

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

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FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Conestee Foundation, Inc.
Greenville, South Carolina

Report on Financial Statements

We have audited the accompanying statements of financial position of Conestee Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 Conestee Foundation, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
March 18, 2016

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2015 TOTAL | 2014 TOTAL |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| ASSETS | | | | | |
| Cash | \$ 140,131 | 154,571 | - | 294,702 | \$ 424,820 |
| Account Receivable | - | - | - | - | 28,705 |
| Land | 3,214 | - | 1,910,013 | 1,913,227 | 1,913,227 |
| Buildings, Park Infrastructure and Equipment, Net | 7,190 | - | 1,806,634 | 1,813,824 | 1,575,481 |
| Construction in Progress | - | - | - | - | 28,705 |
| TOTAL ASSETS | \$ 150,535 | 154,571 | 3,716,647 | 4,021,753 | \$ 3,970,938 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 59,313 | - | - | 59,313 | \$ 8,934 |
| Deferred Revenue | - | - | - | - | 30,000 |
| TOTAL LIABILITIES | 59,313 | - | - | 59,313 | 38,934 |
| NET ASSETS | | | | | |
| Unrestricted | 91,222 | - | - | 91,222 | 105,385 |
| Temporarily Restricted | - | 154,571 | - | 154,571 | 350,114 |
| Permanently Restricted | - | - | 3,716,647 | 3,716,647 | 3,476,505 |
| TOTAL NET ASSETS | 91,222 | 154,571 | 3,716,647 | 3,962,440 | 3,932,004 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 150,535 | 154,571 | 3,716,647 | 4,021,753 | \$ 3,970,938 |

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

CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

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

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>PERMANENTLY RESTRICTED</u> | <u>2015 TOTAL</u> | <u>2014 TOTAL</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | |
| Public Support | | | | | |
| Grants | \$ 2,000 | 186,215 | - | 188,215 | \$ 252,657 |
| Lease Payments | 121,200 | - | - | 121,200 | 120,000 |
| Donations | 29,318 | - | - | 29,318 | 18,557 |
| Net Assets Released from Restrictions | 381,758 | (381,758) | - | - | - |
| TOTAL PUBLIC SUPPORT | <u>534,276</u> | <u>(195,543)</u> | <u>-</u> | <u>338,733</u> | <u>391,214</u> |
| Revenue | | | | | |
| Interest Income | 1,726 | - | - | 1,726 | 1,414 |
| Education Program Fees | 12,794 | - | - | 12,794 | - |
| Other Income | 10,431 | - | - | 10,431 | 13,809 |
| TOTAL REVENUE | <u>24,951</u> | <u>-</u> | <u>-</u> | <u>24,951</u> | <u>15,223</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>559,227</u> | <u>(195,543)</u> | <u>-</u> | <u>363,684</u> | <u>406,437</u> |
| EXPENSES | | | | | |
| Program | 199,783 | - | - | 199,783 | 168,980 |
| Transfer of Park Infrastructure to Permanently Restricted | 362,842 | - | (362,842) | - | - |
| Depreciation | 1,798 | - | 122,700 | 124,498 | 106,356 |
| Management | 6,006 | - | - | 6,006 | 3,058 |
| Fund Raising | 2,961 | - | - | 2,961 | 3,057 |
| TOTAL EXPENSES | <u>573,390</u> | <u>-</u> | <u>(240,142)</u> | <u>333,248</u> | <u>281,451</u> |
| CHANGE IN NET ASSETS | (14,163) | (195,543) | 240,142 | 30,436 | 124,986 |
| NET ASSETS, BEGINNING OF YEAR | <u>105,385</u> | <u>350,114</u> | <u>3,476,505</u> | <u>3,932,004</u> | <u>3,807,018</u> |
| NET ASSETS, END OF YEAR | <u>\$ 91,222</u> | <u>154,571</u> | <u>3,716,647</u> | <u>3,962,440</u> | <u>\$ 3,932,004</u> |

