | Board Designated | Land Trust | | Total |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Endowment Fund, Beginning of Year | \$ 225,667 | 412,544 | 842,948 | \$ 1,481,159 |
| Investment Gain | 15,176 | 75,083 | - | 90,259 |
| Contributions | 1,250 | 2,000 | 27,122 | 30,372 |
| Appropriation of Assets for Expenditure | (479) | (79,569) | - | (80,048) |
| Land Trust Endowment Fund, End of Year | <u>\$ 241,614</u> | <u>410,058</u> | <u>870,070</u> | <u>\$ 1,521,742</u> |

The amount of endowment funds to be provided each year for operations is approved by the Organization’s Board of Directors. Appropriations were \$27,299 and \$80,048 during 2015 and 2014, respectively.

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FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 – ACCOUNTS RECEIVABLE

Accounts and long-term pledges receivable consist of the following amounts due to the programs and funds noted below:

Accounts Receivable

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|-------------------|-------------------|
| Sustainable Communities Program | \$ 72,000 | \$ 60,000 |
| Land Trust Endowment Funds | 32,907 | 11,234 |
| Clean Air and Water Program | 67,328 | 45,758 |
| Land Trust Program | 125 | - |
| Other | 26,732 | 18,312 |
| Total | <u>\$ 199,092</u> | <u>\$ 135,304</u> |

Long-Term Pledges Receivable

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|-------------------|-------------------|
| Sustainable Communities Program | \$ 135,000 | \$ 120,000 |
| (Discount Long Term Receivable) | (5,252) | (12,090) |
| Other | - | 7,500 |
| Total | <u>\$ 129,748</u> | <u>\$ 115,410</u> |

NOTE 8 – TEMPORARILY RESTRICTED FUNDS

Temporarily restricted grants received in 2015 and 2014 are comprised of the following:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|-------------------|
| Major Grants | | |
| Bike Share | \$ 8,413 | \$ 19,850 |
| Mary Black Active Communities 2015 | - | 68,817 |
| Mary Black Active Communities 2016 | 73,011 | - |
| Swamp Rabbit Trail Extension | - | 49,000 |
| Reconnecting People with Rivers | 84,580 | 30,000 |
| Shaping our Future | 176,016 | - |
| South Carolina Conservation Bank | 772,000 | 55,000 |
| Walnut Creek Nutrient Project | 106,731 | 68,963 |
| Saluda River Grant | 36,637 | 8,475 |
| Other Grants | | |
| Duke Energy Transmissions Lines Project | 74,570 | - |
| North Saluda Watershed | 50,000 | 50,000 |
| 100 and Counting | 25,000 | - |
| Rocky River | 1,043 | 37,070 |
| School Travel Plans | - | 19,256 |
| Target Watershed Initiative Grant | - | 13,484 |
| Land Trust Restricted Grants | 50,500 | 50,000 |
| Highway 29 | 20,000 | 24,000 |
| Miscellaneous | 34,308 | 55,092 |
| Total | <u>\$ 1,512,809</u> | <u>\$ 549,007</u> |

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

In 2015 the Organization completed work under seven major grants, continues work under five major grants and received two additional major grants. The work funded by these major grants is described below.

Shaping Our Future - New

In 2015 the Organization received \$176,016 for a Shaping Our Future project. This initiative will inspire critical dialog regarding land use issues, fund an objective analysis of the impacts of varying development patterns, and encourage a clearer understanding by appointed and elected leaders regarding the impacts of land use decisions. The funding came from the following:

| | | |
|---------------------------|----|----------------|
| Hollingsworth Funds | \$ | 150,000 |
| New Belgium | | 7,500 |
| Ten at the Top | | 8,000 |
| Riley Institute at Furman | | 8,000 |
| Miscellaneous | | 2,516 |
| | \$ | <u>176,016</u> |

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | - | 176,016 | \$ 176,016 |
| Direct Expenses | - | - | 12,581 | 12,581 |
| Change in Net Assets | \$ - | - | 163,435 | \$ 163,435 |

Community Design and Planning for Active, Healthy Communities – New

In December 2015 the Organization was awarded a grant from the Mary Black Foundation to advocate for policies and projects that create a built environment that encourages and supports active living. The \$73,011 grant is for one year.

