

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

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YEARS ENDED DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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
April 3, 2018

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**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2017 TOTAL	2016 TOTAL
ASSETS					
Cash	\$ 331,054	807,820	-	\$ 1,138,874	\$ 1,146,898
Marketable Securities	2,344,041	600,969	999,909	3,944,919	3,627,560
Deposits	1,218	-	-	1,218	1,200
Accounts Receivable	1,452	194,719	31,975	228,146	165,654
Long-Term Pledges Receivable, net	15,000	-	-	15,000	47,631
Prepaid Expenses	4,475	-	-	4,475	2,313
Other Current Assets	4,999	-	-	4,999	2,074
Land Held for Resale	1,000	-	-	1,000	1,000
Due to/from other Funds	(8,869)	-	8,869	-	-
Property and Equipment, net	655,017	163,647	-	818,664	809,949
TOTAL ASSETS	\$ 3,349,387	1,767,155	1,040,753	\$ 6,157,295	\$ 5,804,278
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ 3,647	-	-	\$ 3,647	\$ 2,197
Accrued Liabilities	56,460	1,537	-	57,997	59,310
TOTAL LIABILITIES	60,107	1,537	-	61,644	61,507
NET ASSETS					
Unrestricted	3,289,280	-	-	3,289,280	3,139,477
Temporarily Restricted	-	1,765,618	-	1,765,618	1,575,962
Permanently Restricted	-	-	1,040,753	1,040,753	1,027,332
TOTAL NET ASSETS	3,289,280	1,765,618	1,040,753	6,095,651	5,742,771
TOTAL LIABILITIES AND NET ASSETS	\$ 3,349,387	1,767,155	1,040,753	\$ 6,157,295	\$ 5,804,278

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

YEAR ENDED DECEMBER 31, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2017 TOTAL	2016 TOTAL
PUBLIC SUPPORT AND REVENUE					
Public Support					
Grants	\$ 12,000	1,144,137	-	\$ 1,156,137	\$ 1,720,435
Contributions	41,325	18,251	-	59,576	48,681
Capital Campaign	10,000	-	-	10,000	-
Membership	497,237	-	-	497,237	454,667
Land Trust Endowments	-	4,000	13,421	17,421	106,394
Legacies and Bequests	-	-	-	-	15,000
Transfers Between Funds	(36,496)	36,496	-	-	-
Net Assets Released from Restrictions	1,257,399	(1,257,399)	-	-	-
TOTAL PUBLIC SUPPORT	1,781,465	(54,515)	13,421	1,740,371	2,345,177
Revenue					
Consulting Fees	4,108	8,974	-	13,082	26,788
Special Events, net of Expenses	16,197	5,932	-	22,129	46,839
Interest Income	4,314	645	-	4,959	2,838
Investment Income	289,493	192,167	-	481,660	242,989
Bike Share Revenue	-	35,783	-	35,783	27,986
Other	1,702	670	-	2,372	5,457
TOTAL REVENUE	315,814	244,171	-	559,985	352,897
TOTAL PUBLIC SUPPORT AND REVENUE	2,097,279	189,656	13,421	2,300,356	2,698,074
EXPENSES					
Program					
Conservation Easements	500,000	-	-	500,000	1,255,500
Consulting Subcontract Costs	195,416	-	-	195,416	67,735
Other Program Costs	850,439	-	-	850,439	929,453
Management	131,116	-	-	131,116	100,567
Fundraising	270,505	-	-	270,505	295,008
TOTAL EXPENSES	1,947,476	-	-	1,947,476	2,648,263
CHANGE IN NET ASSETS	149,803	189,656	13,421	352,880	49,811
NET ASSETS, BEGINNING OF YEAR	3,139,477	1,575,962	1,027,332	5,742,771	5,692,960
NET ASSETS, END OF YEAR	\$ 3,289,280	1,765,618	1,040,753	\$ 6,095,651	\$ 5,742,771

