

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

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YEARS ENDED DECEMBER 31, 2020 AND 2019

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2020 and 2019, 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, 2020 and 2019, 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, LLP

Greene Finney, LLP
Mauldin, South Carolina
March 29, 2021

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

SPARTANBURG, SC
864.232.5204

ASHEVILLE, NC
828.771.0847
OPEN BY APPOINTMENT ONLY

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020 TOTAL	2019 TOTAL
ASSETS				
Cash	\$ 469,814	290,954	760,768	\$ 593,611
Marketable Securities	4,000,550	2,287,196	6,287,746	5,801,253
Investments	214,037	-	214,037	214,169
Deposits	-	-	-	1,128
Accounts Receivable	12,280	168,376	180,656	150,595
Long-Term Accounts Receivable, net	-	44,885	44,885	77,341
Campaign Pledge Receivables, net	269,092	-	269,092	481,472
Long-Term Campaign Pledge Receivables	1,500	-	1,500	138,444
Prepaid Expenses	5,888	-	5,888	4,447
Other Current Assets	12,300	-	12,300	3,579
Land Held for Resale	421,000	-	421,000	502,300
Due to/from Other Funds	(186,395)	186,395	-	-
Property and Equipment, net	605,980	-	605,980	735,520
TOTAL ASSETS	\$ 5,826,046	2,977,806	8,803,852	\$ 8,703,859
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 5,720	-	5,720	\$ 9,987
Accrued Liabilities	44,836	-	44,836	56,659
TOTAL LIABILITIES	50,556	-	50,556	66,646
NET ASSETS				
Without Donor Restrictions	5,775,490	-	5,775,490	5,730,442
With Donor Restrictions	-	2,977,806	2,977,806	2,906,771
TOTAL NET ASSETS	5,775,490	2,977,806	8,753,296	8,637,213
TOTAL LIABILITIES AND NET ASSETS	\$ 5,826,046	2,977,806	8,803,852	\$ 8,703,859

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020 TOTAL	2019 TOTAL
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants	\$ 196,856	453,467	650,323	\$ 572,073
Contributions	32,341	3,000	35,341	54,767
Capital Campaign	-	-	-	914,358
Membership	396,311	5,000	401,311	238,846
Land Trust Endowments	-	223,342	223,342	91,720
Transfers Between Funds	(246,095)	246,095	-	-
Net Assets Released from Restrictions	1,117,099	(1,117,099)	-	-
TOTAL PUBLIC SUPPORT	1,496,512	(186,195)	1,310,317	1,871,764
Revenue				
Consulting Fees	4,064	24,580	28,644	13,847
Special Events, net of Expenses	4,018	-	4,018	3,492
Interest Income	13,316	2,504	15,820	10,289
Investment Income	496,916	228,445	725,361	762,309
Bike Share Revenue	-	-	-	29,433
Other	744	1,701	2,445	3,256
TOTAL REVENUE	519,058	257,230	776,288	822,626
TOTAL PUBLIC SUPPORT AND REVENUE	2,015,570	71,035	2,086,605	2,694,390
EXPENSES				
Program				
Consulting Subcontract Costs	166,101	-	166,101	100,575
Other Program Costs	1,381,810	-	1,381,810	1,118,933
Management	163,205	-	163,205	123,513
Fundraising	259,406	-	259,406	329,093
TOTAL EXPENSES	1,970,522	-	1,970,522	1,672,114
CHANGE IN NET ASSETS	45,048	71,035	116,083	1,022,276
NET ASSETS, BEGINNING OF YEAR	5,730,442	2,906,771	8,637,213	7,614,937
NET ASSETS, END OF YEAR	\$ 5,775,490	2,977,806	8,753,296	\$ 8,637,213

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2020 TOTAL	2019 TOTAL
EXPENSES					
EMPLOYEE EXPENSES					
Salaries	\$ 702,809.00	162,877	165,928	1,031,614	\$ 918,990
Employee Benefits	41,334	9,340	9,607	60,281	51,347
Salaries, Paid Time Off	14,861	4,981	35	19,877	(4,664)
Payroll Service	-	2,843	-	2,843	2,446
Payroll Tax Expense	51,507	8,921	12,191	72,619	65,978
TOTAL EMPLOYEE EXPENSES	810,511	188,962	187,761	1,187,234	1,034,097
ALL OTHER EXPENSES					
Accounting	-	11,650	-	11,650	12,280
Advertising	1,151	-	-	1,151	4,375
Bad Debt Expense	10,835	-	-	10,835	13,500
Bank Charges	173	-	3,346	3,519	7,683
Computer	23,910	15,949	2,593	42,452	35,790
Consultants	145,900	4,317	17,966	168,183	124,037
Copier	2,603	3,292	-	5,895	7,263
Depreciation Expense	2,283	21,443	-	23,726	48,942
Education/Training	1,539	69	-	1,608	3,422
Loss on Sale of Bike Share Assets	105,814	-	-	105,814	-
Impairment on Land Held for Resale	81,300	-	-	81,300	-
Events, Other	1,052	21	114	1,187	33,336
Insurance	7,140	27,278	-	34,418	30,543
Licenses and Fees	1,011	251	-	1,262	750
Meeting and Conference Expenses	3,145	-	-	3,145	22,332
Miscellaneous	1,674	483	50	2,207	2,689
Organizational Dues	4,771	275	-	5,046	15,617
Overhead Allocation	116,537	(144,097)	27,560	-	-
Postage & Mailing	4,425	633	4,259	9,317	7,612
Printed Materials	22,520	1,148	8,054	31,722	29,673
Records Management	-	1,465	-	1,465	991
Rent	12,340	-	-	12,340	12,625
Repairs and Maintenance	1,430	16,369	2,220	20,019	28,601
Sponsorship Expenses	2,600	250	2,750	5,600	14,525
Supplies and Equipment	1,471	5,497	755	7,723	26,190
Telecommunications	2,590	4,567	987	8,144	17,210
Travel	11,295	-	476	11,771	31,135
Utilities	1,790	3,383	515	5,688	6,321
TOTAL ALL OTHER EXPENSES	571,299	(25,757)	71,645	617,187	537,442
TOTAL EXPENSES	\$ 1,381,810	163,205	259,406	1,804,421	1,571,539
Consulting Subcontract Costs				166,101	100,575
				1,970,522	\$ 1,672,114

