

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Upstate Forever
Greenville, South Carolina

Opinion

We have audited the accompanying financial statements of Upstate Forever (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upstate Forever and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upstate Forever's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Upstate Forever's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upstate Forever's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 30, 2023

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022 TOTAL	2021 TOTAL
ASSETS				
Cash	\$ (46,411)	411,854	365,443	\$ 552,452
Marketable Securities	3,666,179	2,255,455	5,921,634	7,250,821
Private Equity	41,949	-	41,949	183,986
Accounts Receivable	30,000	341,410	371,410	193,652
Long-Term Accounts Receivable, net	46,032	170,006	216,038	116,567
Campaign Pledge Receivables, net	11,180	-	11,180	72,713
Prepaid Expenses	-	-	-	3,474
Other Current Assets	1,807	-	1,807	7,973
Due to/from Other Funds	(72,578)	72,578	-	-
Property and Equipment, net	565,512	-	565,512	587,344
TOTAL ASSETS	\$ 4,243,670	3,251,303	7,494,973	\$ 8,968,982
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 19,967	-	19,967	\$ 11,030
Accrued Liabilities	61,516	-	61,516	60,570
TOTAL LIABILITIES	81,483	-	81,483	71,600
NET ASSETS				
Without Donor Restrictions	4,162,187	-	4,162,187	5,699,343
With Donor Restrictions	-	3,251,303	3,251,303	3,198,039
TOTAL NET ASSETS	4,162,187	3,251,303	7,413,490	8,897,382
TOTAL LIABILITIES AND NET ASSETS	\$ 4,243,670	3,251,303	7,494,973	\$ 8,968,982

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022 TOTAL	2021 TOTAL
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants	\$ 10,000	934,163	944,163	\$ 411,327
PPP Loan Forgiveness	-	-	-	196,005
Contributions	729,556	-	729,556	235,965
Membership	570,521	-	570,521	645,877
Land Trust Endowments	-	64,816	64,816	166,630
Transfers Between Funds	(106,371)	106,371	-	-
Net Assets Released from Restrictions	714,643	(714,643)	-	-
TOTAL PUBLIC SUPPORT	1,918,349	390,707	2,309,056	1,655,804
Revenue				
Consulting Fees	22,250	-	22,250	28,910
Special Events, net of Expenses	19,500	-	19,500	-
Interest Income	-	9	9	6,799
Investment Income (Loss)	(852,134)	(337,452)	(1,189,586)	620,654
Other	-	-	-	38
TOTAL REVENUE	(810,384)	(337,443)	(1,147,827)	656,401
TOTAL PUBLIC SUPPORT AND REVENUE	1,107,965	53,264	1,161,229	2,312,205
EXPENSES				
Program	2,024,047	-	2,024,047	1,730,730
Management	134,045	-	134,045	125,381
Fundraising	487,029	-	487,029	312,008
TOTAL EXPENSES	2,645,121	-	2,645,121	2,168,119
CHANGE IN NET ASSETS	(1,537,156)	53,264	(1,483,892)	144,086
NET ASSETS, BEGINNING OF YEAR	5,699,343	3,198,039	8,897,382	8,753,296
NET ASSETS, END OF YEAR	\$ 4,162,187	3,251,303	7,413,490	\$ 8,897,382

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2022 TOTAL	2021 TOTAL
EXPENSES					
EMPLOYEE EXPENSES					
Salaries	\$ 1,147,881	181,523	274,070	1,603,474	\$ 1,270,330
Employee Benefits	65,532	13,046	14,984	93,562	84,225
Salaries, Paid Time Off	2,948	3,747	2,438	9,133	18,365
Payroll Service	-	4,532	-	4,532	3,734
Payroll Tax Expense	86,178	13,586	20,908	120,672	90,729
TOTAL EMPLOYEE EXPENSES	1,302,539	216,434	312,400	1,831,373	1,467,383
ALL OTHER EXPENSES					
Consultants	297,822	25,668	7,500	330,990	243,248
Consultants Easement Assistance	30,485	-	-	30,485	70,809
Information Technology & Support	60,454	25,840	24,364	110,658	92,412
Depreciation Expense	500	21,333	-	21,833	24,158
Education/Training	11,593	86	59	11,738	5,889
Insurance	9,093	29,697	-	38,790	28,030
Meeting and Conference Expenses	22,337	675	7,572	30,584	17,999
Overhead Allocation	179,032	(222,883)	43,851	-	-
Printed Materials & Mailing	39,057	495	10,649	50,201	47,287
Supplies and Occupancy	22,809	23,075	2,889	48,773	49,439
Sponsorship Expenses	7,950	-	3,750	11,700	36,855
Travel	22,004	448	1,835	24,287	14,175
Other Expenses	18,372	13,177	72,160	103,709	70,435
TOTAL ALL OTHER EXPENSES	721,508	(82,389)	174,629	813,748	700,736
TOTAL EXPENSES	\$ 2,024,047	134,045	487,029	2,645,121	\$ 2,168,119