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | - | 73,011 | \$ 73,011 |
| Direct Expenses | - | - | 6,587 | 6,587 |
| Change in Net Assets | \$ - | - | 66,424 | \$ 66,424 |

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Community Design and Planning for Active, Healthy Communities – In Progress

In December 2014 the Organization was awarded a grant from the Mary Black Foundation to advocate for active living policies, primarily in municipalities, and support comprehensive planning efforts. The Organization will also facilitate the Active Living Events Series.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | 68,817 | - | \$ 68,817 |
| Direct Expenses | - | - | 68,817 | 68,817 |
| Change in Net Assets | \$ - | 68,817 | (68,817) | \$ - |

Reducing Bacteria Levels in the Saluda River (Section 319 Grant) – In Progress

In October 2014, the Organization received a Section 319 grant agreement from DHEC to implement recommendations from the watershed-based plan developed in the previous grant. A combination of agriculture, septic, and urban best management practices will be used in an effort to achieve the necessary reductions. The grant is \$120,342 over two years.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | 8,475 | 36,637 | \$ 45,112 |
| Direct Expenses | - | 8,475 | 36,637 | 45,112 |
| Change in Net Assets | \$ - | - | - | \$ - |

As of December 31, 2015 the remaining funds to be received under the grant total \$75,230.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Reconnecting People to Rivers Initiative Grants – In Progress

In 2014 the Organization launched a multi-year initiative to reconnect people to rivers. Coordinating with stakeholders throughout the region, the initiative will create and share blueway maps highlighting areas of public access for recreation and paddling. Additionally, it will coordinate an Adopt-a-Stream volunteer water quality monitoring program to engage citizens in the health of their local rivers and provide much needed water quality data. Once the organization has raised \$200,000 they will receive a \$100,000 challenge grant from the Callie and John Rainey Foundation. As of December 31, 2015 the Organization raised \$114,580 and expects to reach \$200,000 by early 2016.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | 30,000 | 84,580 | \$ 114,580 |
| Direct Expenses | - | 2,221 | 86,679 | 88,900 |
| Change in Net Assets | \$ - | 27,779 | (2,099) | \$ 25,680 |

Bike Share Program - In Progress

Since 2012 the organization has been awarded several grants to purchase, install and operate a bike share system in Greenville as follows:

| <u>Grantors</u> | <u>Total Grants</u> |
|--|----------------------------|
| Greenville Health System (“GHS”) | \$300,000 (over 5 years) |
| Greenville Transit Authority (“GTA”) | 129,658 |
| Greenville County Department of Parks, Recreation and Tourism District (“GCPRT”) | 35,000 |
| <u>Other Grants</u> | <u>19,850</u> |
| Total | \$484,508 |

Bike share is an emerging urban transportation program centered on the distribution of public bicycles for paid use by workers, residents, and visitors in downtown areas. On December 31, 2015 the program consisted of an 8 station, 34 bicycle network in downtown Greenville.

The bike share program was launched in April 2013, and the GTA and GCPRT grants were fully used. The Organization uses GHS funds, bike share user memberships, sponsorships, and other grants for the continued growth and operation of the program.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Bike Share Program - In Progress (Continued)