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 116,083	\$ 1,022,276
Adjustments to Reconcile Change in Net Assets to Cash Provided by (used in) Operating Activities:		
Unrealized Gain on Marketable Securities and Investments	(598,704)	(669,239)
Depreciation	23,726	48,942
Loss on Sale of Bike Share Assets	105,814	-
Changes in Operating Assets and Liabilities		
Increase in Deposits, Prepaid Expenses and Other Current Assets	(9,034)	(989)
Decrease in Accounts and Long-Term Pledges Receivable	351,719	58,765
(Increase) Decrease in Land Held for Resale	81,300	(501,300)
Decrease in Liabilities	(16,090)	(6,245)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	54,814	(47,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Marketable Securities and Investments	112,343	(189,359)
Acquisition of Property and Equipment	-	(7,322)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	112,343	(196,681)
NET INCREASE/(DECREASE) IN CASH	167,157	(244,471)
CASH, BEGINNING OF YEAR	593,611	838,082
CASH, END OF YEAR	\$ 760,768	\$ 593,611

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTAL
ASSETS			
Cash	\$ 106,010	487,601	\$ 593,611
Marketable Securities	3,825,980	1,975,273	5,801,253
Investments	214,169	-	214,169
Deposits	1,128	-	1,128
Accounts Receivable	25,000	125,595	150,595
Long-Term Accounts Receivable, net	-	77,341	77,341
Campaign Pledge Receivables	456,472	25,000	481,472
Long-Term Pledge Campaign Receivables, net	138,444	-	138,444
Prepaid Expenses	4,447	-	4,447
Other Current Assets	3,579	-	3,579
Land Held for Resale	502,300	-	502,300
Due to/from Other Funds	(113,153)	113,153	-
Property and Equipment, net	628,623	106,897	735,520
TOTAL ASSETS	\$ 5,792,999	2,910,860	\$ 8,703,859
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	\$ 9,987	-	\$ 9,987
Accrued Liabilities	52,570	4,089	56,659
TOTAL LIABILITIES	62,557	4,089	66,646
NET ASSETS			
Without Donor Restrictions	5,730,442	-	5,730,442
With Donor Restrictions	-	2,906,771	2,906,771
TOTAL NET ASSETS	5,730,442	2,906,771	8,637,213
TOTAL LIABILITIES AND NET ASSETS	\$ 5,792,999	2,910,860	\$ 8,703,859

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTAL
PUBLIC SUPPORT AND REVENUE			
Public Support			
Grants	\$ -	572,073	\$ 572,073
Contributions	39,244	15,523	54,767
Capital Campaign	914,358	-	914,358
Membership	238,846	-	238,846
Land Trust Endowments	-	91,720	91,720
Transfers Between Funds	(329,202)	329,202	-
Net Assets Released from Restrictions	967,335	(967,335)	-
TOTAL PUBLIC SUPPORT	1,830,581	41,183	1,871,764
Revenue			
Consulting Fees	4,072	9,775	13,847
Special Events, net of Expenses	(2,916)	6,408	3,492
Interest Income	10,154	135	10,289
Investment Income	481,819	280,490	762,309
Bike Share Revenue	-	29,433	29,433
Other	1,590	1,666	3,256
TOTAL REVENUE	494,719	327,907	822,626
TOTAL PUBLIC SUPPORT AND REVENUE			
	2,325,300	369,090	2,694,390
EXPENSES			
Program			
Consulting Subcontract Costs	100,575	-	100,575
Other Program Costs	1,118,933	-	1,118,933
Management	123,513	-	123,513
Fundraising	329,093	-	329,093
TOTAL EXPENSES	1,672,114	-	1,672,114
CHANGE IN NET ASSETS	653,186	369,090	1,022,276
NET ASSETS, BEGINNING OF YEAR	5,077,256	2,537,681	7,614,937
NET ASSETS, END OF YEAR	\$ 5,730,442	2,906,771	\$ 8,637,213

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2019 TOTAL
EXPENSES				
EMPLOYEE EXPENSES				
Salaries	\$ 602,988	128,048	187,954	\$ 918,990
Employee Benefits	33,555	7,466	10,326	51,347
Salaries, Paid Time Off	(3,397)	(531)	(736)	(4,664)
Payroll Service	-	2,446	-	2,446
Payroll Tax Expense	43,225	9,143	13,610	65,978
TOTAL EMPLOYEE EXPENSES	676,371	146,572	211,154	1,034,097
ALL OTHER EXPENSES				
Accounting	-	12,280	-	12,280
Advertising	4,307	-	68	4,375
Bad Debt Expense	-	-	13,500	13,500
Bank Charges	3,941	30	3,712	7,683
Computer	23,773	8,642	3,375	35,790
Consultants	95,889	3,500	24,648	124,037
Copier	2,257	5,006	-	7,263
Depreciation Expense	28,031	20,911	-	48,942
Education/Training	1,503	1,919	-	3,422
Events, Other	11,199	15	22,122	33,336
Insurance	9,003	21,540	-	30,543
Licenses and Fees	450	300	-	750
Meeting and Conference Expenses	18,738	1,995	1,599	22,332
Miscellaneous	2,125	564	-	2,689
Organizational Dues	14,892	250	475	15,617
Overhead Allocation	95,184	(125,348)	30,164	-
Postage & Mailing	2,858	989	3,765	7,612
Printed Materials	20,067	2,222	7,384	29,673
Records Management	-	991	-	991
Rent	12,340	285	-	12,625
Repairs and Maintenance	22,628	4,673	1,300	28,601
Sponsorship Expenses	13,775	750	-	14,525
Supplies and Equipment	19,623	4,632	1,935	26,190
Telecommunications	9,378	6,316	1,516	17,210
Travel	28,735	533	1,867	31,135
Utilities	1,866	3,946	509	6,321
TOTAL ALL OTHER EXPENSES	442,562	(23,059)	117,939	537,442
TOTAL EXPENSES	\$ 1,118,933	123,513	329,093	1,571,539
Consulting Subcontract Costs				100,575
				\$ 1,672,114

The notes to the financial statements are an integral part of this statement.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

Upstate Forever is a nonprofit organization founded in 1998 to protect critical lands, waters, and the unique character of the Upstate of South Carolina. Upstate Forever accomplishes its mission through four major programs: Land Conservation, Clean Water, Land Planning and Policy, and Energy. Upstate Forever receives third-party donations, grants from state and federal governments, foundations and private industry, and investment income.