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,483,892)	\$ 144,086
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Unrealized Loss (Gain) on Marketable Securities and Investments	1,287,515	(429,956)
Depreciation	21,833	24,158
Changes in Operating Assets and Liabilities		
Decrease in Deposits, Prepaid Expenses and Other Current Assets	9,640	6,741
(Increase) Decrease in Accounts and Long-Term Pledges Receivable	(215,696)	113,201
Decrease in Land Held for Resale	-	421,000
Increase in Liabilities	9,883	21,044
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(370,717)</u>	<u>300,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale (Purchase) of Marketable Securities and Investments	183,708	(503,068)
Acquisition of Property and Equipment	-	(5,522)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>183,708</u>	<u>(508,590)</u>
NET DECREASE IN CASH	(187,009)	(208,316)
CASH, BEGINNING OF YEAR	<u>552,452</u>	<u>760,768</u>
CASH, END OF YEAR	<u>\$ 365,443</u>	<u>\$ 552,452</u>

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTAL
ASSETS			
Cash	\$ 151,506	400,946	\$ 552,452
Marketable Securities	4,778,940	2,471,881	7,250,821
Private Equity	183,986	-	183,986
Accounts Receivable	30,000	163,652	193,652
Long-Term Accounts Receivable, net	76,032	40,535	116,567
Campaign Pledge Receivables, net	72,713	-	72,713
Prepaid Expenses	3,474	-	3,474
Other Current Assets	7,973	-	7,973
Due to/from Other Funds	(121,025)	121,025	-
Property and Equipment, net	587,344	-	587,344
TOTAL ASSETS	\$ 5,770,943	3,198,039	\$ 8,968,982
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	\$ 11,030	-	\$ 11,030
Accrued Liabilities	60,570	-	60,570
TOTAL LIABILITIES	71,600	-	71,600
NET ASSETS			
Without Donor Restrictions	5,699,343	-	5,699,343
With Donor Restrictions	-	3,198,039	3,198,039
TOTAL NET ASSETS	5,699,343	3,198,039	8,897,382
TOTAL LIABILITIES AND NET ASSETS	\$ 5,770,943	3,198,039	\$ 8,968,982

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTAL
PUBLIC SUPPORT AND REVENUE			
Public Support			
Grants	\$ 10,000	401,327	\$ 411,327
PPP Loan Forgiveness	196,005	-	196,005
Contributions	235,965	-	235,965
Membership	645,877	-	645,877
Land Trust Endowments	-	166,630	166,630
Transfers Between Funds	(57,732)	57,732	-
Net Assets Released from Restrictions	695,507	(695,507)	-
TOTAL PUBLIC SUPPORT	1,725,622	(69,818)	1,655,804
Revenue			
Consulting Fees	1,509	27,401	28,910
Interest Income	6,204	595	6,799
Investment Income	358,599	262,055	620,654
Other	38	-	38
TOTAL REVENUE	366,350	290,051	656,401
TOTAL PUBLIC SUPPORT AND REVENUE			
	2,091,972	220,233	2,312,205
EXPENSES			
Program	1,730,730	-	1,730,730
Management	125,381	-	125,381
Fundraising	312,008	-	312,008
TOTAL EXPENSES	2,168,119	-	2,168,119
CHANGE IN NET ASSETS	(76,147)	220,233	144,086
NET ASSETS, BEGINNING OF YEAR	5,775,490	2,977,806	8,753,296
NET ASSETS, END OF YEAR	\$ 5,699,343	3,198,039	\$ 8,897,382

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	OTHER PROGRAMS	MANAGEMENT	FUNDRAISING	2021 TOTAL
EXPENSES				
EMPLOYEE EXPENSES				
Salaries	\$ 940,491	157,829	172,010	\$ 1,270,330
Employee Benefits	64,422	7,687	12,116	84,225
Salaries, Paid Time Off	11,008	1,986	5,371	18,365
Payroll Service	-	3,734	-	3,734
Payroll Tax Expense	69,990	7,458	13,281	90,729
TOTAL EMPLOYEE EXPENSES	1,085,911	178,694	202,778	1,467,383
ALL OTHER EXPENSES				
Consultants	227,023	2,600	13,625	243,248
Consultants Easement Assistance	70,809	-	-	70,809
Information Technology & Support	46,150	36,561	9,701	92,412
Depreciation Expense	1,200	22,958	-	24,158
Education/Training	4,364	1,525	-	5,889
Insurance	7,701	20,329	-	28,030
Meeting and Conference Expenses	14,489	-	3,510	17,999
Overhead Allocation	145,463	(172,984)	27,521	-
Printed Materials & Mailing	34,315	822	12,150	47,287
Supplies and Occupancy	24,980	21,272	3,187	49,439
Sponsorship Expenses	36,855	-	-	36,855
Travel	11,757	203	2,215	14,175
Other Expenses	19,713	13,401	37,321	70,435
TOTAL ALL OTHER EXPENSES	644,819	(53,313)	109,230	700,736
TOTAL EXPENSES	\$ 1,730,730	125,381	312,008	\$ 2,168,119

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

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

Basis of Presentation

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

Revenue Recognition

Upstate Forever recognizes revenue on grants either when received or when the funds have been expended (reimbursable grants) in accordance with grant requirements. Contributions are recognized when received or when a written pledge is received for contributions promised over more than one year. Planned gifts are future contributions that a donor plans during their lifetime that will take effect upon the donor’s passing. Planned gifts are not recognized on the financial statements until the cash or other assets are received.

