

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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Greene, Finney & Horton, LLP

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 financial statements of Conestee Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conestee Foundation, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
March 13, 2017

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CONESTEE FOUNDATION, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
ASSETS					
Cash	\$ 26,208	40,442	-	66,650	\$ 294,702
Account Receivable	-	-	-	-	-
Prepaid Insurance	4,340	-	-	4,340	-
Land	3,214	-	1,929,328	1,932,542	1,913,227
Buildings, Park Infrastructure and Equipment, Net	5,392	-	1,783,096	1,788,488	1,813,824
TOTAL ASSETS	<u>\$ 39,154</u>	<u>40,442</u>	<u>3,712,424</u>	<u>3,792,020</u>	<u>\$ 4,021,753</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ -	-	-	-	\$ 59,313
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,313</u>
NET ASSETS					
Unrestricted	39,154	-	-	39,154	91,222
Temporarily Restricted	-	40,442	-	40,442	154,571
Permanently Restricted	-	-	3,712,424	3,712,424	3,716,647
TOTAL NET ASSETS	<u>39,154</u>	<u>40,442</u>	<u>3,712,424</u>	<u>3,792,020</u>	<u>3,962,440</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 39,154</u>	<u>40,442</u>	<u>3,712,424</u>	<u>3,792,020</u>	<u>\$ 4,021,753</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 ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
PUBLIC SUPPORT AND REVENUE					
Public Support					
Grants	\$ 16,564	8,809	-	25,373	\$ 188,215
Lease Payments	122,380	-	-	122,380	121,200
Donations	33,455	-	-	33,455	29,318
Net Assets Released from Restrictions	122,938	(122,938)	-	-	-
TOTAL PUBLIC SUPPORT	<u>295,337</u>	<u>(114,129)</u>	<u>-</u>	<u>181,208</u>	<u>338,733</u>
Revenue					
Interest Income	804	-	-	804	1,726
Education Program Fees	15,727	-	-	15,727	12,794
Other Income	943	-	-	943	10,431
TOTAL REVENUE	<u>17,474</u>	<u>-</u>	<u>-</u>	<u>17,474</u>	<u>24,951</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>312,811</u>	<u>(114,129)</u>	<u>-</u>	<u>198,682</u>	<u>363,684</u>
EXPENSES					
Program	236,585	-	-	236,585	199,783
Transfer of Park Infrastructure to Permanently Restricted	123,696	-	(123,696)	-	-
Depreciation	1,798	-	127,919	129,717	124,498
Management	1,400	-	-	1,400	6,006
Fund Raising	1,400	-	-	1,400	2,961
TOTAL EXPENSES	<u>364,879</u>	<u>-</u>	<u>4,223</u>	<u>369,102</u>	<u>333,248</u>
CHANGE IN NET ASSETS	(52,068)	(114,129)	(4,223)	(170,420)	30,436
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 39,154</u>	<u>40,442</u>	<u>3,712,424</u>	<u>3,792,020</u>	<u>\$ 3,962,440</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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

EXPENSES	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUND RAISING</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
Auditing Fees	\$ 4,635	-	-	4,635	\$ 4,050
Computer Support	1,035	-	-	1,035	4,746
Consulting Services	6,590	-	-	6,590	-
Contract Fees for Independent Contractors	64,400	1,400	1,400	67,200	98,367
Education and Signage	2,541	-	-	2,541	-
Insurance	3,389	-	-	3,389	8,524
Land and Trail Maintenance	37,739	-	-	37,739	23,940
Miscellaneous	4,406	-	-	4,406	1,063
Payroll Expense	100,888	-	-	100,888	52,745
Property Taxes	618	-	-	618	786
Supplies	3,673	-	-	3,673	2,627
Training	-	-	-	-	6,024
Utilities and Telecommunications	6,671	-	-	6,671	5,878
	<u>\$ 236,585</u>	<u>1,400</u>	<u>1,400</u>	<u>239,385</u>	<u>208,750</u>
Transfer of Land and Park Infrastructure to Permanently Restricted				123,696	362,842
Depreciation				1,798	1,798
				<u>364,879</u>	<u>\$ 573,390</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (170,420)	\$ 30,436
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Accounts Receivable	-	28,705
(Increase) Decrease in Prepaid Insurance	(4,340)	-
Increase (Decrease) in Deferred Revenue	-	(30,000)
Increase (Decrease) in Accounts Payable	(5,600)	(3,334)
Depreciation	129,717	124,498
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(50,643)</u>	<u>150,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Building, Park Infrastructure and Equipment	(177,409)	(280,423)
NET CASH USED IN INVESTING ACTIVITIES	<u>(177,409)</u>	<u>(280,423)</u>
NET INCREASE (DECREASE) IN CASH	(228,052)	(130,118)
CASH, BEGINNING OF YEAR	<u>294,702</u>	<u>424,820</u>
CASH, END OF YEAR	<u>\$ 66,650</u>	<u>\$ 294,702</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, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2015 TOTAL
ASSETS				
Cash	\$ 140,131	154,571	-	\$ 294,702
Land	3,214	-	1,910,013	1,913,227
Buildings, Park Infrastructure and Equipment, Net	7,190	-	1,806,634	1,813,824
TOTAL ASSETS	\$ 150,535	154,571	3,716,647	\$ 4,021,753
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 59,313	-	-	\$ 59,313
TOTAL LIABILITIES	59,313	-	-	59,313
NET ASSETS				
Unrestricted	91,222	-	-	91,222
Temporarily Restricted	-	154,571	-	154,571
Permanently Restricted	-	-	3,716,647	3,716,647
TOTAL NET ASSETS	91,222	154,571	3,716,647	3,962,440
TOTAL LIABILITIES AND NET ASSETS	\$ 150,535	154,571	3,716,647	\$ 4,021,753