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

**YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2017 TOTAL	2016 TOTAL
EXPENSES					
Accounting Fees	\$ -	10,500	-	\$ 10,500	\$ 10,725
Advertising	3,523	-	186	3,709	9,215
Bank Charges	9,340	201	2,826	12,367	7,264
Computer Expense	24,118	5,516	3,475	33,109	17,817
Consultants	50,074	4,141	42,468	96,683	106,669
Copier and Copies	3,819	2,517	176	6,512	4,617
Depreciation	31,170	20,170	-	51,340	47,622
Education/Training	140	798	755	1,693	5,376
Insurance	8,054	22,101	-	30,155	28,730
Licenses & Fees	439	251	202	892	744
Meeting & Conference	6,098	587	1,147	7,832	16,934
Miscellaneous	510	282	-	792	2,119
Organizational Dues	4,335	625	-	4,960	15,530
Overhead Allocation	74,532	(97,734)	23,202	-	-
Postage and Mailing	354	756	5,732	6,842	5,617
Printing	17,868	2,086	3,286	23,240	24,505
Records Management	-	1,223	-	1,223	700
Rent (Spartanburg Office)	11,618	-	-	11,618	18,770
Repairs & Maintenance	23,290	4,958	-	28,248	22,997
Salaries	480,683	121,072	162,905	764,660	808,365
Salaries - Employee Benefits	27,575	7,439	8,462	43,476	57,288
Salaries - Paid Time Off	-	107	-	107	(3,721)
Salaries - Payroll Service	-	2,309	-	2,309	2,485
Salaries - Payroll Taxes	36,109	9,113	11,485	56,707	61,185
Sponsorship Expenses	5,700	-	-	5,700	-
Supplies	5,911	3,568	2,432	11,911	15,090
Telecommunications	9,115	4,359	1,035	14,509	13,220
Travel	14,718	4	731	15,453	20,635
Utilities	1,346	4,167	-	5,513	4,530
	<u>\$ 850,439</u>	<u>131,116</u>	<u>270,505</u>	<u>1,252,060</u>	<u>1,325,028</u>
Conservation Easements				500,000	1,255,500
Consulting Subcontract Costs				195,416	67,735
				<u>\$ 1,947,476</u>	<u>\$ 2,648,263</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

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 352,880	\$ 49,811
Adjustments to Reconcile Change in Net Assets to Cash Provided by (used in) Operating Activities:		
Unrealized Gain on Marketable Securities	(424,075)	(164,101)
Depreciation	51,340	47,622
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Deposits, Prepaid Expenses and Other Current Assets	(3,176)	6,984
(Increase) Decrease in Accounts and Long-Term Pledges Receivable	(31,791)	115,555
Increase (Decrease) in Liabilities	137	(22,843)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(54,685)	33,028
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Marketable Securities	106,716	36,075
Acquisition of Property and Equipment	(60,055)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	46,661	36,075
NET INCREASE/(DECREASE) IN CASH	(8,024)	69,103
CASH, BEGINNING OF YEAR	1,146,898	1,077,795
CASH, END OF YEAR	\$ 1,138,874	\$ 1,146,898

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, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2016 TOTAL
ASSETS				
Cash	\$ 305,357	841,541	-	\$ 1,146,898
Marketable Securities	2,203,854	445,946	977,760	3,627,560
Deposits	1,200	-	-	1,200
Accounts Receivable	-	133,679	31,975	165,654
Long-Term Pledges Receivable, net	-	31,000	16,631	47,631
Prepaid Expenses	2,313	-	-	2,313
Other Current Assets	2,074	-	-	2,074
Land Held for Resale	1,000	-	-	1,000
Due to/from other Funds	-	(966)	966	-
Property and Equipment, net	675,187	134,762	-	809,949
TOTAL ASSETS	\$ 3,190,985	1,585,962	1,027,332	\$ 5,804,279
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 2,198	-	-	\$ 2,198
Accrued Liabilities	49,310	10,000	-	59,310
TOTAL LIABILITIES	51,508	10,000	-	61,508
NET ASSETS				
Unrestricted	3,139,477	-	-	3,139,477
Temporarily Restricted	-	1,575,962	-	1,575,962
Permanently Restricted	-	-	1,027,332	1,027,332
TOTAL NET ASSETS	3,139,477	1,575,962	1,027,332	5,742,771
TOTAL LIABILITIES AND NET ASSETS	\$ 3,190,985	1,585,962	1,027,332	\$ 5,804,279