Basis of Presentation

The accompanying financial statements of Upstate Forever have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and are presented in accordance with Financial Accounting Standards Board (“FASB”) ASC 958-205 Not-For-Profit Presentation of Financial Statements.

Revenue Recognition

Upstate Forever recognizes revenue on grants either when received or when the funds have been expended (reimbursable grants) in accordance with grant requirements. Contributions are recognized when received or when a written pledge is received for contributions promised over more than one year. Upstate Forever has received planned gifts of \$4.9 million as a part of its Crossroads Campaign as described further in Note 7. Planned gifts are future contributions that a donor plans during their lifetime that will take effect upon the donor’s passing. Planned gifts are not recognized on the financial statements until the cash or other assets are received.

Cash and Cash Equivalents

For the Statement of Cash Flows, Upstate Forever generally 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 publicly traded stock 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 net assets with donor restrictions or net assets without donor restrictions.

Investments

Investments consist of a private equity limited partnership fund that makes investments in middle-market businesses.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables consist primarily of amounts due for grants and from large donors.

Campaign pledge receivables that are expected to be collected within one year are recorded at net realizable value. Campaign pledge receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledge receivables are received. Amortization of the discounts is included in contribution revenue.

Allowances for uncollectible accounts are determined based on subsequent collections, past experience, and an assessment of economic conditions. Receivables are written off when deemed uncollectible.

Income Taxes

Upstate Forever 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.

Net Assets

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Upstate Forever and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* are net assets available for use in general operations and not subject to donor-imposed restrictions. The Board, at its discretion, may designate a portion of the net assets without donor restrictions to be used for specific purposes, such as capital improvements.
- *Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of Upstate Forever or the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. 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 Statement of Activities as net assets released from restrictions. If a restriction is fulfilled during the same year in which the contribution is received, Upstate Forever reports that support as an increase in net assets without donor restrictions.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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. Upstate Forever'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 Upstate Forever 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 Upstate Forever.

Conservation easements donated to Upstate Forever 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 Statements of Cash Flows. The funding source that enables the purchase of these easements is shown as a revenue in the Statement of Activities and Statements of Cash Flows, resulting in a net zero effect on net assets.

Upstate Forever 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 Upstate Forever 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. See Note 15 for more details of Upstate Forever's conservation easements.

Grants

Upstate Forever 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.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires Upstate Forever'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

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within the following fiscal year consisted of the following:

	December 31, 2020	December 31, 2019
Cash and Cash Equivalents	\$ 469,814	\$ 106,010
Marketable Securities	4,000,550	3,825,980
Investments	214,037	214,169
Accounts Receivable	12,280	25,000
Campaign Pledge Receivables, Net	270,592	456,472
Endowment distributions and appropriations	-	80,000
	<u>\$ 4,967,273</u>	<u>\$ 4,707,631</u>

Upstate Forever's board-designated endowment of \$2,882,674 is subject to board approval for disbursement. Although they do not intend to spend from this endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval), these amounts could be made available if necessary.

NOTE 3 – 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 4 – CONCENTRATION OF CREDIT RISK

Upstate Forever currently maintains bank accounts. Accounts at each institution were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 as of December 31, 2020 and 2019, and Upstate Forever's holdings did not exceed the insured limits.

NOTE 5 – FAIR VALUE DISCLOSURES

The FASB issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Upstate Forever has the ability to access.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

Level 2 – Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2020 and 2019, Upstate Forever's marketable securities, investments, and campaign pledges receivable 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 and investments were valued based upon Level 1 inputs.

The 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, 2020 and 2019.

Mutual and Money Market Funds

These investments are public investment vehicles valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlining assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Stocks

These investments are valued based on the current stock market price or information obtained from the company itself if there is no secondary market for the sale of the shares of stock. The current stock market price investments are classified within Level 1.

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NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

Private Equity Fund

A contribution was given to Upstate Forever in December 2018 that is an interest in a private equity limited partnership fund that makes investments in lower middle-market businesses. This investment is reported at NAV of Upstate Forever's share in the private equity fund. As part of the transfer of ownership agreement, Upstate Forever is not responsible for any future calls for funding and any or all future distributions are solely the property of Upstate Forever. The private equity partnership is scheduled to close out and make final disbursements on December 31, 2021. Upstate Forever uses NAV reported by fund managers to estimate fair value of alternative investments that (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The private equity investment, whose fair value was determined using NAV as a practical expedient, is not categorized within the described fair value hierarchy.