Cash and Cash Equivalents

For the Statement of Cash Flows, Upstate Forever generally considers all instruments with a maturity of three months or less at date of purchase to be cash equivalents.

Marketable Securities

Marketable securities consist primarily of publicly traded mutual funds and publicly traded stock and are classified as available-for-sale. Such securities are carried at fair value based on quoted market prices, with any unrealized gains or losses reported as a change in net assets with donor restrictions or net assets without donor restrictions.

Investments

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

**UPSTATE FOREVER
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables consist primarily of amounts due from grantors and large donors.

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

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

Income Taxes

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

Property and Equipment

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

Net Assets

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

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

**UPSTATE FOREVER
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conservation Easements

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

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

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

Upstate Forever believes that tracking the value of conservation easements under management is useful to gauge the significance of the ongoing responsibility to monitor these easements. Accordingly, for purposes of note disclosure only, conservation easements received by Upstate Forever are disclosed at the value paid to acquire the conservation easement or the estimated value of the development rights relinquished under the easement, that is, the amount of the reduction in fair market value (as defined in IRS regulations) resulting from the easement at the date it is recorded. This value is generally established through qualified appraisals that are performed at or near the recording date. Where such an appraisal is not available, management makes its best estimate of the value based on relevant facts and circumstances. Values are not updated as they represent the historical cost at the date the easements were granted. See Note 14 for more details of Upstate Forever's conservation easements.

Grants

Upstate Forever receives grants from federal, state and local governments, as well as from private organizations, to be used for specific programs or for the purchase of conservation easements.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires Upstate Forever's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**UPSTATE FOREVER
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

NOTE 2—LIQUIDITY AND AVAILABILITY

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash and Cash Equivalents	\$ (46,411)	\$ 151,506
Marketable Securities	3,666,179	4,778,940
Investments	41,949	183,986
Accounts Receivable	30,000	30,000
Campaign Pledge Receivables, Net	11,180	72,713
	<u>\$ 3,702,897</u>	<u>\$ 5,217,145</u>

Upstate Forever's board-designated endowment of \$2,827,016 is subject to board approval for disbursement. Although they do not intend to spend from this endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval), these amounts could be made available if necessary.

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 4 – CONCENTRATION OF CREDIT RISK

Upstate Forever currently maintains bank accounts. Accounts at each institution were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 as of December 31, 2022 and 2021, and Upstate Forever's holdings did not exceed the insured limits.

NOTE 5 – FAIR VALUE DISCLOSURES

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

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

Level 2 – Inputs to the valuation methodology include

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

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

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

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

At December 31, 2022 and 2021, Upstate Forever's marketable securities, investments, and campaign pledges receivable were the only financial instruments carried at fair value on the statements of financial position in accordance with the FASB ASC 820-10 valuation hierarchy. These marketable securities and investments were valued based upon Level 1 inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Mutual and Money Market Funds

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

Stocks

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

Private Equity Fund

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

The table below details the activity within the private equity fund during 2022:

Private Equity Fund Value at December 31, 2021	\$	183,986
Cash Distributions from the Fund		(143,469)
Unrealized Gains on Investment		1,432
Private Equity Fund Value at December 31, 2022	\$	<u>41,949</u>

The table below details the activity within the private equity fund during 2021:

Private Equity Fund Value at December 31, 2020	\$	214,037
Unrealized Losses on Investment		(30,051)
Private Equity Fund Value at December 31, 2021	\$	<u>183,986</u>

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NOTE 5 – FAIR VALUE DISCLOSURES (CONTINUED)

The following table sets forth by level the fair value hierarchy of Upstate Forever’s assets accounted for at fair value on a recurring basis as of December 31, 2022 and 2021:

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1 Inputs)	
	Fair Value at December 31, 2022	Fair Value at December 31, 2021
Assets:		
Cash and Deposit-in-Transit	\$ 24,379	\$ 32,013
Certificates of Deposit	-	124,908
Equities - Publicly Traded	1,059,127	1,416,355
Bonds - Publicly Traded	325,734	372,121
Treasury Notes	212,247	240,336
Mutual Funds:		
Stocks	2,435,548	2,719,812
Bonds	1,369,195	1,988,158
Other	323,085	-
Total Mutual Funds	4,127,828	4,707,970
Money Market Funds	172,319	357,118
Total Assets at Fair Value	<u>\$ 5,921,634</u>	<u>\$ 7,250,821</u>

Total investment loss on marketable securities and investments of \$1,189,586 includes \$1,287,515 of unrealized losses for the year ended December 31, 2022. Investment fees in the amount of \$45,656 are netted with Investment Income (Loss) on the Statement of Activities for the year ended December 31, 2022.

Total investment gain on marketable securities and investments of \$620,654 includes \$429,956 of unrealized gains for the year ended December 31, 2021. Investment fees in the amount of \$24,260 are netted with Investment Income on the Statement of Activities for the year ended December 31, 2021.

NOTE 6 – ENDOWMENT FUNDS

Land Trust Endowment

As part of Upstate Forever’s Land Trust program, it receives gifts and contributions from individuals and entities to be used to ensure compliance with the terms of its conservation easements. (See Note 14 for a description of Upstate Forever’s conservation easements).