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

CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENT OF FUNCTIONAL EXPENSES

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

| EXPENSES | <u>PROGRAM</u> | <u>MANAGEMENT</u> | <u>FUND RAISING</u> | <u>2015 TOTAL</u> | <u>2014 TOTAL</u> |
|---|-------------------|-------------------|---------------------|-----------------------|-----------------------|
| Auditing Fees | \$ 4,050 | - | - | 4,050 | \$ 4,000 |
| Computer Support | 4,746 | - | - | 4,746 | 1,332 |
| Consulting Services | - | - | - | - | 750 |
| Contract Fees for Independent Contractors | 89,400 | 6,006 | 2,961 | 98,367 | 109,404 |
| Education and Signage | - | - | - | - | 7,321 |
| Insurance | 8,524 | - | - | 8,524 | 4,638 |
| Land and Trail Maintenance | 23,940 | - | - | 23,940 | 26,590 |
| Miscellaneous | 1,063 | - | - | 1,063 | 1,880 |
| Payroll Expense | 52,745 | - | - | 52,745 | - |
| Property Taxes | 786 | - | - | 786 | 480 |
| Supplies | 2,627 | - | - | 2,627 | 4,833 |
| Training | 6,024 | - | - | 6,024 | 7,775 |
| Utilities and Telecommunications | 5,878 | - | - | 5,878 | 6,092 |
| | <u>\$ 199,783</u> | <u>6,006</u> | <u>2,961</u> | <u>208,750</u> | <u>175,095</u> |
| Transfer of Land and Park Infrastructure to Permanently Restricted Depreciation | | | | 362,842 1,798 | - 1,798 |
| | | | | <u>573,390</u> | <u>\$ 176,893</u> |

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

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 30,436 | \$ 124,986 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| (Increase) Decrease in Accounts Receivable | 28,705 | 31,295 |
| Increase (Decrease) in Deferred Revenue | (30,000) | 30,000 |
| Increase (Decrease) in Accounts Payable | (3,334) | 595 |
| Depreciation | 124,498 | 106,356 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>150,305</u> | <u>293,232</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Building, Park Infrastructure and Equipment | (280,423) | (28,705) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(280,423)</u> | <u>(28,705)</u> |
| NET INCREASE (DECREASE) IN CASH | (130,118) | 264,527 |
| CASH, BEGINNING OF YEAR | <u>424,820</u> | <u>160,293</u> |
| CASH, END OF YEAR | <u>\$ 294,702</u> | <u>\$ 424,820</u> |

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

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | 2014 TOTAL |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| ASSETS | | | | |
| Cash | \$ 132,116 | 292,704 | - | \$ 424,820 |
| Account Receivable | - | 28,705 | - | 28,705 |
| Land | 3,214 | - | 1,910,013 | 1,913,227 |
| Buildings, Park Infrastructure and Equipment, Net | 8,989 | - | 1,566,492 | 1,575,481 |
| Construction in Progress | - | 28,705 | - | 28,705 |
| TOTAL ASSETS | \$ 144,319 | 350,114 | 3,476,505 | \$ 3,970,938 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 8,934 | - | - | \$ 8,934 |
| Deferred Revenue | 30,000 | - | - | 30,000 |
| TOTAL LIABILITIES | 38,934 | - | - | 38,934 |
| NET ASSETS | | | | |
| Unrestricted | 105,385 | - | - | 105,385 |
| Temporarily Restricted | - | 350,114 | - | 350,114 |
| Permanently Restricted | - | - | 3,476,505 | 3,476,505 |
| TOTAL NET ASSETS | 105,385 | 350,114 | 3,476,505 | 3,932,004 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 144,319 | 350,114 | 3,476,505 | \$ 3,970,938 |