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

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2015 TOTAL</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants	\$ 2,000	186,215	-	\$ 188,215
Lease Payments	121,200	-	-	121,200
Donations	29,318	-	-	29,318
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>
Revenue				
Interest Income	1,726	-	-	1,726
Education Program Fees	12,794	-	-	12,794
Other Income	10,431	-	-	10,431
TOTAL REVENUE	<u>24,951</u>	<u>-</u>	<u>-</u>	<u>24,951</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>559,227</u>	<u>(195,543)</u>	<u>-</u>	<u>363,684</u>
EXPENSES				
Program	199,783	-	-	199,783
Transfer of Park Infrastructure to Permanently Restricted	362,842	-	(362,842)	-
Depreciation	1,798	-	122,700	124,498
Management	6,006	-	-	6,006
Fund Raising	2,961	-	-	2,961
TOTAL EXPENSES	<u>573,390</u>	<u>-</u>	<u>(240,142)</u>	<u>333,248</u>
CHANGE IN NET ASSETS	(14,163)	(195,543)	240,142	30,436
NET ASSETS, BEGINNING OF YEAR	<u>105,385</u>	<u>350,114</u>	<u>3,476,505</u>	<u>3,932,004</u>
NET ASSETS, END OF YEAR	<u>\$ 91,222</u>	<u>154,571</u>	<u>3,716,647</u>	<u>\$ 3,962,440</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

EXPENSES	PROGRAM	MANAGEMENT	FUND RAISING	2015 TOTAL
Auditing Fees	\$ 4,050	-	-	\$ 4,050
Computer Support	4,746	-	-	4,746
Contract Fees for Independent Contractors	89,400	6,006	2,961	98,367
Insurance	8,524	-	-	8,524
Land and Trail Maintenance	23,940	-	-	23,940
Miscellaneous	1,063	-	-	1,063
Payroll Expense	52,745	-	-	52,745
Property Taxes	786	-	-	786
Supplies	2,627	-	-	2,627
Training	6,024	-	-	6,024
Utilities and Telecommunications	5,878	-	-	5,878
	<u>\$ 199,783</u>	<u>6,006</u>	<u>2,961</u>	<u>208,750</u>
Transfer of Land and Park Infrastructure to Permanently Restricted				362,842
Depreciation				1,798
				<u>\$ 573,390</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, 2016 AND 2015

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, 2016 and 2015.

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, 2016 AND 2015

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 13, 2017, 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, 2016 AND 2015

NOTE 2 – LAND

Land is comprised of the following as of December 31, 2016 and 2015:

Description	Acres	2016	2015
Unrestricted			
Conestee village lots (3 in 2016 and 2015)	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
Friddle Property	2	19,315	-
Conestee village lots (21 in 2016 and 2015)	6	150,747	150,747
Total Permanently Restricted	403	1,929,328	1,910,013
Total Land	404	\$ 1,932,542	\$ 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, education shelter, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 – BUILDINGS, PARK INFRASTRUCTURE AND EQUIPMENT (CONTINUED)

Buildings, park infrastructure and equipment are comprised of the following at December 31, 2016 and 2015:

Description	2016	2015
Gosset Moran Office Building	\$ 44,567	\$ 44,567
Equipment	12,585	12,585
Entrance gateways	53,276	53,276
Shortleaf Shelter	55,648	-
Paved and natural trails and boardwalks	1,820,584	1,771,851
Pedestrian bridge over Reedy River	610,958	610,958
Total land improvements	2,597,618	2,493,237
Less accumulated depreciation	(809,130)	(679,413)
Total land improvements, net	\$ 1,788,488	\$ 1,813,824

NOTE 4 – 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, 2016 and 2015, by \$0 and \$40,674, respectively.

NOTE 5 – 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 2016 or 2015.

NOTE 6 – TEMPORARILY RESTRICTED FUNDS

Temporarily restricted grants received in 2016 and 2015 are comprised of the following:

	2016	2015
Grants to Build Trails and Park Infrastructure	\$ 8,809	\$ 186,215
Total	\$ 8,809	\$ 186,215

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.

As part of Hands On Greenville (HOG Day), the Foundation received grants of \$8,809 and \$14,920 to purchase materials for park infrastructure improvements as of December 31, 2016 and 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6 – TEMPORARILY RESTRICTED FUNDS (CONTINUED)

New Environmental Education Center/Shortleaf Shelter

Although plans are underway for a capital campaign to raise the funds necessary to complete this project, it was decided in 2016, to use the available two grants to build the Shortleaf Shelter to provide a teaching venue when the weather is poor. In 2016, the Foundation completed the Shortleaf Shelter at a total cost of \$55,648.

Total Temporarily Restricted Funds

The Foundation has remaining fund balances in the following temporarily restricted funds at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land Acquisition	\$ 32,992	\$ 78,000
Learning Loop 4	7,450	7,450
Conestee Park Connector Education Center	-	37,158
	-	31,963
Total	<u>\$ 40,442</u>	<u>\$ 154,571</u>

NOTE 7 – 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 8 – 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, 2016 AND 2015

NOTE 9 – RELATED PARTY

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