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Land Trust Endowment (Continued)

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

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

Endowment Without Donor Restrictions

As of December 31, 2022, Upstate Forever has an endowment that was funded by receiving \$2,200,000 in funds without restrictions from one family, which the Board of Directors designated to be held as an endowment fund for future endeavors. Upstate Forever classified these as net assets without donor restrictions, and also records investment earnings as without donor restrictions. The Board of Directors approves when and how to use this endowment.

Accounting Guidance

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

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

Investment Objective

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Investment Objective (Continued)

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

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

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

Changes in Upstate Forever’s Endowment Funds, by net asset classification, for the years ended December 31, 2022 and 2021 are summarized as follows:

Description	2022		
	Board Designated Without Donor Restrictions	Land Trust With Donor Restrictions	Total
Endowment Fund, Beginning of Year	\$ 3,216,267	2,650,839	\$5,867,106
Investment Gain (Loss)	(661,750)	(337,452)	(999,202)
Contributions	450,000	64,816	514,816
Appropriation of Assets for Expenditure	(177,501)	(7,599)	(185,100)
Endowment Funds, End of Year	<u>\$ 2,827,016</u>	<u>2,370,604</u>	<u>\$ 5,197,620</u>

Description	2021		
	Board Designated Without Donor Restrictions	Land Trust With Donor Restrictions	Total
Endowment Fund, Beginning of Year	\$ 2,882,674	2,269,274	\$5,151,948
Investment Gain	362,307	262,055	624,362
Contributions	-	166,630	166,630
Appropriation of Assets for Expenditure	(28,714)	(47,120)	(75,834)
Endowment Funds, End of Year	<u>\$ 3,216,267</u>	<u>2,650,839</u>	<u>\$ 5,867,106</u>

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – ACCOUNTS AND PLEDGES RECEIVABLE

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

Accounts Receivable		
	<u>2022</u>	<u>2021</u>
Land Policy and Planning	\$ 72,461	\$ 50,000
Land Trust Endowment Funds	33,170	38,399
Clean Water Program	103,102	54,252
Land Conservation Program	132,677	21,000
Other Receivables	30,000	30,000
Total	<u>\$ 371,410</u>	<u>\$ 193,652</u>

Long-Term Accounts Receivable, net		
	<u>2022</u>	<u>2021</u>
Land Policy and Planning	\$ 48,780	\$ -
Land Conservation Program, Net	111,823	-
Land Trust Endowment, Net	9,403	19,535
Clean Water, Net	-	21,000
Other Receivables, Net	46,032	76,032
Total	<u>\$ 216,038</u>	<u>\$ 116,567</u>

During 2018, Upstate Forever launched the “Crossroads Campaign” with a goal of \$7 million, with \$3 million in donations and \$4 million in planned gifts. At the close of the campaign in 2019, Upstate Forever exceeded its goals with \$3.6 million in donations and \$4.9 million in planned gifts. Of the \$3,558,379 in donations, \$3,535,199 was received in cash, marketable securities and real property as of December 31, 2022. The remaining pledges receivable are due as follows:

Pledges Receivable		
	<u>2022</u>	<u>2021</u>
Due in 2022	\$ -	\$ 84,713
Due in 2023	23,180	-
	<u>23,180</u>	<u>84,713</u>
Less Allowance for Doubtful Accounts	(12,000)	(12,000)
Pledges Receivable, Net	<u>11,180</u>	<u>72,713</u>
Less Current Portion Included in Accounts Receivable	(11,180)	(72,713)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – ACCOUNTS AND PLEDGES RECEIVABLE (CONTINUED)

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

During 2022, Upstate Forever received a \$150,000 pledge from The Jolley Foundation for Shaping Growth Greenville.

	2022	2021
Due in 2023	\$ 50,000	\$ -
Due in 2024	50,000	-
	<u>100,000</u>	<u>-</u>
Less Discount to Net Present Value of 2.5% per year	(1,220)	-
Critical Lands Grant Receivable, Net	<u>98,780</u>	<u>-</u>
Less Current Portion Included in Accounts Receivable	(50,000)	-
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ 48,780</u>	<u>\$ -</u>

During 2022, Upstate Forever received a \$375,000 5 year grant from ReWa for Expanding Land and Water Protection in the Tigerville Area. \$135,000 of the grant is planned for conservation projects as a pass through to the project recipient. The pass through amounts will be recognized at the time of the expense over the course of the grant work.