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

CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>PERMANENTLY RESTRICTED</u> | <u>2014 TOTAL</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Public Support | | | | |
| Grants | \$ - | 252,657 | - | \$ 252,657 |
| Lease Payments | 120,000 | - | - | 120,000 |
| Donations | 18,557 | - | - | 18,557 |
| Net Assets Released from Restrictions | 31,592 | (31,592) | - | - |
| TOTAL PUBLIC SUPPORT | <u>170,149</u> | <u>221,065</u> | <u>-</u> | <u>391,214</u> |
| Revenue | | | | |
| Interest Income | 1,414 | - | - | 1,414 |
| Other Income | 13,809 | - | - | 13,809 |
| TOTAL REVENUE | <u>15,223</u> | <u>-</u> | <u>-</u> | <u>15,223</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>185,372</u> | <u>221,065</u> | <u>-</u> | <u>406,437</u> |
| EXPENSES | | | | |
| Program | 168,980 | - | - | 168,980 |
| Depreciation | 1,798 | - | 104,558 | 106,356 |
| Management | 3,058 | - | - | 3,058 |
| Fund Raising | 3,057 | - | - | 3,057 |
| TOTAL EXPENSES | <u>176,893</u> | <u>-</u> | <u>104,558</u> | <u>281,451</u> |
| CHANGE IN NET ASSETS | 8,479 | 221,065 | (104,558) | 124,986 |
| NET ASSETS, BEGINNING OF YEAR | <u>96,906</u> | <u>129,049</u> | <u>3,581,063</u> | <u>3,807,018</u> |
| NET ASSETS, END OF YEAR | <u>\$ 105,385</u> | <u>350,114</u> | <u>3,476,505</u> | <u>\$ 3,932,004</u> |

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

CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

| EXPENSES | PROGRAM | MANAGEMENT | FUND RAISING | 2014 TOTAL |
|---|-------------------|--------------|--------------|-------------------|
| Auditing Fees | \$ 4,000 | - | - | \$ 4,000 |
| Computer Support | 1,332 | - | - | 1,332 |
| Consulting Services | 750 | - | - | 750 |
| Contract Fees for Independent Contractors | 103,289 | 3,058 | 3,057 | 109,404 |
| Education and Signage | 7,321 | - | - | 7,321 |
| Insurance | 4,638 | - | - | 4,638 |
| Land and Trail Maintenance | 26,590 | - | - | 26,590 |
| Miscellaneous | 1,880 | - | - | 1,880 |
| Property Taxes | 480 | - | - | 480 |
| Supplies | 4,833 | - | - | 4,833 |
| Training | 7,775 | - | - | 7,775 |
| Utilities and Telecommunications | 6,092 | - | - | 6,092 |
| | <u>\$ 168,980</u> | <u>3,058</u> | <u>3,057</u> | <u>175,095</u> |
| Depreciation | | | | 1,798 |
| | | | | <u>\$ 176,893</u> |

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

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

Conestee Foundation, Inc. (the “Foundation”) is a nonprofit organization founded in 2000 to develop the Lake Conestee Nature Park (“LCNP”) located in Greenville County, South Carolina. The Foundation receives third party donations and grants to acquire lands, develop the infrastructure outlined in the Master Plan for LCNP, operate LCNP and design and conduct outdoor educational programming. The Foundation has contracted with Hargett Resources, Inc. to provide a part time executive director.

On February 3, 2014, the Foundation entered into a thirty (30) year lease with Greenville County (the “County”) whereby the Foundation agreed to lease LCNP to the County. Either party can however terminate the lease agreement with one hundred eighty (180) days notice. Under the agreement, the County will pay the Foundation \$120,000 per year commencing on July 1, 2013. The amount of the lease payment will be increased every two years based on the CPI Index of the Southern Region beginning with fiscal year beginning July 1, 2015. Under the lease, the County agrees to perform all routine maintenance and the repair and replacement of all trails, boardwalks, bridges and amenities at LCNP. The Foundation retains many rights including continued development of the property, environmental stewardship, environmental education programming and the ability to collect fees from its programming. The dam discussed in note 9 remains the responsibility of the Foundation. This agreement replaces all previous agreements with the Greenville County Recreation District (“GCRD”) which was merged into the County in 2013. It is now the Greenville County Department of Parks, Recreation and Tourism (“GCPRT”).

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation 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 stipulations that may be or will be met either by actions of the Foundation 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 land and improvements primarily under a conservation easement that permanently restricts the use and provides for public access.