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|---|---|-----------------|-----------------|----------------------|
| Support and Revenue | | | | |
| Grant from GTA | \$ 129,658 | - | - | \$ 129,658 |
| Grant from GHS | 300,000 | - | - | 300,000 |
| (Discount Long-Term Receivable) | (12,090) | - | 8,413 | (3,677) |
| Grant from GCPRT | 35,000 | - | - | 35,000 |
| Grants - Other | - | 19,850 | - | 19,850 |
| Total Grants | <u>452,568</u> | <u>19,850</u> | <u>8,413</u> | <u>480,831</u> |
| | | | | |
| Bike Share Memberships and Sponsorships | 24,301 | 24,988 | 31,310 | 80,599 |
| In-Kind Contribution | 31,270 | - | - | 31,270 |
| Total Support and Revenue | <u>508,139</u> | <u>44,838</u> | <u>39,723</u> | <u>592,700</u> |
| | | | | |
| Direct Expenses | 106,084 | 84,686 | 95,123 | 285,893 |
| | | | | |
| Change in Net Assets | <u>\$ 402,055</u> | <u>(39,848)</u> | <u>(55,400)</u> | <u>\$ 306,807</u> ** |

** Included in the change in total net assets is the net value of the bike share equipment at December 31, 2015, \$162,164.

Swamp Rabbit Trail Extension – In Progress

In 2013 and 2014, the Organization received \$133,000 from the sources noted below to plan an extension of the Swamp Rabbit Trail from Greenville to the Clemson University International Center for Automotive Research (CU-ICAR) campus. The plan will identify potential trail extension routes and estimated costs for construction. The grants will also be used by the Organization in assisting in the drafting of a Pedestrian and Bicycle Plan for Greenville County.

| | 2013 & 2014 |
|------------------------------------|------------------------|
| Hollingsworth Funds | \$ 85,000 |
| Graham Foundation | 10,000 |
| Daniel Mickel Foundation | 10,000 |
| City of Greenville | 5,000 |
| LiveWell Greenville | 1,500 |
| YMCA of Greenville | 5,000 |
| Proterra, Inc. | 2,500 |
| Community Foundation of Greenville | 2,500 |
| Other Grants | 11,500 |
| Total | <u>\$ 133,000</u> |

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Swamp Rabbit Trail Extension – In Progress (Continued)

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ 84,000 | 49,000 | - | \$ 133,000 |
| Direct Expenses | 14,129 | 111,739 | 5,301 | 131,169 |
| Change in Net Assets | \$ 69,871 | (62,739) | (5,301) | \$ 1,831 |

School Travel Plans - Completed

In April 2013, the Organization received US Department of Health and Human Services funding through a Community Transformation Grant-Small Communities Program from the YMCA of Greenville and LiveWell Greenville. The grant was for \$39,870 to assist in the drafting of “Safe Routes to School” travel plans at eight local schools. The project was completed in 2014; the net deficit was covered with unrestricted funds.

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ 20,614 | 19,256 | - | \$ 39,870 |
| Direct Expenses | 20,614 | 21,733 | - | 42,347 |
| Change in Net Assets | \$ - | (2,477) | - | \$ (2,477) |

Duke Energy Transmission Line Project - Completed

In 2015 the Organization received funds to mobilize public opposition through a public relations campaign to stop Duke Energy's proposed substation and 45-mile long transmission line over the Blue Ridge Mountains. This included newspaper ads, printed signs, op-eds, and a petition drive. The project was successfully completed in 2015; the net deficit was covered with unrestricted funds.

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|----------------------|---|-------------|-------------|--------------|
| Grants | \$ - | - | 74,570 | \$ 74,570 |
| Direct Expenses | - | - | 75,825 | 75,825 |
| Change in Net Assets | \$ - | - | (1,255) | \$ (1,255) |

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Land Use Planning for an Active, Healthy Community Grant – Completed

In 2010 and 2012 the Organization was awarded grants from the Mary Black Foundation to create land use planning and development strategies in support of active, healthy living in Spartanburg County, South Carolina. The first grant of \$120,000 ended on 12/31/12 with \$4,060 in carry-over funds; the second grant of \$117,000 ended on December 2014. The project was completed in 2014; the net deficit was covered with unrestricted funds.