The table below details the activity within the private equity fund during 2020:

Private Equity Fund Value at December 31, 2019	\$	214,169
Cash Distributions from the Fund		(17,470)
Unrealized Gains on Investment		17,338
Private Equity Fund Value at December 31, 2020	\$	<u>214,037</u>

The table below details the activity within the private equity fund during 2019:

Private Equity Fund Value at December 31, 2018	\$	267,294
Cash Distributions from the Fund		(66,336)
Unrealized Gains on Investment		13,211
Private Equity Fund Value at December 31, 2019	\$	<u>214,169</u>

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NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

The following table sets forth by level the fair value hierarchy of Upstate Forever’s assets accounted for at fair value on a recurring basis as of December 31, 2020 and 2019:

	<u>Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1 Inputs)</u>	
	<u>Fair Value at December 31, 2020</u>	<u>Fair Value at December 31, 2019</u>
Assets:		
Cash and Deposit-in-Transit	\$ 59,485	\$ 36,756
Certificates of Deposit	487,468	607,000
Community Foundation Funds	25,010	21,897
Equities - Publicly Traded	1,361,083	1,023,688
Bonds - Publicly Traded	209,712	158,848
Treasury Notes	130,109	156,694
Mutual Funds:		
Stocks	2,037,037	1,496,661
Bonds	1,815,439	1,883,814
Other	-	80,627
Total Mutual Funds	<u>3,852,476</u>	<u>3,461,102</u>
Money Market Funds	162,403	335,268
Total Assets at Fair Value	<u>\$ 6,287,746</u>	<u>\$ 5,801,253</u>

Total investment gain on marketable securities and investments of \$725,361 includes \$598,704 of unrealized gains for the year ended December 31, 2020. Investment fees in the amount of \$20,759 are netted with Investment Income on the Statement of Activities for the year ended December 31, 2020.

Total investment gain on marketable securities and investments of \$762,309 includes \$669,239 of unrealized gains for the year ended December 31, 2019. Investment fees in the amount of \$26,595 are netted with Investment Income on the Statement of Activities for the year ended December 31, 2019.

NOTE 6 – ENDOWMENT FUNDS

Land Trust Endowment

As part of Upstate Forever’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 15 for a description of Upstate Forever’s conservation easements).

The Land Trust Endowment is comprised of three individual funds: The Principal Fund (investment), Monitoring Fund, and Defense Fund, all of which are classified as with donor restrictions. These funds include amounts invested in marketable securities, and accounts receivable from donors.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

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

It is the written intent of most donors and Upstate Forever that cumulative investment losses, if any, will not be reported in net assets without donor restrictions. Investment losses will be reported first in the Monitoring and Defense net assets to the extent of cumulative investment earnings, net of appropriations for expenditures, and then against the account principal. Future investment income will be used to restore losses, if any, to the principal before again being available for oversight activities.

Endowment Without Donor Restrictions

As of December 31, 2020, Upstate Forever has an endowment that was funded by receiving \$2,200,000 in funds without restrictions from one family, which the Board of Directors designated to be held as an endowment fund for future endeavors. Upstate Forever classified these as net assets without donor restrictions, and also records investment earnings as without donor restrictions. The Board of Directors approves when and how to use these gifts that are without donor restrictions.

Accounting Guidance

Net assets with donor restrictions are appropriated for expenditure by Upstate Forever in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). In accordance with UPMIFA, Upstate Forever 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 Upstate Forever 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 Upstate Forever.
- The investment policy of Upstate Forever.

Investment Objective

Upstate Forever’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. Upstate Forever 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, Upstate Forever expects to enhance real market value.

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).

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Upstate Forever has chosen not to manage its underlying assets directly, but utilizes independent investment managers to do so. The Finance and Investment Committee of Upstate Forever meets twice annually with the investment managers to review and discuss the management of Upstate Forever’s endowment funds.

The total fund balance is comprised of both marketable securities and other assets and liabilities of Upstate Forever’s endowment funds.

Changes in Upstate Forever’s Endowment Funds, by net asset classification, for the years ended December 31, 2020 and 2019 are summarized as follows:

Description	2020		Total
	Board Designated Without Donor Restrictions	Land Trust With Donor Restrictions	
Endowment Fund, Beginning of Year	\$ 2,452,933	1,888,924	\$ 4,341,857
Investment Gain	429,741	228,443	658,184
Contributions	-	223,342	223,342
Appropriation of Assets for Expenditure	-	(71,435)	(71,435)
Endowment Funds, End of Year	<u>\$ 2,882,674</u>	<u>2,269,274</u>	<u>\$ 5,151,948</u>

Description	2019		Total
	Board Designated Without Donor Restrictions	Land Trust With Donor Restrictions	
Endowment Fund, Beginning of Year	\$ 2,141,866	1,571,580	\$ 3,713,446
Investment Gain	391,067	280,490	671,557
Contributions	-	93,473	93,473
Appropriation of Assets for Expenditure	(80,000)	(56,619)	(136,619)
Endowment Funds, End of Year	<u>\$ 2,452,933</u>	<u>1,888,924</u>	<u>\$ 4,341,857</u>

Although substantially all of the assets of the Endowment Fund are invested in marketable securities, the category Marketable Securities on the balance sheet also includes Certificates of Deposit with original maturities over 90 days and funds collected as part of the Crossroads Campaign but not yet spent.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – ACCOUNTS AND PLEDGES RECEIVABLE

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

	Accounts Receivable	
	<u>2020</u>	<u>2019</u>
Land Policy and Planning	\$ 50,000	\$ 50,000
Land Trust Endowment Funds	22,890	8,652
Clean Water Program	63,535	54,793
Land Conservation Program	31,952	12,150
Other	12,279	25,000
Total	<u>\$ 180,656</u>	<u>\$ 150,595</u>

	Long-Term Accounts Receivable	
	<u>2020</u>	<u>2019</u>
Land Conservation Program, Net	\$ 19,275	\$ 28,560
Land Trust Endowment, Net	25,610	-
Land Policy and Planning, Net	-	48,780
Total	<u>\$ 44,885</u>	<u>\$ 77,341</u>

During 2018, Upstate Forever launched the “Crossroads Campaign” with a goal of \$7 million, with \$3 million in donations and \$4 million in planned gifts. At the close of the campaign in 2019, Upstate Forever exceeded its goals with \$3.6 million in donations and \$4.9 million in planned gifts. Of the \$3,558,379 in donations, \$2,922,496 was received in cash, marketable securities and real property as of December 31, 2020. The remaining pledges receivable are due as follows:

	Pledges Receivable	
	<u>2020</u>	<u>2019</u>
Due in 2020	\$ -	\$ 481,471
Due in 2021	284,984	145,937
Due in 2022	1,575	8,475
	<u>286,559</u>	<u>635,883</u>
Less Discount to Net Present Value of 2.5% per year	(3,967)	(3,967)
Less Allowance for Doubtful Accounts	(12,000)	(12,000)
Campaign Pledges Receivable, Net	<u>270,592</u>	<u>619,916</u>
Less Current Portion	(269,092)	(481,472)
Portion Included in Long-Term Campaign Pledges Receivables Net	<u>\$ 1,500</u>	<u>\$ 138,444</u>

The carrying amount of campaign pledges approximate fair value because the pledges have been discounted to present value. Also, Upstate Forever has recorded a \$12,000 allowance for doubtful accounts.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – ACCOUNTS AND PLEDGES RECEIVABLE (CONTINUED)

During 2018, Upstate Forever also received a \$50,000 pledge from Daniel-Mickel Foundation for a Critical Lands Grant. The grant is to be received over a period of five years. The remaining grant receivable is due as follows:

	2020	2019
Due in 2020	\$ -	\$ 10,000
Due in 2021	10,000	10,000
Due in 2022	10,000	10,000
Due in 2023	10,000	10,000
	<u>30,000</u>	<u>40,000</u>
Less Discount to Net Present Value of 2.5% per year	(725)	(1,440)
Critical Lands Grant Receivable, Net	<u>29,275</u>	<u>38,560</u>
Less Current Portion Included in Accounts Receivable	(10,000)	(10,000)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ 19,275</u>	<u>\$ 28,560</u>

During 2020, Upstate Forever also received a total of \$49,506 in pledges for land trust endowment receivables for five separate easements. These are to be received over a period of up to three years. The remaining land trust endowment receivable is due as follows:

	2020
Due in 2021	\$ 22,890
Due in 2022	19,363
Due in 2023	7,253
	<u>49,506</u>
Less Discount to Net Present Value of 2.5% per year	(1,006)
Land Trust Endowment Receivable, Net	<u>48,500</u>
Less Current Portion Included in Accounts Receivable	(22,890)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ 25,610</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS

Grants with donor restrictions received in 2020 and 2019 are comprised of the following:

Major Grants	2020	2019
Shaping Growth - Greenville, net discount	\$ 77,719	\$ 237,046
Tyger River Section 319 Grant	46,170	78,153
Oconee County Land Conservation	100,000	75,000
Sea Change - Energy and Pipeline Initiatives	44,015	45,000
Lake Keowee Watershed-Based Plan	22,565	26,435
3&20 Creek Section 319 Grant	30,861	21,376
Saving Lake Greenwood	25,471	7,000
Reconnecting People with Rivers	-	4,123
Campaign for Critical Lands, net discount	714	940
Priority Upcountry Land and Water Conservation Project	20,952	-
Other Grants		
Other Land Policy And Planning Restricted Grants	-	27,000
Upstate Voice for SC Energy Efficiency	15,000	15,000
Land Trust Restricted Grants	55,200	11,000
Citizen Planning Academies		10,000
Miscellaneous	14,800	14,000
	<u>\$ 453,467</u>	<u>\$ 572,073</u>

In 2020, Upstate Forever completed work under one major grant, continues work under nine major grants and received two additional major grants. The work funded by these major grants is described below.

Lake Greenwood, Saluda River Basin Watershed-based Plan - New

In partnership with the South Carolina Rural Water Association Upstate Forever will prepare a watershed-based plan for 6 subwatershed in the Lake Greenwood area. The watershed-based plan will identify sources of bacteria, sediment, and nutrient pollutants in these basins and devise strategies to mitigate these pollutants and improve water quality.

The local grants and DHEC government reimbursement grants are listed as follows:

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control WBP	\$ 60,412
Fujifilm Manufacturing U.S.A	7,000
Total	<u>\$ 67,412</u>

**UPSTATE FOREVER
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Lake Greenwood, Saluda River Basin Watershed-based Plan – New (Continued)

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ -	-	25,471	\$ 25,471
Direct Expenses	-	-	(28,873)	(28,873)
Transfer in From Saving Lake Greenwood	-	-	7,000	7,000
Change in Net Assets	\$ -	-	3,598	\$ 3,598

Priority Upcountry Land and Water Conservation Project – New

In 2020 Upstate Forever was awarded a grant from the United States Department of Agriculture Natural Resources Conservation Service through the Regional Conservation Partnership Program (USDA-NRCS-RCPP) a total grant of \$703,896 over 5 years. Through RCPP, NRCS Upstate Forever plans to implement projects that demonstrate innovative solutions to further watershed planning and implementation through perpetual protection of land from non-compatible uses. In addition to the funds Upstate Forever receives, the grant provides for an additional \$3.2 million in financial assistance directly to the landowner who provides property under this award over the five-year term of the grant. Grants were awarded as follows:

<u>Grantors</u>	<u>Total Grants</u>
USDA-NRCS-RCPP	\$ 703,896
Total	<u>\$ 703,896</u>

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

	Inception Through 12/31/18	2019	2020	Total
Accrued Grant Revenue	\$ -	-	20,952	\$ 20,952
Direct Expenses	-	-	(20,952)	(20,952)
Change in Net Assets	\$ -	-	-	\$ -

Lake Keowee Watershed-Based Plan – In Progress

Upstate Forever is a sub-grantee of the Lake Keowee Source Protection Team’s \$49,000, DHEC reimbursement grant. Upstate Forever will prepare a watershed-based plan for two sub-watersheds of the Keowee River-Lake Keowee and the Little River. The watershed-based plan will identify sources of bacteria, sediment, and biological pollutants in these basins and devise strategies to mitigate these pollutants and improve water quality.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Lake Keowee Watershed-Based Plan – In Progress (Continued)

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ -	26,435	22,565	\$ 49,000
Direct Expenses	-	(26,435)	(22,565)	(49,000)
Change in Net Assets	\$ -	-	-	\$ -