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

YEAR ENDED DECEMBER 31, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2016 TOTAL
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants	\$ -	1,720,435	-	\$ 1,720,435
Contributions	45,134	3,547	-	48,681
Membership	454,667	-	-	454,667
Land Trust Endowments	-	16,000	90,394	106,394
Legacies and Bequests	15,000	-	-	15,000
Transfers Between Funds	(59,549)	59,549	-	-
Net Assets Released from Restrictions	1,974,042	(1,974,042)	-	-
TOTAL PUBLIC SUPPORT	2,429,294	(174,511)	90,394	2,345,177
Revenue				
Consulting Fees	4,040	21,782	966	26,788
Special Events, net of Expenses	22,205	24,634	-	46,839
Interest Income	2,089	749	-	2,838
Investment Income	166,030	76,959	-	242,989
Bike Share Revenue	-	27,986	-	27,986
Other	3,584	1,873	-	5,457
TOTAL REVENUE	197,948	153,983	966	352,897
TOTAL PUBLIC SUPPORT AND REVENUE	2,627,242	(20,528)	91,360	2,698,074
EXPENSES				
Program				
Conservation Easements	1,255,500	-	-	1,255,500
Consulting Subcontract Costs	67,735	-	-	67,735
Other Program Costs	929,453	-	-	929,453
Management	100,567	-	-	100,567
Fundraising	295,008	-	-	295,008
TOTAL EXPENSES	2,648,263	-	-	2,648,263
CHANGE IN NET ASSETS	(21,021)	(20,528)	91,360	49,811
NET ASSETS, BEGINNING OF YEAR	3,160,498	1,596,490	935,972	5,692,960
NET ASSETS, END OF YEAR	\$ 3,139,477	1,575,962	1,027,332	\$ 5,742,771

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

YEAR ENDED DECEMBER 31, 2016

EXPENSES	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2016 TOTAL
Accounting Fees	\$ 475	10,250	-	\$ 10,725
Advertising	8,711	290	214	9,215
Bank Charges	4,323	-	2,941	7,264
Computer Expense	12,013	3,684	2,120	17,817
Consultants	80,883	14,495	11,291	106,669
Copier and Copies	3,363	1,254	-	4,617
Depreciation	27,402	20,220	-	47,622
Education/Training	3,517	1,017	842	5,376
Insurance	7,564	21,166	-	28,730
Licenses & Fees	493	251	-	744
Meeting & Conference	14,914	986	1,034	16,934
Miscellaneous	850	986	283	2,119
Organizational Dues	13,680	550	1,300	15,530
Overhead Allocation	81,077	(112,872)	31,795	-
Postage and Mailing	2,133	754	2,730	5,617
Printing	14,109	1,331	9,065	24,505
Records Management	24	676	-	700
Rent (Spartanburg Office)	18,770	-	-	18,770
Repairs & Maintenance	16,318	6,679	-	22,997
Salaries	506,730	102,809	198,826	808,365
Salaries - Employee Benefits	35,578	7,577	14,133	57,288
Salaries - Paid Time Off	-	(3,721)	-	(3,721)
Salaries - Payroll Service	-	2,485	-	2,485
Salaries - Payroll Taxes	38,933	7,585	14,667	61,185
Supplies	11,051	3,460	579	15,090
Telecommunications	7,527	4,613	1,080	13,220
Travel	18,405	122	2,108	20,635
Utilities	610	3,920	-	4,530
	<u>\$ 929,453</u>	<u>100,567</u>	<u>295,008</u>	<u>1,325,028</u>
Conservation Easements				1,255,500
Consulting Subcontract Costs				67,735
				<u>\$ 2,648,263</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

YEARS ENDED DECEMBER 31, 2017 AND 2016

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 Conservation, Clean Water, and Land Planning and Policy. 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.