Organization

The Foundation is nonprofit and exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no income taxes are provided in the financial statements. There was no unrelated business income for the years ended December 31, 2015 and 2014.

Cash and Cash Equivalents

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

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Conservation Easements

A conservation easement is an agreement between the Foundation and a qualified land trust in which the Foundation relinquishes some or all of the rights to develop the property. The easement is publicly recorded and is binding on all future owners of the property. The qualified land trust's principle 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.

The estimated value of a conservation easement is based on the development rights relinquished under the easement; that is, the amount of the reduction in fair market value resulting from the easement at the date it is recorded. This value is established at or near the recording date based on management's best estimate of the value based on relevant facts and circumstances. The Foundation has reduced the carrying value of its land under a conservation easement to reflect the reduction in fair market value at or near the date the easement was recorded.

Each conservation easement donated by the Foundation 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 historic and conservation values of the property. Accordingly, there is no market for the conservation easement donated by the Foundation.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Foundation's management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

The financial statements were issued on March 18, 2016, and subsequent events have been evaluated through that date.

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – LAND

Land is comprised of the following as of December 31, 2015 and 2014:

| Description | Acres | 2015 | 2014 |
|---|-------|--------------|--------------|
| Unrestricted | | | |
| Conestee village lots (3 in 2015 and 2014) | 1 | \$ 3,214 | \$ 3,214 |
| Total Unrestricted | 1 | 3,214 | 3,214 |
| Permanently Restricted | | | |
| Lake Conestee* (1) | 151 | 200,000 | 200,000 |
| Henderson Farm* | 106 | 957,384 | 957,384 |
| Forrester property* (2) | 44 | 409,374 | 409,374 |
| Breazeale Farm* (3) | 86 | 117,171 | 117,171 |
| Augusta Acres* (4) | 7 | 43,264 | 43,264 |
| Raines and Metro Sewer parcels | 1 | 32,073 | 32,073 |
| Conestee village lots (21 in 2015 and 2014) | 6 | 150,747 | 150,747 |
| Total Permanently Restricted | 401 | 1,910,013 | 1,910,013 |
| Total Land | 402 | \$ 1,913,227 | \$ 1,913,227 |

- * This land is under the Amended and Restated Conservation Easement.
- (1) Approximately 6 acres of this property are not under the Easement.
 - (2) Approximately 4 acres of this property are not under the Easement.
 - (3) Approximately 5 acres of this property are not under the Easement.
 - (4) Approximately 5 acres of this property are not under the Easement.

All parcels are located in Greenville County, South Carolina.

NOTE 3 – BUILDINGS, PARK INFRASTRUCTURE AND EQUIPMENT

Buildings, park infrastructure and equipment with a useful life of at least 3 years and with a cost or value greater than \$10,000 are recorded at original cost if purchased and recorded at fair market value if donated. Buildings, park infrastructure and equipment consist of a rehabilitated park building used as the Foundation office, entrance gateways, observation decks, helical piers and boardwalks, natural trails, a 215 foot structural pedestrian bridge connecting the park lands on the east and west sides of the Reedy River, paved trails which are part of the Greenville County Swamp Rabbit Trail and maintenance equipment. Depreciation is provided on a straight line method over an estimated useful life of 20 years for buildings and park infrastructure and 7 years for equipment. Buildings and park infrastructure are permanently restricted. Equipment is unrestricted.

Buildings, park infrastructure and equipment are comprised of the following at December 31, 2015 and 2014:

| Description | 2015 | 2014 |
|---|--------------|--------------|
| Gosset Moran Office Building | \$ 44,567 | \$ 44,567 |
| Equipment | 12,585 | 12,585 |
| Entrance gateways | 53,276 | 53,276 |
| Paved and natural trails and boardwalks | 1,771,851 | 1,409,009 |
| Pedestrian bridge over Reedy River | 610,958 | 610,958 |
| Total land improvements | 2,493,237 | 2,130,395 |
| Less accumulated depreciation | (679,413) | (554,914) |
| Total land improvements, net | \$ 1,813,824 | \$ 1,575,481 |

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – CONSTRUCTION IN PROGRESS

Costs totaling \$28,705 for the Conestee Village Connector trail and boardwalks are shown as Construction in Progress in the Statement of Financial Position as of December 31, 2014. There was no Construction in Progress at December 31, 2015.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Foundation maintains its bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash at this bank exceeded federally insured limits as of December 31, 2015 and 2014, by \$40,674 and \$176,072.

