AUDITED FINANCIAL STATEMENTS

PEE DEE LAND TRUST
Florence, South Carolina

June 30, 2018

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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pee Dee Land Trust
Florence, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Pee Dee Land Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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 Pee Dee Land Trust, as of June 30, 2018 and 2017, 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.

Burch, Oxner, Seale Co., CPA's, PA

Florence, South Carolina

November 8, 2018

Pee Dee Land Trust
Statements of Financial Position

	June 30, 2018	June 30, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 236,670	$ 258,701
Pledges receivable	-	25,625
Other receivables	1,664	2,593
Prepaid assets	7,903	7,718
Investments, at fair value--Note B	2,521,037	1,309,579
TOTAL CURRENT ASSETS	2,767,274	1,604,216
NONCURRENT ASSETS		
Property and equipment, net--Note C	10,835	9,307
Donated land--Note I	406,000	266,000
Remainder interest in land--Notes B & H	8,937	1,294,157
	425,772	1,569,464
TOTAL ASSETS	$ 3,193,046	$ 3,173,680
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 9,695	$ 18,896
Accrued expenses	-	6,487
Deferred revenues	55,449	80,521
TOTAL CURRENT LIABILITIES	65,144	105,904
NET ASSETS		
NET ASSETS		
Unrestricted		
General operations	298,102	1,494,949
Board designated revolving land fund	1,079,350	21,810
Temporarily restricted--Note F	692,095	652,978
Permanently restricted--Note E	1,058,355	898,039
TOTAL NET ASSETS	3,127,902	3,067,776
TOTAL LIABILITIES AND NET ASSETS	$ 3,193,046	$ 3,173,680

See accompanying notes to financial statements.

Pee Dee Land Trust
Statement of Activities
Year Ended June 30, 2018

	Current Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenues:				
Pledges, gifts and contributions	$ 334,314	$ 114,280	$ 146,202	$ 594,796
Grants	-	70,640	-	70,640
Program revenue	51,944	-	-	51,944
Other revenue	263	-	-	263
Remainder interest in real estate	(214,262)	-	-	(214,262)
Unrealized loss on investments	(7,226)	(40,432)	(43,423)	(91,081)
Realized gain on investments	12,797	74,520	77,446	164,763
Dividends	15,551	10,943	-	26,494
Interest	1,647	882	-	2,529
Total support and other revenues	195,028	230,833	180,225	606,086
Net assets released from restrictions	211,625	(191,716)	(19,909)	-
Total support and other revenues and net assets released from restriction	406,653	39,117	160,316	606,086
Expenses:				
Program services				
Conservation activities and actions	368,685	-	-	368,685
Supporting services				
Fundraising	92,265	-	-	92,265
Management and general	85,010	-	-	85,010
Total expenses	545,960	-	-	545,960
Change in net assets	(139,307)	39,117	160,316	60,126
Beginning net assets	1,516,759	652,978	898,039	3,067,776
Ending Net Assets	$ 1,377,452	$ 692,095	$ 1,058,355	$ 3,127,902

See accompanying notes to financial statements.

Pee Dee Land Trust
Statement of Activities
Year Ended June 30, 2017

	Current Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenues:				
Pledges, gifts and contributions	$ 194,307	$ 148,327	$ 184,604	$ 527,238
Grants	-	1,675,128	-	1,675,128
Program revenue	56,704	-	-	56,704
Other revenue	280	-	-	280
Remainder interest in real estate	22,482	-	-	22,482
Unrealized gain on investments	8,606	54,567	46,797	109,970
Realized gain on investments	198	2,545	971	3,714
Dividends	10,024	10,111	-	20,135
Interest	961	910	-	1,871
Total support and other revenues	293,562	1,891,588	232,372	2,417,522
Net assets released from restrictions	1,807,465	(1,790,919)	(16,546)	-
Total support and other revenues and net assets released from restriction	2,101,027	100,669	215,826	2,417,522
Expenses:				
Program services				
Conservation activities and actions	1,928,573	-	-	1,928,573
Supporting services				
Fundraising	77,648	-	-	77,648
Management and general	75,984	-	-	75,984
Total expenses	2,082,205	-	-	2,082,205
Change in net assets	18,822	100,669	215,826	335,317
Beginning net assets	1,497,937	552,309	682,213	2,732,459
Ending Net Assets	$ 1,516,759	$ 652,978	$ 898,039	$ 3,067,776

See accompanying notes to financial statements.