Shaping Growth in Greenville – In Progress

Since 2017, Upstate Forever has received \$485,405 to promote land use planning and policy in Greenville County and its municipalities. One of the objectives is to facilitate land use policy training for local government staff & officials, practitioners and citizens highlighting land-use solutions likely to address issues related to affordable housing, public transportation and sprawl. Another objective is to provide grassroots organization and assistance to empower Greenville County citizens in the land use planning process. Grants were awarded as follows:

<u>Grantors</u>	<u>Total Grants</u>
Jolley Foundation	\$ 240,000
Hollingsworth	225,000
New Belgium	5,000
Community Foundation	5,000
Greenville Housing Fund	5,000
Other Grants	5,405
Total	\$ 485,405

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 170,640	238,265	76,500	\$ 485,405
(Discount Long Term Receivable)	-	(1,219)	1,219	-
Direct Expenses	(58,182)	(120,439)	(144,322)	(322,943)
Transfer in from Other Funds	1,948	-	-	1,948
Change in Net Assets	\$ 114,406	116,606	(66,603)	\$ 164,410

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Oconee County Land Conservation and Stewardship – In Progress

Since 2017, Upstate Forever has been awarded \$225,500 to expand land conservation outreach, strengthen conservation stewardship, and form cost-sharing partnerships in Oconee County, South Carolina. A listing of the grants follows:

<u>Grantors</u>	<u>Total Grants</u>
Pete and Sally Smith Foundation	\$ 225,000
Lake Keowee Source Water Protection team	500
Total	\$ 225,500

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 50,500	75,000	100,000	\$ 225,500
Direct Expenses	(39,302)	(8,797)	(67,157)	(115,256)
Change in Net Assets	\$ 11,198	66,203	32,843	\$ 110,244

Sea Change – In Progress

Since 2017, Upstate Forever has been awarded grants in the amount of \$188,315 to support Upstate Forever's pipeline and renewable energy policy initiatives, reauthorization of the South Carolina Conservation bank and wetland mitigation across the state. These efforts included working with a broad coalition to bring about statewide policy change supporting clean energy and development of a 4-part webinar series entitled "Natural Gas Pipelines 101 - What You Need to Know Before One Comes Through Your Community".

<u>Grantors</u>	<u>Total Grants</u>
Turner Foundation	\$ 50,000
Oak Hill	138,315
Other Income	254
Total	\$ 188,569

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Sea Change – In Progress (Continued)

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 99,300	45,000	44,015	\$ 188,315
Other income	254	-	-	254
Total Revenue	99,554	45,000	44,015	188,569
Direct Expenses	(96,267)	(44,912)	(39,520)	(180,699)
Transfer in from Other Funds	2,730	8,027	-	10,757
Change in Net Assets	\$ 6,017	8,115	4,495	\$ 18,627

Tyger River Implementation Project (Section 319 Grant) - In Progress

Upstate Forever has received \$77,000 from local water districts and \$343,454 from the South Carolina Department of Health and Environmental Control (DHEC) to implement the recommendations from the completed watershed-based plan for three sub-watersheds of the Tyger River Basin to reduce nonpoint source pollution in this region. Partnering with three local water districts, Upstate Forever is working to install a variety of implementation measures (e.g., septic system repairs, livestock fencing, drip irrigation, conservation easements) to reduce bacteria, sediment and nutrient pollution in the watersheds over a three-year period. The local grants and DHEC government reimbursement grants are listed as follows:

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control – Watershed Base Plan	\$ 40,939
Department of Health and Environmental Control – Implementation Plan	302,515
Greer Commission of Public Works (CPW)	32,000
Startex Jackson Welford Duncan Water District (SJWD)	30,000
Woodruff Roebuck Water District (WRWD)	15,000
Total	\$ 420,454

The table below details the annual and grant to date activity. In addition to the \$230,503 in total grants below, there is an additional \$189,951 available in unearned reimbursement grant funds.

	Inception Through 12/31/18	2019	2020	Total
Total Grants	\$ 106,180	78,153	46,170	\$ 230,503
Direct Expenses	(52,110)	(77,906)	(58,950)	(188,966)
Transfer in from Other Funds	931	858	-	1,789
Change in Net Assets	\$ 55,001	1,105	(12,780)	\$ 43,326

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NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Campaign for Critical Lands – In Progress

In 2017 and 2018, Upstate Forever received \$130,000 in grants to provide financial support for closing conservation easements. Through a partnership with Furman University, Upstate Forever has identified and mapped the most critical lands that influence water quality in the Upstate region. Conserving these areas with voluntary conservation easements will protect our drinking water supply, build capacity for future growth, and conserve the lands needed to support the region’s burgeoning local food economy.

<u>Grantors</u>	<u>Total Grants</u>
Greenville Women Giving	\$ 80,000
Daniel-Mickel Foundation	50,000
Total	\$ 130,000

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 130,000	-	-	\$ 130,000
(Discount Long Term Receivable)	(2,380)	940	714	(726)
Direct Expenses	(30,646)	(8,205)	(17,495)	(56,346)
Change in Net Assets	\$ 96,974	(7,265)	(16,781)	\$ 72,928

Reconnecting People to Rivers Initiative Grants – In Progress

In 2014, Upstate Forever launched a multi-year initiative to reconnect people to rivers. Coordinating with stakeholders throughout the region, the initiative created blueway maps and coordinated a statewide website highlighting river recreation and paddling opportunities. Additionally, it helped to develop the SC Adopt-a-Stream volunteer water quality monitoring program to engage citizens in the health of local rivers and provide much needed water quality data. Upstate Forever has raised \$334,593 including a \$100,000 challenge grant from the Callie and John Rainey Foundation and a \$95,000 reimbursement grant from SC Department of Natural Resources (DNR) to fund this work.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Reconnecting People to Rivers Initiative Grants – In Progress (Continued)

The table below details the annual and grant to date activity. In addition to the \$290,798 in total revenue below, there is an additional \$46,161 available in unearned reimbursement grant funds from SCDNR. The ending balance in 2019 of \$858 was transferred to another clean water project. There was no new activity in 2020.