Revenue Recognition

The Organization 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.

Cash and Cash Equivalents

For the statement of Cash Flows, the Organization 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 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.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

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

YEARS ENDED DECEMBER 31, 2017 AND 2016

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 – 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. Accounts at each institution were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 as of December 31, 2017 and 2016, and the Organization's holdings did not exceed the insured limits.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

At December 31, 2017 and 2016, 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, 2017 and 2016.

Money market funds, mutual funds and publicly traded stocks: These 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.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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:

Description	December 31,	
	2017	2016
Cash and Deposit-in-Transit	\$ 44,318	\$ 107,887
Community Foundation Funds	21,940	19,084
Equities - Publicly Traded	742,710	679,094
Bonds - Publicly Traded	300,704	444,426
Money Market Fund	54,367	76,391
Mutual Funds - Stocks	1,427,625	1,527,854
Mutual Funds - Bonds	1,100,798	582,024
Mutual Funds - Other	252,457	190,800
Total Marketable Securities	<u>\$ 3,944,919</u>	<u>\$ 3,627,560</u>

Total investment income on marketable securities of \$481,660 and \$242,989 includes \$424,075 and \$164,101 of unrealized gains for the years ended December 31, 2017 and 2016, respectively. Investment fees are netted with Investment Income on the Statement of Activities in the amount of \$20,839 and \$18,403 for the years ended December 31, 2017 and 2016, respectively.

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 15 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, and accounts 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, 2017, 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

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.

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 Finance and Investment Committee of the Organization meets twice 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, 2017 are summarized as follows:

Description	2017			
	Board Designated	Land Trust		Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund, Beginning of Year	\$ 2,203,848	451,946	1,027,332	\$ 3,683,126
Investment Gain	289,493	192,167	-	481,660
Contributions	700	4,000	13,421	18,121
Appropriation of Assets for Expenditure	(150,000)	(41,144)	-	(191,144)
Endowment Funds, End of Year	<u>\$ 2,344,041</u>	<u>606,969</u>	<u>1,040,753</u>	<u>\$ 3,991,763</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Investment Objective (Continued)

Description	2016			Total
	Board Designated	Land Trust		
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund, Beginning of Year	\$ 2,197,826	394,745	935,972	\$ 3,528,543
Investment Gain	166,030	76,959	-	242,989
Contributions	200	16,000	91,360	107,560
Appropriation of Assets for Expenditure	(160,208)	(35,758)	-	(195,966)
Endowment Funds, End of Year	<u>\$ 2,203,848</u>	<u>451,946</u>	<u>1,027,332</u>	<u>\$ 3,683,126</u>

The amount of endowment funds to be provided each year for operations is approved by the Organization’s Board of Directors. Appropriations were \$191,144 and \$195,966 during 2017 and 2016, respectively.

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

	2017	2016
Sustainable Communities Program	\$ 105,000	\$ 83,000
Energy Program	15,000	-
Land Trust Endowment Funds	37,975	37,975
Clean Water Program	61,445	44,679
Land Conservation Program	7,274	-
Other	1,452	-
Total	<u>\$ 228,146</u>	<u>\$ 165,654</u>

Long-Term Pledges Receivable

	2017	2016
Clean Water Program	\$ -	\$ 31,000
Land Trust Endowment Funds	-	16,631
Unrestricted	15,000	-
Total	<u>\$ 15,000</u>	<u>\$ 47,631</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS

Temporarily restricted grants received in 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Major Grants		
Pacolet Watershed	\$ 25,000	\$ -
Tyger River Section 319 Grant	12,541	-
Oconee County Land Conservation	50,000	-
Preserving our Natural and Rural Heritage	25,000	-
Campaign for Critical lands	80,000	-
Shaping Growth- Greenville	95,000	-
Sea Change, Energy and Pipeline Initiatives	49,300	-
Mary Black Active Communities 2018	50,075	-
Mary Black Active Communities 2017	-	50,000
Saving Lake Greenwood	-	90,000
Green Infrastructure	-	16,464
Bike Share	54,525	3,677
Reconnecting People with Rivers	33,253	126,127
Shaping Our Future	5,000	20,075
South Carolina Conservation Bank	500,000	1,255,500
Saluda River Section 319 Grant	20,796	17,010
Other Grants		
Rockefeller Pipelines	15,000	-
Mitigation	12,500	-
Tyger WBP	10,000	-
Conservation Bank Funding	36,000	15,000
North Saluda Watershed	-	50,000
Rocky River	-	5,095
Land Trust Restricted Grants	57,897	44,000
Highway 29	-	10,000
American Rivers	-	10,000
Miscellaneous	12,250	7,487
Total	<u>\$ 1,144,137</u>	<u>\$ 1,720,435</u>

In 2017, the Organization completed work under eight major grants, continues work under three major grants and received eight additional major grants. The work funded by these major grants is described below.

Pacolet Watershed Area Long Range Plan - New

In 2017, the Organization received a \$25,000 grant from Spartanburg Water to develop a streamlined and cost effective plan to protect the North and South Pacolet Watersheds. The project will focus on identifying and prioritizing land that, if developed, would have a disproportionate impact on water quality.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Pacolet Watershed Area Long Range Plan – New (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	25,000	\$ 25,000
Direct Expenses	-	-	12,608	12,608
Change in Net Assets	\$ -	-	12,392	\$ 12,392

Tyger River Watershed-Based Plan (Section 319 Grant) – New

In 2017, the Organization received a Section 319 grant agreement from the South Carolina Department of Health and Environmental Control (DHEC) to prepare a watershed based plan for three sub-watersheds of the Tyger River Basin. The plan will identify sources of bacteria, sediment and biological pollutants and devise strategies to mitigate the threats and improve water quality. The grant is a government reimbursement grant in the amount of \$40,938.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	12,541	\$ 12,541
Direct Expenses	-	-	12,541	12,541
Change in Net Assets	\$ -	-	-	\$ -

Oconee County Land Conservation and Stewardship – New

In December 2017, the Organization received a \$50,000 grant from the Pete and Sally Smith Foundation to expand land conservation outreach, strengthen conservation stewardship, and form cost-sharing partnerships in Oconee County, South Carolina.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	50,000	\$ 50,000
Direct Expenses	-	-	243	243
Change in Net Assets	\$ -	-	49,757	\$ 49,757

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Preserving Our Natural and Rural Heritage - New

In 2017, the Organization received a \$25,000 grant from the Daniel Mickel Foundation to preserve our natural heritage. The program includes educating local Greenville County leaders on the results of the Shaping Our Future study with the ultimate goal of improving land use policies to protect our most critical natural resources.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	25,000	\$ 25,000
Direct Expenses	-	-	14,499	14,499
Change in Net Assets	\$ -	-	10,501	\$ 10,501

Campaign for Critical Lands - New

In the 2017, the Organization received an \$80,000 grant from Greenville Women Giving to provide financial support for closing conservation easements on 2,500 acres of the most critical natural resources in the county. Particularly the grant supports protection of Falls Park and the Bowater property through conservation easements with the City of Greenville. The majority of the funds are for easement closing and related professional costs and contributions to stewardship endowments.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	80,000	\$ 80,000
Direct Expenses	-	-	5,707	5,707
Change in Net Assets	\$ -	-	74,293	\$ 74,293

Shaping Growth in Greenville - New

In December 2017, the Organization received \$90,000 from the Jolley Foundation and \$5,000 from New Belgium 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Shaping Growth in Greenville – New (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	95,000	\$ 95,000
Direct Expenses	-	-	673	673
Change in Net Assets	\$ -	-	94,327	\$ 94,327

Sea Change – New

In 2017, the Organization received a \$49,300 grant from the Oak Hill Fund to support Upstate Forever's pipeline and renewable energy policy initiatives. These efforts include development of a 6-part webinar series entitled "Natural Gas Pipelines 101 - What You Need to Know Before One Comes Through Your Community".