Pee Dee Land Trust
Statements of Cash Flows

	Year Ended June 30, 2018	Year Ended June 30, 2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 60,126	$ 335,317
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,172	3,125
Beneficial interest in real estate	1,285,220	(22,482)
Contributed property	(140,000)	-
Net realized and unrealized gain on investments	(73,682)	(113,684)
Change in assets and liabilities:		
(Increase) decrease in pledges receivable	25,625	(14,375)
(Increase) decrease in other receivables	929	(322)
Increase in prepaid assets	(185)	(315)
Decrease in accounts payable	(9,201)	(987)
Increase (decrease) in accrued expenses	(6,487)	1,745
Decrease in grants payable	-	(558,424)
Increase (decrease) in deferred revenues	(25,072)	54,822
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,120,445	(315,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,723,924	12,321
Purchases of investments	(2,861,700)	(161,300)
Purchases of property and equipment	(4,700)	(6,432)
NET CASH USED BY INVESTING ACTIVITIES	(1,142,476)	(155,411)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,031)	(470,991)
Beginning cash and cash equivalents	258,701	729,692
ENDING CASH AND CASH EQUIVALENTS	$ 236,670	$ 258,701
Supplemental Data:		
Interest paid	$ -	$ -

See accompanying notes to financial statements.

Pee Dee Land Trust
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Supporting Services: Fundraising	Supporting Services: Management and General	Total Program and Supporting Services
Salaries	$ 159,521	$ 49,083	$ 36,813	$ 245,417
Payroll taxes	12,510	3,849	2,887	19,246
TOTAL SALARIES AND RELATED EXPENSES	172,031	52,932	39,700	264,663
Accounting	21,627	6,179	3,090	30,896
Attorney fees	10,079	-	3,360	13,439
Bank charges	92	92	275	459
Computer service	4,469	2,235	2,235	8,939
Conferences, conventions & meetings	1,684	-	1,684	3,368
Consultants	15,210	-	1,690	16,900
Depreciation	-	-	3,172	3,172
Dues and subscriptions	1,985	1,390	596	3,971
Event expense	27,295	6,299	8,398	41,992
Food, Catering, etc.	22,902	5,285	7,047	35,234
Gift expense	212	-	-	212
Grant expense	10,000	-	-	10,000
Insurance	18,059	2,408	3,612	24,079
Investment fees	14,155	-	3,539	17,694
Land management expenses	9,038	-	-	9,038
Mailing prep	31	23	3	57
Marketing media	4,547	3,307	413	8,267
Meals, travel and entertainment	7,166	896	896	8,958
Miscellaneous	-	-	596	596
Office supplies	6,947	1,603	2,137	10,687
PDLT paraphernalia	233	155	-	388
Postage	2,077	1,510	189	3,776
Printing	4,317	3,140	392	7,849
Property tax	1,469	-	-	1,469
Rent	5,045	2,523	841	8,409
Telephone	4,136	1,182	591	5,909
Utilities	3,863	1,104	552	5,519
Website	16	2	2	20
TOTAL FUNCTIONAL EXPENSES	$ 368,685	$ 92,265	$ 85,010	$ 545,960

See accompanying notes to financial statements.

Pee Dee Land Trust
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services: Fundraising	Supporting Services: Management and General	Total Program and Supporting Services
Salaries	$ 131,110	$ 40,342	$ 30,256	$ 201,708
Payroll taxes	9,772	3,007	2,255	15,034
TOTAL SALARIES AND RELATED EXPENSES	140,882	43,349	32,511	216,742
Accounting	23,600	6,743	3,371	33,714
Attorney fees	7,989	-	2,663	10,652
Bank charges	103	103	309	515
Bioblitz expenses	10,091	-	3,037	13,128
Computer service	4,030	2,015	2,015	8,060
Conferences, conventions & meetings	360	-	360	720
Consultants	34,191	-	3,799	37,990
Contributions and donations	5,150	-	-	5,150
Depreciation	-	-	3,125	3,125
Dues and subscriptions	5,082	3,557	1,525	10,164
Event expense	24,988	5,766	7,689	38,443
Food, Catering, etc.	20,329	4,691	6,255	31,275
Gift expense	140	-	-	140
Grant expense	1,600,000	-	-	1,600,000
Insurance	12,124	1,617	2,425	16,166
Investment fees	11,395	-	2,849	14,244
Land management expenses	1,340	-	-	1,340
Mailing prep	265	192	24	481
Marketing media	452	329	41	822
Meals, travel and entertainment	4,843	605	605	6,053
Miscellaneous	-	-	712	712
Office supplies	1,376	318	423	2,117
PDLT paraphernalia	204	136	-	340
Postage	1,760	1,280	160	3,200
Printing	3,695	2,687	336	6,718
Property tax	2,697	-	-	2,697
Rent	4,578	2,289	763	7,630
Telephone	3,322	949	475	4,746
Utilities	3,571	1,020	510	5,101
Website	16	2	2	20
TOTAL FUNCTIONAL EXPENSES	$ 1,928,573	$ 77,648	$ 75,984	$ 2,082,205

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

Pee Dee Land Trust (the Organization) is a nonprofit organization founded in 1998 to protect and to promote an appreciation of the natural, agricultural, and historical areas of the Pee Dee region of South Carolina. The Organization receives third-party donations, grants from foundations and governments and private industry, and investment income.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue and related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with *Financial Accounting Standards Board, Accounting Standards Codification (FASB ASC) 958-205-45*. Under *FASB ASC 958-205-45*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories 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 Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization's net assets are primarily temporarily restricted for land acquisition, education, and stewardship of land and conservation easements.