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 280,563	4,122	-	\$ 284,685
Other income	6,113	-	-	6,113
Total Revenue	286,676	4,122	-	290,798
Direct Expenses	(285,818)	(4,122)	-	(289,940)
Transfer out to Tyger Implementation	-	(858)	-	(858)
Change in Net Assets	\$ 858	(858)	-	\$ -

Saving Lake Greenwood – In Progress

Since 2016, Upstate Forever received \$97,000 in grants from FujiFilm Manufacturing U.S.A., Inc., and \$11,722 in other income to improve water quality throughout the Reedy River and Lake Greenwood. The work includes:

- Participation in the Reedy River Water Quality Group, a comprehensive stakeholder effort focused on reducing nutrient levels throughout the Reedy River watershed.
- Advocating to improve development and land use regulations to reduce pavement requirements and allow for low impact development/green infrastructure storm water solutions.
- Producing easy-to-understand report cards for major rivers and lakes across the Upstate to address water quality conditions and concerns.
- Coordinating educational events to draw public interest in the value of healthy rivers and lakes.
- Installing hydration stations in downtown Greenwood to encourage use of reusable water bottles.

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YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Saving Lake Greenwood – In Progress (Continued)

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

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 90,000	7,000	-	\$ 97,000
Other income	9,774	1,563	385	11,722
Total Revenue	99,774	8,563	385	108,722
Direct Expenses	(69,352)	(22,555)	(3,148)	(95,055)
Transfer out to Lake Greenwood, Saluda River Basin WNP	-	-	(7,000)	(7,000)
Change in Net Assets	\$ 30,422	(13,992)	(9,763)	\$ 6,667

Watershed-Based Plan and Implementation for the Three and Twenty Creek (Section 319 Grant) – In Progress

In 2018, Upstate Forever received a \$46,608 reimbursable grant from the South Carolina Department of Health and Environmental Control (DHEC) and \$5,000 from Anderson Regional Joint Water System to prepare a watershed-based plan for Three and Twenty Creek, in the Savannah River Basin. In 2020, Upstate Forever received \$232,641 from DHEC and an additional \$29,000 to implement the recommendations from the completed watershed-based plan for the Three and Twenty Creek to reduce nonpoint source pollution in this region. Upstate Forever is working to install a variety of implementation measures to mitigate the threats and improve water quality. The local grants and the DHEC reimbursable grant are listed below:

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control (DHEC) - Watershed Base Plan	\$ 46,608
Department of Health and Environmental Control (DHEC) - Implementation	232,641
Anderson Joint Regional Water District (AJRWD)	34,000
Total	\$ 313,249

The table below details the annual and grant to date activity. In addition to the \$82,469 in total grants below, there is an additional \$230,779 available in unearned reimbursement grant funds.

	Inception Through 12/31/18	2019	2020	Total
Grants	\$ 30,232	21,376	30,861	\$ 82,469
Direct Expenses	(26,705)	(25,198)	(1,861)	(53,764)
Transfer from Other Funds	-	295	-	295
Change in Net Assets	\$ 3,527	(3,527)	29,000	\$ 29,000

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NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Bike Share Program - Completed

Since 2012, Upstate Forever 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”)	\$ 380,000
Greenville Transit Authority (“GTA”)	129,658
Greenville County Department of Parks, Recreation and Tourism District (“GCPRT”)	35,000
Other Grants	24,375
Total	\$ 569,033

The system, launched in 2013, provided alternative transportation to workers, residents, and visitors in downtown areas.

After six years of operating the Greenville bike share system, Upstate Forever decided to give up the reins as bike share operator. The program ceased operation in November 2019, and Upstate Forever transferred ownership of the equipment to the operator, BCycle, LLC, in January 2020. BCycle LLC is considering operating the program themselves in Greenville. Per the agreement, the transfer included all assets related to the Bike Share Program including bikes, dock stations, etc. As a result of the transfer of the BikeShare assets, Upstate Forever recognized a loss of approximately \$106,000 in 2020. Remaining funds from the Bike Share Program (\$40,143) were transferred out to the Livable Communities Program, which is a grant to advocate for biking and walking options within communities in Greenville County.

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

	Inception Through 12/31/18	2019	2020	Total
Revenue				
Grant from GTA	\$ 129,658	-	-	\$ 129,658
Grant from GHS	380,000	-	-	380,000
Grant from GCPRT	35,000	-	-	35,000
Grants - Other	24,375	-	-	24,375
Total Grants	569,033	-	-	569,033
Bike Share Memberships and Sponsorships	178,211	29,433	-	207,644
In-Kind Contribution	31,270	-	-	31,270
Net Transfers	(748)	-	(40,143)	(40,891)
Total Support and Revenue	777,766	29,433	(40,143)	767,056
Direct Expenses	(564,035)	(93,463)	(3,601)	(661,099)
Retire Net Assets of Bike Share	-	-	(105,957)	(105,957)
Change in Net Assets	\$ 213,731	(64,030)	(149,701)	\$ -

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NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Total Funds with Donor Restrictions

Upstate Forever has remaining balances in the following funds with donor restrictions as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<u>Major Grants</u>		
Shaping Growth - Greenville	\$ 164,410	\$ 231,013
Tyger Implementation	43,326	56,106
Oconee County Land Conservation	110,244	77,401
Sea Change - Energy and Pipeline Initiatives	18,627	14,131
3&20 WBP and Implementation	29,000	-
Lake Greenwood, Saluda River Basin WBP	3,598	-
Campaign for Critical Lands	72,928	89,709
Saving Lake Greenwood	6,667	16,430
Bike Share	-	149,701
<u>Other Grants</u>		
Liveable Communities Greenville	40,143	-
Quality of Life Initiative	-	22,174
Land Trust Endowment Earnings and Defense	850,255	674,837
Land Trust Endowment Contributions (Principal)	1,419,019	1,214,087
North Main Park	108,471	125,531
Upstate Voice for SC Energy Efficiency	13,717	-
North Saluda Watershed	5,654	115,654
Barr Family Pledge, Water Programs	50,721	85,112
Oconee Forever	14,890	15,007
Newmans Own	9,281	-
Planning Academies	8,194	7,553
Cornell Bird	5,000	5,000
Miscellaneous	3,661	7,325
Total	<u>\$ 2,977,806</u>	<u>\$ 2,906,771</u>