	2022
Due in 2023	\$ 122,677
Due in 2024	40,000
Due in 2025	40,000
Due in 2026	37,323
	<u>240,000</u>
Less Discount to Net Present Value of 2.5% per year	(5,500)
Tigerville Land Water Protection Grant Receivable, Net	<u>234,500</u>
Less Current Portion Included in Accounts Receivable	(122,677)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ 111,823</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – ACCOUNTS AND PLEDGES RECEIVABLE (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Due in 2022	\$ -	\$ 10,000
Due in 2023	10,000	10,000
Critical Lands Grant Receivable, Net	<u>10,000</u>	<u>20,000</u>
Less Current Portion Included in Accounts Receivable	(10,000)	(10,000)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ -</u>	<u>\$ 10,000</u>

During 2020, Upstate Forever also received a total of \$42,573 in pledges for land trust endowment receivables for five separate easements. These are to be received over a period of up to three years. The remaining land trust endowment receivable is due as follows:

	<u>2022</u>	<u>2021</u>
Due in 2022	\$ -	\$ 38,400
Due in 2023	33,170	20,540
Due in 2024	9,638	-
	<u>42,808</u>	<u>58,940</u>
Less Discount to Net Present Value of 2.5% per year	(235)	(1,006)
Land Trust Endowment Receivable, Net	<u>42,573</u>	<u>57,934</u>
Less Current Portion Included in Accounts Receivable	(33,170)	(38,400)
Portion Included in Long-Term Accounts Receivable, Net	<u>\$ 9,403</u>	<u>\$ 19,534</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS

Grants with donor restrictions received in 2022 and 2021 are comprised of the following:

Major Grants	2022	2021
Expanding conservation in Tigerville Area	\$ 240,000	\$ -
Shaping Growth - Greenville, net discount	225,000	75,000
Tyger River Section 319 Grant	127,066	163,891
Tyger River Confluence project	125,000	-
3&20 Creek Section 319 Grant	98,680	43,472
Sea Change - Energy and Pipeline Initiatives	45,000	-
Electrifying the Upstate	25,000	-
Twelve Mile Watershed based plan	15,228	-
Oconee County Land Conservation	-	100,000
Lake Greenwood Watershed Based Plan	-	39,191
Campaign for Critical Lands, net discount	-	726
Priority Upcountry Land and Water Conservation Project	-	(20,953)
Other Grants		
Saluda Grade Rails to Trails	18,189	-
Upstate Voice for SC Energy Efficiency	15,000	-
	<u>\$ 934,163</u>	<u>\$ 401,327</u>

In 2022, Upstate Forever began work on four major grants and completed work under three major grants, continues work under six other major grants. The work funded by these major grants is described below.

Tyger River Confluence Project – New

In 2022, Upstate Forever began working with a coalition of public, private, and nonprofit partners in Spartanburg County to create a recreation and eco-tourism corridor in one of the nation’s fastest growing regions. It is modeled after the new Black River Water Trail and Park Network in the Pee Dee River Basin, an emerging new state park that is unlike any other experience currently offered in South Carolina’s 47 state parks. As proposed, the Tyger River Confluence Project will cover 20 river miles and include public park spaces with trails and a Nature Center. Funding will be used to support staff time and administrative costs and well as matching funds for master planning efforts and associated legal fees.

A listing of the grantors for this initiative and a table of the grant activity to date is below.

Grantors	Total Grants
Spartanburg Community Foundation	\$ 100,000
Mary Black Foundation	25,000
Total	<u><u>\$ 125,000</u></u>

**UPSTATE FOREVER
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Tyger River Confluence Project – New (Continued)

	Inception Through 12/31/20	2021	2022	Total
Total Grants	\$ -	-	125,000	\$ 125,000
Direct Expenses	-	-	(15,198)	(15,198)
Transfer in from Other Funds	-	-	3,161	3,161
Change in Net Assets	\$ -	-	112,962	\$ 112,962

Expanding Conservation in Tigerville Area – New

In 2022, Upstate Forever began working in conjunction with Renewable Water Resources to promote conservation of Land and Water in the Tigerville area. Through a state statute Renewable Water Resources committed \$375,000 over 5 years to identify conservation projects in the Tigerville area. The funds provide administrative costs and programs dedicated to preserving the rural nature, environmental integrity, and sustainability of the Tigerville community. The program will bolster our current land and water protection efforts in this area by allowing Upstate Forever to encourage landowners to protect water quality projects such as riparian buffers, septic repairs, helping attract landowners to conservation easements with additional aid for to due diligence costs, cost share fees, and conservation easement purchases.

The table below details the grant activity to date. In addition to the \$240,000 recognized as income in 2022 in the table below, there is an additional \$135,000 available that is earmarked for project pass through expenses that Upstate Forever will recognize when incurred.

	Inception Through 12/31/20	2021	2022	Total
Total Grants	\$ -	-	240,000	\$ 240,000
Direct Expenses	-	-	(4,706)	(4,706)
Transfer in from Other Funds	-	-	-	-
Change in Net Assets	\$ -	-	235,294	\$ 235,294

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NOTES TO FINANCIAL STATEMENTS

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NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Electrifying the Upstate – New

In 2022, Upstate Forever received a \$25,000 grant from The Energy Foundation to promote the electrification of the transportation sector. There is a growing interest from the business community, local planners, and electric utilities and is matched with unprecedented dollars from the state of South Carolina. Upstate Forever will work with Energy Foundation partners to identify opportunities for implementation of those dollars and will advocate for policies to support the state’s energy transition. At the local level, we will meet with Greenville planners and decisionmakers to identify local policy initiatives as well as projects to implement the City’s electrification goals. At the state level, we will participate in PSC dockets related to these goals and provide educational resources to the public.