Permanently restricted net assets – Net assets that are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposits and short-term, highly liquid investments which are readily convertible to cash within ninety days of purchase. For the statement of cash flows, the Organization considers all unrestricted with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at estimated fair value on the statement of financial position. Fair values of investments are estimated based on quoted market prices where available. Investments consist of shares of registered investment companies (mutual funds). Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost of the investments sold using the average cost of the investments sold. Unrealized gains and losses are included in the change in net assets in the statements of activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Land and Land Interests

The Organization records land and land interests at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Conservation Easements

A conservation easement is an agreement between a landowner and the Organization in which the landowner relinquishes some or all of the rights to develop the property for commercial, residential or industrial use in order to protect specific conservation values for the public good. The easement is publicly recorded and is binding on all future owners of the property. The Organization'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 this easement. Associated costs of monitoring this easement are expensed as incurred.

The estimated value of easements is not recorded on the statement of financial position because the easements do not represent a future economic benefit to the Organization. As of June 30, 2018 the Organization has 70 easements totaling 27,792 acres, compared to 67 easements totaling 27,020 acres as of June 30, 2017.

Contributions

Unconditional donor promises to give cash and other assets are reported at fair value at the date there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The promises are reported as either temporarily or permanently restricted support if received with donor stipulations that sufficiently limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the statement of activities as net assets released from restrictions.

Grants and Contracts

The Organization receives grants and contracts from federal, state and local agencies, as well as from private organizations, to be used for specific programs or land purchases. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in government grant receivable and any excess of cash receipts over reimbursable expenditures is included in deferred revenue. For private grants and contracts, any excess of cash receipts over reimbursable expenditures is included in deferred revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Grants and Contracts - - Continued

The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position of changes in net assets of the Organization.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Organization incurred no unrelated business income for the years ended June 30, 2018 and 2017.

The Organization files income tax returns in the U.S. federal jurisdiction and the state of South Carolina. The Organization is no longer subject to U.S. federal, state and local, tax examinations by tax authorities for years before 2014.

Because the Organization is exempt from taxation under Internal Revenue Code 501(c)(3), the Organization is generally not exposed to interest and penalties related to income taxes. When applicable, the Organization recognizes interest and penalties paid related to tax obligations and benefits in management and general expenses.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. The Organization accounts for its contributions per Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 720-25. In accordance with FASB ASC 720-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 benefitted.

Concentration of Credit Risk

The Organization currently maintains checking, money market, and certificate of deposit accounts at various banks in South Carolina. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company had $0 of uninsured cash at June 30, 2018 and 2017.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Planned Major Equipment Maintenance Activities

The Organization uses the direct expensing method to account for its major equipment maintenance activities. The method has been used historically, and no costs have been accrued in advance.

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value (FASB ASC 820). The framework provides a 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 under FASB ASC 820 are described below:

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

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 other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

- *Remainder interest in land:* Valued using the income approach based on calculating the present value of the future distribution expected to be received, using published life expectancy tables and an applicable discount rate.

- *Shares of registered investment companies:* Valued at net asset value (NAV) of shares held by the Organization at year end. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission.

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS--Continued

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Shares of registered investment companies:				
Large value funds	$ 272,680	$ -	$ -	$ 272,680
Inflation protected bonds	614,955	-	-	614,955
Diversified emerging markets	144,745	-	-	144,745
Energy Limited Partnership	29,396	-	-	29,396
Foreign large blend	346,845	-	-	346,845
Foreign large growth	58,196	-	-	58,196
Foreign small/mid growth	7,073	-	-	7,073
Foreign small/mid value	22,921	-	-	22,921
Global real estate	20,320	-	-	20,320
Large growth	345,677	-	-	345,677
Mid-Cap growth	101,830	-	-	101,830
Mid-Cap value	154,495	-	-	154,495
Real estate	30,085	-	-	30,085
Small blend	61,032	-	-	61,032
Small growth	19,397	-	-	19,397
High yield bond	18,341	-	-	18,341
Ultrashort bond	239,440	-	-	239,440
Emerging markets bond	33,609	-	-	33,609
	2,521,037	-	-	2,521,037
Beneficial interest in real estate	-	-	8,937	8,937
Total assets at fair value	$ 2,521,037	$ -	$ 8,937	$ 2,529,974