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	49,300	\$ 49,300
Direct Expenses	-	-	4,713	4,713
Change in Net Assets	\$ -	-	44,587	\$ 44,587

Mary Black Active Communities 2018 – New

In October 2017, the Organization received a \$50,075 grant from the Mary Black Foundation to build capacity at a grassroots level and among elected/appointed officials and public-sector staff to transform built-environments in Spartanburg County and create places where residents can safely and conveniently integrate physical activity and healthy eating into daily life routines. The grant period is from November 1, 2017 to October 31, 2018.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	-	50,075	\$ 50,075
Direct Expenses	-	-	5,759	5,759
Change in Net Assets	\$ -	-	44,316	\$ 44,316

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Saving Lake Greenwood – In Progress

In 2016, the Organization received a three-year \$90,000 grant from FujiFilm Manufacturing U.S.A., Inc. The project is to improve water quality throughout the Reedy River and Lake Greenwood. The work will include:

- 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.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	90,000	-	\$ 90,000
Other Revenue	6,915	1,839	923	9,677
Total Revenue	6,915	91,839	923	99,677
Direct Expenses	-	26,509	18,418	44,927
Change in Net Assets	\$ 6,915	65,330	(17,495)	\$ 54,750

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 is creating blueway maps and coordinating a statewide website highlighting river recreation and paddling opportunities. Additionally, it is coordinating an Adopt-a-Stream volunteer water quality monitoring program to engage citizens in the health of 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, 2017, the Organization raised \$332,113 including the \$100,000 challenge grant.

The table below details the annual and grant to date activity. In addition to the \$273,960 in total grants below, there is an additional \$58,153 unearned reimbursement grant.

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ 114,580	126,127	33,253	\$ 273,960
Direct Expenses	88,449	82,679	81,988	253,116
Change in Net Assets	\$ 26,131	43,448	(48,735)	\$ 20,844

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

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")	\$ 350,000
Greenville Transit Authority ("GTA")	129,658
Greenville County Department of Parks, Recreation and Tourism District ("GCPRT")	35,000
Other Grants	24,375
Total	\$ 539,033

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, 2017, the program consisted of a 10 station, 50 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.

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

	Inception Through 12/31/15	2016	2017	Total**
<u>Revenue</u>				
Grant from GTA	\$ 129,658	-	-	\$ 129,658
Grant from GHS	300,000	-	50,000	350,000
(Discount Long-Term Receivable)	(3,677)	3,677	-	-
Grant from GCPRT	35,000	-	-	35,000
Grants - Other	19,850	-	4,525	24,375
Total Grants	480,831	3,677	54,525	539,033
Bike Share Memberships and Sponsorships	80,599	27,986	35,783	144,368
In-Kind Contribution	31,270	-	-	31,270
Total Support and Revenue	592,700	31,663	90,308	714,671
Direct Expenses	285,893	84,716	100,405	471,014
Change in Net Assets	\$ 306,807	(53,053)	(10,097)	\$ 243,657

** Included in the change in total net assets is the net value of the bike share equipment at December 31, 2017 of \$163,647.

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

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 were used to reduce bacteria pollution. The project was completed in 2017.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Reducing Bacteria Levels in the Saluda River (Section 319 Grant) – Completed (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ 45,112	17,010	20,796	\$ 82,918
Direct Expenses	45,112	17,010	20,796	82,918
Change in Net Assets	\$ -	-	-	\$ -

Green Infrastructure – Completed

In 2016, the Organization received a \$15,000 grant from the Spartanburg Water System and \$1,464 in other revenue. This one-year project was to create and implement an outreach program to encourage green infrastructure retrofits in partnership with the Spartanburg County Stormwater Program. The project was successfully completed in 2016; the net deficit was covered with unrestricted funds.