	Inception Through 12/31/20	2021	2022	Total
Total Grants	\$ -	-	25,000	\$ 25,000
Direct Expenses	-	-	(6,800)	(6,800)
Change in Net Assets	\$ -	-	18,200	\$ 18,200

Creating a Watershed-Based Plan for the Twelvemile River – Keowee River Watershed -New

Upstate Forever and the Clemson University Center for Watershed Excellence were awarded \$63,723 from SC Department of Health and Environmental Control (DHEC) for funding under the Drinking Water State Revolving Fund set-aside grant to develop a comprehensive Watershed-based plan for the Twelvemile River – Keowee River Watershed within the larger Savannah River Basin. This watershed contains approximately 371.3 miles of streams and over 98,967 land acres with the primary land uses being forested, agricultural, and urban. This portion of the Seneca Watershed includes source water intakes and protection areas for the Easley Central Water District (ECWD) and Pickens Water Treatment Plant (Pickens WTP). Collectively, ECWD and Pickens WTP provide drinking water to over 16,300 residents living in Pickens County. DHEC government reimbursement grants are listed as follows:

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control (DHEC) - Watershed Base Plan	\$ 63,723
Total	\$ 63,723

The table below details the grant activity to date. In addition to the \$15,228 in total grants below, there is an additional \$48,495 available in unearned reimbursement grant funds.

	Inception Through 12/31/20	2021	2022	Total
Total Grants	\$ -	-	15,228	\$ 15,228
Direct Expenses	-	-	(15,228)	(15,228)
Change in Net Assets	\$ -	-	-	\$ -

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

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

Upstate Forever has received \$142,000 from local water districts and \$878,565 from the South Carolina Department of Health and Environmental Control (DHEC) to implement the recommendations from the completed watershed-based plan for three sub-watersheds of the Tyger River Basin to reduce nonpoint source pollution in this region. Partnering with three local water districts, Upstate Forever is working to install a variety of implementation measures (e.g., septic system repairs, livestock fencing, drip irrigation, conservation easements) to reduce bacteria, sediment and nutrient pollution in the watersheds over a three-year period. The local grants and DHEC government reimbursement grants are listed as follows:

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control (DHEC) - Watershed Base Plan	\$ 40,939
Department of Health and Environmental Control (DHEC) - Implementation Plan	238,694
Department of Health and Environmental Control (DHEC) - Implementation Plan Phase II	535,111
Greer Commission of Public Works (CPW)	52,000
Startex Jackson Welford Duncan Water District (SJWD)	45,000
City of Greer	15,000
Woodruff Roebuck Water District (WRWD)	30,000
Total	\$ 956,744

The table below details the annual and grant to date activity. In addition to the \$521,460 in total grants below, there is an additional \$435,284 available in unearned reimbursement grant funds.

	Inception Through 12/31/20	2021	2022	Total
Total Grants	\$ 230,503	163,891	127,066	\$ 521,460
Direct Expenses	(188,966)	(115,295)	(141,061)	(445,322)
Transfer in from Other Funds	1,789	-	545	2,334
Change in Net Assets	\$ 43,326	48,596	(13,450)	\$ 78,472

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Oconee County Land Conservation and Stewardship – In Progress

Since 2017, Upstate Forever has been awarded \$325,500 to expand land conservation outreach, strengthen conservation stewardship, and form cost-sharing partnerships in Oconee County, South Carolina. A listing of the grants follows:

<u>Grantors</u>	<u>Total Grants</u>
Pete and Sally Smith Foundation	\$ 325,000
Lake Keowee Source Water Protection team	500
Total	\$ 325,500

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

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 225,500	100,000	-	\$ 325,500
Direct Expenses	(115,256)	(100,343)	(85,767)	(301,366)
Change in Net Assets	\$ 110,244	(343)	(85,767)	\$ 24,134

Shaping Growth in Greenville – In Progress

Since 2017, Upstate Forever has received \$785,405 to promote land use planning and policy in Greenville County and its municipalities. One of the objectives is to facilitate land use policy training for local government staff & officials, practitioners and citizens highlighting land-use solutions likely to address issues related to affordable housing, public transportation and sprawl. Another objective is to provide grassroots organization and assistance to empower Greenville County citizens in the land use planning process.

Grants were awarded as follows:

<u>Grantors</u>	<u>Total Grants</u>
Jolley Foundation	\$ 390,000
Hollingsworth	375,000
New Belgium	5,000
Community Foundation	5,000
Greenville Housing Fund	5,000
Other Grants	5,405
Total	\$ 785,405

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Shaping Growth in Greenville – In Progress (Continued)

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

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 485,405	75,000	225,000	\$ 785,405
(Discount Long Term Receivable)	-	-	(1,220)	(1,220)
Direct Expenses	(322,942)	(105,844)	(119,190)	(547,976)
Transfer in from Other Funds	1,948	-	7,635	9,583
Change in Net Assets	<u>\$ 164,411</u>	<u>(30,844)</u>	<u>112,225</u>	<u>\$ 245,792</u>

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

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

The local grants and the DHEC reimbursable grant are listed below:

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

The table below details the annual and grant to date activity. In addition to the \$224,620 in total grants below, there is an additional \$88,629 available in unearned reimbursement grant funds.