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|---------------------------|---|-------------|-------------|--------------|
| Special Events Income | \$ 7,470 | - | - | \$ 7,470 |
| Restricted grants | 237,000 | - | - | 237,000 |
| Total Support and Revenue | 244,470 | - | - | 244,470 |
| Expenses | 182,715 | 63,741 | - | 246,456 |
| Change in Net Assets | \$ 61,755 | (63,741) | - | \$ (1,986) |

Targeted Watershed Initiative Grant Program – Completed

On May 21, 2008, the Organization was awarded a targeted watershed initiative grant of \$1,099,994 beginning in May 2008 (\$799,994 from the U.S. Environmental Protection Agency and a \$300,000 matching grant from V. Kann Rasmussen Foundation). The purpose of this grant was to develop innovative, market-based incentives and programs for protecting and improving water quality in urban watersheds. The project was completed in 2014; the net deficit was covered with unrestricted funds.

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|---------------------------|---|-------------|-------------|--------------|
| Restricted grants | | | | |
| EPA | \$ 786,510 | 13,484 | - | \$ 799,994 |
| Match | 295,944 | 4,056 | - | 300,000 |
| Total Support and Revenue | 1,082,454 | 17,540 | - | 1,099,994 |
| Direct expenses | 1,082,454 | 18,596 | - | 1,101,050 |
| Change in net assets | \$ - | (1,056) | - | \$ (1,056) |

Walnut Creek Nutrient Reduction Project (Section 319 Grant) - Completed

On December 1, 2011, the organization signed a Section 319 grant agreement with the SC Department of Health and Environmental Control (“DHEC”) for nutrient reduction activities in the Walnut Creek watershed in Laurens County, South Carolina. The grant was \$371,175 over three years. The main focus of the project was to reduce nitrogen, phosphorus and sediment inputs to the Walnut Creek watershed and Lake Greenwood. The grant was subsequently extended to November 30, 2015 and amended down to \$277,000. The project was completed in 2015.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Walnut Creek Nutrient Reduction Project (Section 319 Grant) – Completed (continued)

The table below details the annual and grant to date activity.

| | Inception Through 12/31/13 | 2014 | 2015 | Total |
|---------------------------|---|-------------|-------------|--------------|
| Restricted Grants | | | | |
| EPA | \$ 69,259 | 68,964 | 106,731 | \$ 244,954 |
| Total Support and Revenue | 69,259 | 68,964 | 106,731 | 244,954 |
| Direct Expenses | 69,259 | 68,964 | 106,731 | 244,954 |
| Change in Net Assets | \$ - | - | - | \$ - |

Major Nature Property – Complete

In 2012, the Organization received a gift of 204 unimproved acres in Anderson County, South Carolina (popularly known as “Major Nature”) and a \$10,000 tax credit. As of December 31, 2012, the property was valued at \$495,744 (*net selling costs*) and the balance of the tax credit funds was \$7,079.

Due to market conditions and conservation easement restrictions, the property value was reduced to \$359,550 (*net selling costs*). The balance of the tax credit funds at December 31, 2014 was \$6,719.

In 2015 the property sold for \$256,032 (*net selling costs*) and the balance of the tax credit funds were \$4,561. The proceeds from the sale and the tax credit funds are restricted to Land Trust program operations.

South Carolina Conservation Bank - Complete

In 2015 and 2014, the Organization received \$772,000 and \$55,000, respectively from the South Carolina Conservation Bank for the purchase of conservation easements.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Total Temporarily Restricted Funds

The Organization has remaining fund balances in the following temporarily restricted funds as of December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Major Grants | | |
| Bike Share | \$ 306,808 | \$ 362,207 |
| Major Nature Property | - | 359,550 |
| Mary Black Land Use Planning | - | 30 |
| Mary Black Active Communities 2015 | - | 68,817 |
| Mary Black Active Communities 2016 | 66,424 | - |
| Swamp Rabbit Trail Extension | 1,831 | 7,132 |
| Reconnecting People with Rivers | 25,680 | 27,779 |
| Shaping our Future | 163,435 | - |
| Other Grants | | |
| Land Trust Endowment Funds (See Note 6) | 394,771 | 410,058 |
| Land Trust Restricted | 220,823 | - |
| North Main Park | 152,475 | 164,035 |
| North Saluda Watershed | 158,654 | 108,654 |
| 100 and Counting | 24,340 | - |
| Recycling Matters | - | 2,969 |
| Rocky River | 22,948 | 22,948 |
| Web of Water Photo Book | 4,915 | 10,402 |
| Miscellaneous | 53,386 | 48,059 |
| Total | <u>\$ 1,596,490</u> | <u>\$ 1,592,640</u> |