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	15,000	-	\$ 15,000
Other Revenue	-	1,464	-	1,464
Total Revenue	-	16,464	-	16,464
Direct Expenses	-	16,686	-	16,686
Change in Net Assets	\$ -	(222)	-	\$ (222)

Activating People and Policies to Build Health Communities 2017 – Completed

In October 2016, 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 also facilitated an advocacy training series targeting a group of community activists in the Boiling Springs area of Spartanburg County. The \$50,000 grant was for one year. The project was successfully completed in 2017; the net deficit was covered with unrestricted funds.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Activating People and Policies to Build Health Communities 2017 – Completed (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ -	50,000	-	\$ 50,000
Direct Expenses	-	6,865	45,958	52,823
Change in Net Assets	\$ -	43,135	(45,958)	\$ (2,823)

Shaping Our Future – Completed

The Organization received \$201,091, for a Shaping Our Future project from the funding sources listed below. This initiative was to 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 project was successfully completed in 2017; the net deficit was covered with unrestricted funds.

	2015 - 2017
Hollingsworth Funds	\$ 150,000
Greater Greenville Realtors Assoc.	15,000
New Belgium	12,500
Ten at the Top	8,000
Riley Institute at Furman	8,000
Miscellaneous	7,591
	<u>\$ 201,091</u>

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ 176,016	20,075	5,000	\$ 201,091
Direct Expenses	12,581	65,231	127,069	204,881
Change in Net Assets	\$ 163,435	(45,156)	(122,069)	\$ (3,790)

Community Design and Planning for Active, Healthy Communities 2016 – Completed

In November 2015, 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 also facilitated the Active Living Events Series. The \$73,011 grant was for one year and the final bill was paid in early 2017. The project was successfully completed in 2017; the net deficit was covered with unrestricted funds.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Community Design and Planning for Active, Healthy Communities 2016 – Completed (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ 73,011	-	-	\$ 73,011
Direct Expenses	6,587	58,306	9,465	74,358
Change in Net Assets	\$ 66,424	(58,306)	(9,465)	\$ (1,347)

Swamp Rabbit Trail Extension – Completed

In 2013 and 2014, the Organization received \$133,000 from the sources noted below to catalyze construction of an extension of the Swamp Rabbit Trail from Greenville to the Clemson University International Center for Automotive Research (CU-ICAR) campus and to assist with the development of a county-wide pedestrian and bicycle plan for Greenville County. Since that time, in partnership with other stakeholders, the Organization helped usher forward the following advances related to the project:

- 1) A pre-engineering study and development plan was completed and delivered to project partners, including 50% construction drawings,
- 2) The City of Greenville committed \$2,500,000 to trail construction,
- 3) A consultant was contracted by Greenville County to prepare engineering estimates for required bridgework; and
- 4) The County’s legal department has begun working with property owners to secure the necessary right-of-way for connecting the trail extension from Pleasantburg Avenue to Cleveland Park along the preferred route. Based on reports from County staff, work has begun on the trail extension but a target completion date has not been set.

Additionally, the Organization helped develop and then advocate successfully for the adoption of the first-ever Greenville County pedestrian and bicycle plan (formally adopted by County Council on March 1, 2016). Formal adoption of the plan was critical, as the Department of Transportation (DOT) will only recognize the legitimacy of the plan if elected officials have officially adopted it. The DOT will now consult the plan prior to road re-stripping, reconstruction and/or intersection improvement projects enabling the use of state funding to complete local pedestrian and bicycle projects. The project was successfully completed in 2016; the net deficit was covered with unrestricted funds.

	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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NOTE 8 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Swamp Rabbit Trail Extension – Completed (Continued)

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

	Inception Through 12/31/15	2016	2017	Total
Grants	\$ 133,000	-	-	\$ 133,000
Direct Expenses	131,169	1,968	-	133,137
Change in Net Assets	\$ 1,831	(1,968)	-	\$ (137)

Major Nature Property – Completed

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 were restricted to Land Trust program operations. As of December 31, 2016, the balance was \$106,033. In 2017, the funds were transferred to the Land Trust program operations account (Land Trust Restricted).