NOTE 6 – LINE OF CREDIT

The Foundation has a \$150,000 unsecured line of credit with interest at prime plus 1.5% (with a floor of 4.75%). The line of credit is reviewed annually by the bank beginning on September 27, 2013. No balances were drawn during 2015 or 2014.

NOTE 7 – TEMPORARILY RESTRICTED FUNDS

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

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Grants to Build Trails and Park Infrastructure | \$ 186,215 | \$ 236,657 |
| Grants for New Environmental Education Center | - | 16,000 |
| Total | <u>\$ 186,215</u> | <u>\$ 252,657</u> |

Grants to Build Trails and Park Infrastructure

The Foundation was awarded South Carolina Parks Recreation and Tourism (SCPRT) 2013 and 2014 trails reimbursable grants in the amount of \$100,000 each to build two connecting trails within the park. The grant requires matching funds of a minimum of \$25,000 for each grant. Construction began in 2014 on the first the grant and in 2015 for the second grant. Both projects were substantially complete by December 31, 2015. The Foundation received a grant in 2014 from the GCPRT for \$200,000 for both projects, which will more than cover the required match. The amount committed on these construction projects is approximately \$38,000.

As part of Hands On Greenville (HOG Day), the Foundation received a grants of \$14,920 and \$7,952 to purchase materials for park infrastructure improvements as of December 31, 2015 and 2014.

New Environmental Education Center

The Foundation received grants of \$0 and \$16,000 in 2015 and 2014, for the construction of a new education center to be located on the property. Plans are underway for a capital campaign to raise the additional funds necessary to complete this project.

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

Total Temporarily Restricted Funds

The Foundation has remaining fund balances in the following temporarily restricted funds at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|----------------------------|-------------------|-------------------|
| Conestee Park Connector | \$ 37,158 | \$ 175,000 |
| Conestee Village Connector | - | 53,705 |
| Land Acquisition | 78,000 | 78,000 |
| Education Center | 31,963 | 31,964 |
| Learning Loop 4 | 7,450 | 10,564 |
| Education Programming | - | 881 |
| Total | <u>\$ 154,571</u> | <u>\$ 350,114</u> |

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

On November 16, 2005, the Foundation granted and recorded in the public records a conservation easement to Upstate Forever, a qualified land trust, that significantly restricts the use of the Lake Conestee and Henderson Farm properties currently owned by the Foundation, and provides for public access to the LCNP.

On June 19, 2009, the Foundation granted and recorded in the public records an Amended and Restated Conservation Easement to Upstate Forever, a qualified land trust, that added approximately 125 acres to the existing easement. The easement, totaling approximately 374 acres, continues to significantly restrict the use of the LCNP property and provides for public access to LCNP.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Voluntary Cleanup Contract

The Foundation entered into a Voluntary Cleanup Contract (“VCC”) with the South Carolina Department of Health and Environmental Control (DHEC) under the Environmental Protection Agency (EPA) Targeted Brown Fields program to manage the original lake bed site for its intended use as the Lake Conestee Nature Park. The VCC was finalized in 2007, and a restrictive covenant was recorded in the public records on October 25, 2007, in Greenville County, South Carolina requiring the Foundation to manage the use of the site to provide reasonable protection to the public, including maintaining the dam to contain the sediments. The VCC is also conditional on continued groundwater monitoring. The first annual monitoring was substantially completed in 2008. Based on the results from the first year monitoring, DHEC has waived the requirement for future monitoring.

The amount of the future repairs and maintenance of the dam is currently undeterminable and the source to fund these future costs has not been identified, although they are believed to be very material to the Foundation.

Other

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

**CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 – RELATED PARTY

The volunteer Chairman of the Foundation is a member of the Board of Directors of Upstate Forever and is its Treasurer.