Transfers Between Funds

In 2015, the Organization transferred \$9,328 from unrestricted funds to temporarily restricted funds to cover program activities.

In 2014, the Organization transferred \$36,814 from unrestricted funds to temporarily restricted funds to cover program activities.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 – PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------|-------------------|
| Property | \$ 833,097 | \$ 833,097 |
| Furniture | 16,439 | 16,439 |
| Equipment | 20,636 | 20,636 |
| Bike Share Equipment | <u>229,265</u> | <u>229,265</u> |
| Total Property and Equipment | 1,099,437 | 1,099,437 |
| Less Accumulated Depreciation | <u>(241,866)</u> | <u>(193,611)</u> |
| Property and Equipment, Net | <u>\$ 857,571</u> | <u>\$ 905,826</u> |

NOTE 10 – LEASE OBLIGATIONS

The Organization leased office space in Spartanburg, South Carolina from a third party for \$1,320 per month through December 31, 2014. Effective January 1, 2015 the rent was increased to \$1,390 per month. Rent expense was \$16,820 and \$15,840 for the years ending December 31, 2015 and 2014, respectively.

NOTE 11 – CONTINGENCIES

The Organization is dependent upon grants, contracts, and contributions. The Organization must apply for renewals of grants and contracts. Funding is subject to increases or decreases at the discretion of the contractors, grantors or donors.

The Organization's costs incurred under its governmental grants are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

On March 13, 2014, the Organization became a party to litigation involving enforcement of terms of a conservation easement. At December 31, 2014, the potential financial impact was approximately \$44,000 in legal costs. An accrued liability was recorded in the financial statements for that amount. At December 31, 2015, the accrued liability was \$4,014.

NOTE 12 – CONSERVATION EASEMENT INSURANCE

The Organization is enrolled with the Terrafirma Risk Retention Group LLC, which provides insurance coverage for enforcement and defense of conservation easements under the terms of that policy.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Organization's Past Executive Director is also a member of the Board of Directors of Naturaland Trust, which donated approximately 165 and 61 acres in conservations easements to the Organization during 2015 and 2014 respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 14 – CONCENTRATION OF MEMBER CONTRIBUTIONS

In 2015 the Organization received 13.6% of its total unrestricted contributions and membership revenues from one member. In 2014 the Organization received 35.7% of its total unrestricted contributions and membership revenues from one member.

NOTE 15 – SUBSEQUENT EVENTS

The financial statements were issued on May 4, 2016 and subsequent events have been evaluated through that date.

NOTE 16 – CONSERVATION EASEMENTS

At December 31, 2015 the Organization had conservation easements on 103 sites in upper South Carolina and western North Carolina. A summary of conservation easements signed in 2014 and 2015 is as follows:

| <u>County/State</u> | <u>Easement Acreage</u> | <u>Value Paid / Estimated Value of Development Rights Relinquished</u> |
|---|-----------------------------|--|
| Balance at December 31, 2013 | 18,304 | \$ 81,618,142 |
| Pickens Greenville and Oconee Counties, South Carolina | <u>212</u> | <u>442,000</u> |
| Total Easements Completed 2014 | | |
| Pickens Greenville and Oconee Counties, South Carolina | <u>1,000</u> | <u>2,840,103</u> |
| Total Easements Completed 2015 | | |
| Grand Total | <u><u>19,517</u></u> | <u><u>\$ 84,900,245</u></u> |