South Carolina Conservation Bank - Completed

In 2017 and 2016, the Organization received \$500,000 and \$1,255,500, respectively from the South Carolina Conservation Bank for the purchase of conservation easements closed during the reported years.

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NOTES TO FINANCIAL STATEMENTS

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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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Major Grants		
Pacolet Watershed	\$ 12,392	\$ -
Oconee County Land Conservation	49,757	-
Preserving Our Natural and Rural Heritage	10,501	-
Campaign for Critical Lands	74,293	-
Shaping Growth - Greenville	94,327	-
Sea Change - Energy and Pipeline Initiatives	44,587	-
Mary Black Active Communities 2018	44,316	-
Mary Black Active Communities 2017	-	43,135
Mary Black Active Communities 2016	-	8,118
Saving Lake Greenwood	54,750	72,245
Shaping Our Future	-	118,280
Bike Share	243,657	253,754
Reconnecting People with Rivers	20,844	69,579
Major Nature	-	106,033
Other Grants		
Land Trust Endowment Funds (See Note 6)	606,969	451,946
Land Trust Restricted Grants	64,018	12,179
North Main Park	137,743	143,422
North Saluda Watershed	208,654	208,654
Rockefeller Pipelines	14,887	-
Mitigation	7,418	-
Tyger WBP	7,333	-
100 and Counting	4,686	17,448
Rocky River	22,948	22,948
American Rivers	-	9,952
Web of Water Photo Book	-	458
Oconee Forever	33,704	24,040
Miscellaneous	7,833	13,771
Total	<u><u>\$ 1,765,617</u></u>	<u><u>\$ 1,575,962</u></u>

Transfers Between Funds

In 2017, the Organization transferred \$36,496 from unrestricted funds to temporarily restricted funds to cover program activities.

In 2016, the Organization transferred \$59,549 from unrestricted funds to temporarily restricted funds to cover program activities.

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NOTE 9 – PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2017</u>	<u>2016</u>
Property	\$ 833,097	\$ 833,097
Furniture	16,439	16,439
Equipment	20,636	20,636
Bike Share Equipment	289,320	229,265
Total Property and Equipment	<u>1,159,492</u>	<u>1,099,437</u>
Less Accumulated Depreciation	<u>(340,828)</u>	<u>(289,488)</u>
Property and Equipment, Net	<u>\$ 818,664</u>	<u>\$ 809,949</u>

NOTE 10 – LEASE OBLIGATIONS

The Organization leased office space in Spartanburg, South Carolina from a third party for \$1,460 per month through December 31, 2016. On February 15, 2017, the Spartanburg office moved to new rental space. The rent at the new location is \$1,028 per month. Rent expense was \$11,618 and \$18,770 for the years ending December 31, 2017 and 2016, 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.

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 – CONCENTRATION OF MEMBER CONTRIBUTIONS

In 2017, the Organization received 25.10% of its total unrestricted contributions and membership revenues from two members. In 2016, the Organization received 34.48% of its total unrestricted contributions and membership revenues from two members.

NOTE 14 – SUBSEQUENT EVENTS

The financial statements were issued on April 3, 2018 and subsequent events have been evaluated through that date.

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 15 – CONSERVATION EASEMENTS

At December 31, 2017, the Organization had conservation easements on 114 sites in upper South Carolina and western North Carolina. A summary of conservation easements signed in 2016 and 2017 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, 2015	19,516	\$ 84,900,245
Pickens, Greenville and Oconee Counties, South Carolina		
Total Easements Completed 2016	<u>1,401</u>	<u>5,094,505</u>
Spartanburg and Pickens Counties, South Carolina		
Total Easements Completed 2017	<u>182</u>	<u>2,019,000</u>
Amendments/Adjustments	<u>31</u>	<u>(508,004)</u>
Grand Total	<u><u>21,131</u></u>	<u><u>\$ 91,505,746</u></u>