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 82,468	43,472	98,680	\$ 224,620
Direct Expenses	(53,763)	(45,595)	(108,269)	(207,627)
Transfer from Other Funds	295	-	-	295
Change in Net Assets	<u>\$ 29,000</u>	<u>(2,123)</u>	<u>(9,589)</u>	<u>\$ 17,288</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Priority Upcountry Land and Water Conservation Project – In Progress

In 2020, Upstate Forever was awarded a partnership from the United States Department of Agriculture Natural Resources Conservation Service through the Regional Conservation Partnership Program (USDA-NRCS-RCPP) a total grant of \$703,896 in technical assistance over 5 years. Through the NRCS-RCPP, Upstate Forever plans to implement projects that demonstrate innovative outreach solutions to further perpetual farmland protection. In addition to the funds Upstate Forever receives, the partnership provides for an additional \$3.2 million in financial assistance directly to the landowner who grants restrictions on their property in exchange for a combination of donations and the RCPP funding.

In 2021 and 2022, Upstate Forever incurred costs under this program for outreach to identify successful projects for conservation, however, in March of 2023 NRCS partners informed Upstate Forever that partnership program disbursements were on hold. Accordingly, Upstate Forever reversed \$133,813 in revenue and absorbed the program costs. Nationally, the program has resulted in successful partnership disbursements and RCPP believes that the local office will be able to begin partner disbursements and the program extended as a result. However, there is no assurance that this will occur.

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

	Inception Through 12/31/20	2021	2022	Total
Accrued Grant Revenue	\$ 20,952	(20,952)	-	\$ -
Direct Expenses	(20,952)	(70,056)	(66,710)	(157,718)
Transfers in from Other Funds	-	91,008	66,710	157,718
Change in Net Assets	\$ -	-	-	\$ -

Sea Change – In Progress

Since 2017, Upstate Forever has been awarded grants in the amount of \$233,569 to support Upstate Forever's pipeline and renewable energy policy initiatives, reauthorization of the South Carolina Conservation bank and wetland mitigation across the state. These efforts included working with a broad coalition to bring about statewide policy change supporting clean energy and development of a 4-part webinar series entitled "Natural Gas Pipelines 101 - What You Need to Know Before One Comes Through Your Community".

<u>Grantors</u>	<u>Total Grants</u>
Turner Foundation	\$ 50,000
Oak Hill	183,315
Other Income	254
Total	\$ 233,569

**UPSTATE FOREVER
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Sea Change – In Progress (Continued)

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

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 188,315	-	45,000	\$ 233,315
Other income	254	-	-	254
Total Revenue	188,569	-	45,000	233,569
Direct Expenses	(180,699)	(22,067)	(27,974)	(230,740)
Transfer in from Other Funds	10,757	3,440	11,407	25,604
Change in Net Assets	\$ 18,627	(18,627)	28,433	\$ 28,433

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

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

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

<u>Grantors</u>	<u>Total Grants</u>
Department of Health and Environmental Control WBP	\$ 60,412
Fujifilm Manufacturing U.S.A	4,250
Total	\$ 64,662

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

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 25,471	39,191	-	\$ 64,662
Direct Expenses	(28,873)	(42,171)	(859)	(71,903)
Transfer in from Saving Lake Greenwood	7,000	-	-	7,000
Transfer in from Other Funds	-	241	-	241
Change in Net Assets	\$ 3,598	(2,739)	(859)	\$ -

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Campaign for Critical Lands – Completed

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

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

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

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 130,000	-	-	\$ 130,000
(Discount Long Term Receivable)	(726)	726	-	-
Direct Expenses	(56,346)	(46,844)	(35,833)	(139,023)
Transfer in from other funds	-	-	9,023	9,023
Change in Net Assets	\$ 72,928	(46,118)	(26,810)	\$ -

Saving Lake Greenwood – Completed

Since 2016, Upstate Forever received \$97,000 in grants from FujiFilm Manufacturing U.S.A., Inc., and \$11,722 in other income to improve water quality throughout the Reedy River and Lake Greenwood. The work includes participation in the Reedy River Water Quality Group, a comprehensive stakeholder effort focused on reducing nutrient levels throughout the Reedy River watershed, advocating to improve development and land use regulations, and producing easy-to-understand report cards for major rivers and lakes across the Upstate. The project also included educational events to draw public interest in the value of healthy rivers and lakes and installing hydration stations in downtown Greenwood to encourage use of reusable water bottles. The table below details the annual and grant to date activity.

	Inception Through 12/31/20	2021	2022	Total
Grants	\$ 97,000	-	-	\$ 97,000
Other income	11,722	-	-	11,722
Total Revenue	108,722	-	-	108,722
Direct Expenses	(95,055)	(1,897)	(5,170)	(102,122)
Transfer out to Lake Greenwood, Saluda River Basin WNP	(7,000)	-	-	(7,000)
Transfer in from unrestricted funds	-	-	400	400
Change in Net Assets	\$ 6,667	(1,897)	(4,770)	\$ -

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – FUNDS WITH DONOR RESTRICTIONS (CONTINUED)