Transfers Between Funds

Upstate Forever transferred \$246,095 and \$329,202 from funds without donor restrictions to donor-restricted funds to cover program activities for the years ended December 31, 2020 and 2019, respectively. Included in the 2020 and 2019 transfers are \$186,785 and \$318,680, respectively, of campaign funds in support of campaign initiatives.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 – LAND HELD FOR RESALE

In fiscal year 2019, Upstate Forever was gifted 115 acres of property in Oconee County. The majority of the property has a conservation easement on it which is held by Oconee County Soil and Water District. Upstate Forever initially conservatively valued this asset at the tax value (\$501,300). An appraisal on the property was completed in December 2020, and Upstate Forever accordingly reduced the value of the asset to the appraisal value (\$420,000) and recorded a loss. Upstate Forever has no significant carrying costs associated with the property. The property was listed for sale in November 2019.

NOTE 10 – PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2020</u>	<u>2019</u>
Property	\$ 833,097	\$ 833,097
Furniture	18,235	18,235
Equipment	8,256	8,256
Bike Share Equipment	-	289,320
Total Property and Equipment	<u>859,588</u>	<u>1,148,908</u>
Less Accumulated Depreciation	<u>(253,608)</u>	<u>(413,388)</u>
Property and Equipment, Net	<u>\$ 605,980</u>	<u>\$ 735,520</u>

NOTE 11 – LEASE OBLIGATIONS

On February 15, 2017, the Spartanburg office moved to new rental space at \$1,028 per month. The lease expired in February 2020, and the new lease began June 1, 2020 and ends May 31, 2023. According to the terms of the new lease, Upstate Forever will pay approximately \$1,028 per month for the first year of the lease, \$1,054 per month for the second year of the lease, and \$1,091 per month for the third year of the lease. Rent expense was \$12,340 and \$12,625 for the years ending December 31, 2020 and 2019, respectively. Total remaining lease payments on this lease are approximately \$12,518 for the year ended December 31, 2021, \$12,907 for the year ended December 31, 2022, and \$5,455 for the year ended December 31, 2023.

NOTE 12 – CONTINGENCIES

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

Upstate Forever'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 Upstate Forever.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – CONSERVATION EASEMENT INSURANCE

Upstate Forever 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 14 – CONCENTRATION OF MEMBER CONTRIBUTIONS

As the Capital Campaign was completed in June 2019, there was no concentration of member contributions in excess of 10% of its total unrestricted contributions and membership revenues for 2020. In 2019, Upstate Forever received 55.95% of its total unrestricted campaign pledges, contributions and membership revenues from five members.

NOTE 15 – CONSERVATION EASEMENTS

At December 31, 2020, Upstate Forever had conservation easements on 133 sites in upper South Carolina and western North Carolina. A summary of conservation easements signed in 2020 and 2019 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, 2018	22,023	\$ 95,426,832
Greenville, Oconee, Cherokee, Polk and Union Counties, South Carolina		
Total Easements Completed 2019	<u>1,623</u>	<u>3,812,604</u>
Balance at December 31, 2019	23,646	99,239,436
Greenville, Laurens, Pickens, Oconee, Spartanburg & Union Counties, South Carolina		
Total Easements Completed 2020	<u>2,176</u>	<u>5,617,716</u>
Grand Total at December 31, 2020	<u><u>25,822</u></u>	<u><u>\$ 104,857,152</u></u>

NOTE 16—REVENUES FROM FEDERAL COVID-19 RELATED LOANS

Upstate Forever was granted a \$181,856 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration approved partner. Upstate Forever initially recorded a note payable and then recorded forgiveness when the PPP loan obligation had been properly spent and it was reasonably certain it would be forgiven. It was legally forgiven in full on February 9, 2021. Upstate Forever recognized the total amount of the PPP loan as income for the year ended December 31, 2020.

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NOTE 17—COVID-19 PANDEMIC IMPACTS

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus in March 2020, classified the outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the pandemic continues to evolve as of the date of these financial statements. Management continues to actively monitor the impacts from the pandemic on its financial condition, liquidity, operations, workforce, partners, and donors.

As local and federal governments recommended or mandated restrictions on business, travel, and event attendance in an effort to curb the pandemic by changing consumer behavior, Upstate Forever's revenues and expenses were impacted. Upstate Forever's future revenues and expenses are also expected to be impacted.

During the year ended December 31, 2020, Upstate Forever received a forgivable PPP loan of \$181,856 (see Note 16). This loan has been shown as unrestricted grants revenue in the Statement of Activities due to the fact that the loan was forgiven on February 9, 2021.

NOTE 18 – SUBSEQUENT EVENTS

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020 in the United States. On February 13, 2021, Upstate Forever was informed by Bank of America (the "Bank") that the Bank received approval from the U.S. Small Business Administration ("SBA") to fund Upstate Forever's request for a second loan under the SBA's Paycheck Protection Program ("PPP Loan") created as part of the recently enacted Economic Aid Act administered by the SBA. In connection with the PPP Loan, Upstate Forever has entered into a promissory note. Per the terms of the PPP Loan, Upstate Forever has received total proceeds of \$196,005 from the Bank. In accordance with the requirements of the Economic Aid Act, Upstate Forever intends to use the proceeds from the PPP Loan primarily for payroll costs. The PPP Loan is scheduled to mature in 2026 and has a 1.00% interest rate.

The PPP Loan is unsecured and guaranteed by the SBA. Upstate Forever may apply to the Bank for forgiveness of the PPP Term Note, with the amount which may be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Upstate Forever during an eight-week or twenty-four-week period beginning upon receipt of PPP Loan funds, calculated in accordance with the terms of the Economic Aid Act. At this time, Upstate Forever expects the loan to be forgiven in full.

The financial statements were issued on March 29, 2021 and subsequent events have been evaluated through that date.