Total Funds with Donor Restrictions

Upstate Forever has remaining balances in the following funds with donor restrictions as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<u>Major Grants</u>		
Shaping Growth - Greenville	\$ 245,792	\$ 133,567
Expanding Conservation in Tigerville Area	235,294	-
Tyger River confluence Project	112,962	-
Tyger Implementation	78,472	91,922
Oconee County Land Conservation	24,134	109,901
Sea Change - Energy and Pipeline Initiatives	28,433	-
Electrifying the Upstate	18,200	-
3&20 WBP and Implementation	17,288	26,877
Lake Greenwood, Saluda River Basin WBP	-	859
Campaign for Critical Lands	-	26,810
Saving Lake Greenwood	-	4,770
<u>Other Grants</u>		
Land Trust Endowment Earnings and Defense	739,559	1,074,610
Land Trust Endowment Contributions (Principal)	1,631,046	1,576,230
North Main Park	85,034	91,757
Energy Restricted grants	7,470	-
Upstate Voice for SC Energy Efficiency	4,936	-
North Saluda Watershed	-	5,654
Barr Family Pledge, Water Programs	-	23,575
Oconee Forever	14,542	14,742
Newmans Own	8,141	8,604
Planning Academies	-	6,415
Cornell Bird	-	1,749
Total	<u>\$ 3,251,303</u>	<u>\$ 3,198,039</u>

Transfers Between Funds

Upstate Forever transferred \$106,371 and \$57,732 from funds without donor restrictions to donor-restricted funds to cover program activities for the years ended December 31, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 – PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2022</u>	<u>2021</u>
Property	\$ 833,097	\$ 833,097
Furniture	23,758	23,758
Equipment	8,256	8,256
Total Property and Equipment	<u>865,110</u>	<u>865,110</u>
Less Accumulated Depreciation	<u>(299,598)</u>	<u>(277,766)</u>
Property and Equipment, Net	<u>\$ 565,512</u>	<u>\$ 587,345</u>

NOTE 10 – LEASES

Upstate Forever adopted FASB ASC 842, *Leases* for the year ended December 31, 2022. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this statement did not have a material impact on Upstate Forever’s financial statements.

NOTE 11 – CONTINGENCIES

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

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

NOTE 12 – CONSERVATION EASEMENT INSURANCE

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

NOTE 13 – CONCENTRATION OF MEMBER CONTRIBUTIONS

In 2022, Upstate Forever received a donation from one donor in excess of 10% of total unrestricted contributions and membership revenues. There were no donations in excess of 10% of total unrestricted contributions in 2021.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 – CONSERVATION EASEMENTS

At December 31, 2022, Upstate Forever had conservation easements on 150 sites in upper South Carolina and western North Carolina. A summary of conservation easements signed in 2022 and 2021 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, 2020	25,822	\$ 104,857,152
Greenville, Abbeville, Laurens, Newberry, Oconee, & Spartanburg Counties, South Carolina		
Total Easements Completed 2021	<u>3,601</u>	<u>7,772,529</u>
Balance at December 31, 2021	29,423	112,629,681
Anderson Pickens Greenville,, & Spartanburg Counties, South Carolina		
Total Easements Completed 2022	<u>796</u>	<u>4,446,000</u>
Grand Total at December 31, 2022	<u>30,219</u>	<u>\$ 117,075,681</u>

NOTE 15—REVENUE FROM FEDERAL COVID-19 RELATED LOAN

Upstate Forever was granted a Paycheck Protection Program (“PPP”) loan administered by the Small Business Administration approved partner for \$196,005 in 2021. The loan was legally forgiven in full on August 13, 2021. Upstate Forever recognized the PPP loan as income for \$196,005 in 2021.

NOTE 16 – SUBSEQUENT EVENTS

In February 2023, Upstate Forever entered into a contract with Winkler Consulting Group, Inc. for consulting services related to its campaign that will begin in 2023. Upstate Forever will pay \$135,000 in nine monthly installments of \$15,000 beginning in February 2023 through October 2023.

During 2022, Upstate Forever joined Conserving Carolina and Play, Advocate, Live Well (“PAL”); to form a coalition, The Saluda Grade Trails Conservancy (the “Conservancy”), to lead the effort to repurpose an inactive rail line to a recreational trail that will run from Spartanburg County, South Carolina into the mountains of western North Carolina. The Saluda Grade Trail will run through Inman, Campobello, Landrum, Tryon, Saluda, and Zirconia. In March 2023, the coalition signed a non-binding letter of intent with the owner of the rail line to acquire the rail line and adjacent properties and has secured some initial federal funding through the South Carolina Department of Transportation.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 16 – SUBSEQUENT EVENTS (CONTINUED)

Along its route, the trail will feature rural scenery, vibrant small towns, historic landmarks, and gorgeous nature preserves, lakes, and waterfalls. It is expected to be a multi-use trail that will be enjoyed by people of all ages and abilities. The Conservancy is planning to work on a master plan and has begun the process of an economic impact and feasibility study that will shed light on how the trail will shape local economies and how to move forward with the project.

This summer, the coalition will be reaching out to landowners and stakeholders along the trail to seek their input on the opportunities and challenges presented by the trail and approaches that will best meet the needs of the community. The coalition group is preparing a website for the Saluda Grade Trail where the public will be able to find information and ways to get involved. Conserving Carolina is leading efforts on the North Carolina side of the trail, while Upstate Forever and PAL are leading efforts in South Carolina.

The financial statements were issued on March 30, 2023 and subsequent events have been evaluated through that date.