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS--Continued

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Shares of registered investment companies:				
Fixed income funds	$ 51,398	$ -	$ -	$ 51,398
Growth funds	261,950	-	-	261,950
Diversified Emerging Markets	69,424	-	-	69,424
Short-term bonds	114,777	-	-	114,777
Global Bonds	25,988	-	-	25,988
Value funds	309,448	-	-	309,448
Intermediate term bonds	77,676	-	-	77,676
Small cap value funds	53,591	-	-	53,591
Foreign large value bonds	124,025	-	-	124,025
Inflation protected bonds	25,401	-	-	25,401
Government bonds	131,030	-	-	131,030
Multisector bonds	64,871	-	-	64,871
	1,309,579	-	-	1,309,579
Beneficial interest in real estate	-	-	1,294,157	1,294,157
Total assets at fair value	$ 1,309,579	$ -	$ 1,294,157	$ 2,603,736

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in donated land

June 30, 2016	$ 1,271,675
Increase in value of beneficial interest	22,482
June 30, 2017	1,294,157
Decrease in value of beneficial interest	(214,262)
Beneficial interest received upon sale of donated land	(1,070,958)
June 30, 2018	$ 8,937

NOTE C - PROPERTY AND EQUIPMENT

	June 30, 2018	June 30, 2017
Computer hardware	$ 27,384	$ 27,384
Furniture, fixtures and equipment	25,433	20,732
	52,817	48,116
Less: accumulated depreciation	41,982	38,809
	$ 10,835	$ 9,307

NOTE D - LEASE OBLIGATIONS

Effective January 1, 2012, the Organization began renting office space in a building from a third party. Under the terms of the lease agreement, the Organization is required to pay monthly rent equal to one-half of the common area maintenance expenses of the building. The original lease terminated on December 31, 2013, and the Organization exercised the third of three renewal options for an additional two-year period. Estimated future minimum lease payments under this lease as of June 30, 2018, are as follows:

Year Ending June 30,	
2019	$ 7,500
2020	3,750
	$ 11,250

Total rent expense during the years ended June 30, 2018 was $8,409 and June 30, 2017 was $7,630.

NOTE E - NET ASSETS - ENDOWMENT

Effective July 1, 2008, the Organization adopted the FASB's guidance regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds.

UPMIFA, as enacted by the General Assembly of South Carolina, under which laws the Organization is incorporated, and is interpreted by the Organization, requires the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. In addition net appreciation on donor-restricted endowment funds is required to be classified and reported as temporarily restricted net assets

The Organization's Endowment (Endowment) provides stable financial support to a variety of programs and activities in perpetuity, playing a critical role in enabling the Organization to achieve its mission of protecting and promoting an appreciation of the natural, agricultural, and historical areas of the Pee Dee region of South Carolina. The Endowment is made up of donor-restricted endowment funds. As required by Generally Accepted Accounting Principals (GAAP), net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE E - NET ASSETS - ENDOWMENT--Continued

Interpretation of Relevant Law – The State of South Carolina adopted UPMIFA effective July 1, 2008. The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of the gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

At June 30, 2018 the Organization had the following endowment net assets composition by type of Fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 1,058,355	$ 1,058,355
Total funds	$ -	$ -	$ 1,058,355	$ 1,058,355

At June 30, 2017 the Organization had the following endowment net assets composition by type of Fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 898,039	$ 898,039
Total funds	$ -	$ -	$ 898,039	$ 898,039

NOTE E - NET ASSETS - ENDOWMENT--Continued

Changes in endowment fund net asset classification for the year ended June 30, 2018 is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2017	$ -	$ -	$ 898,039	$ 898,039
Contributions	-	-	146,202	146,202
Investment return:				
Investment income	13,223	-	-	13,223
Net appreciation (realized and unrealized)	-	-	34,023	34,023
Appropriation of endowment assets for expenditure	(13,223)	-	(19,909)	(33,132)
Endowment Net Assets, June 30, 2018	$ -	$ -	$ 1,058,355	$ 1,058,355

Changes in endowment fund net asset classification for the year ended June 30, 2017 is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2016	$ -	$ -	$ 682,213	$ 682,213
Contributions	-	-	184,604	184,604
Investment return:				
Investment income	9,224	-	-	9,224
Net appreciation (realized and unrealized)	-	-	47,768	47,768
Appropriation of endowment assets for expenditure	(9,224)	-	(16,546)	(25,770)
Endowment Net Assets, June 30, 2017	$ -	$ -	$ 898,039	$ 898,039

NOTE E - NET ASSETS - ENDOWMENT--Continued

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor specified period. Under this policy, as adopted by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standards to minimize the risk of large losses.

Strategies Employed by Achieving Objectives – To satisfy long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that meets the Organization's long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy and How the Investment Objectives Relate to the Spending Policy – The Organization's spending policy is consistent with its objective or preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through investment returns. Only the interest income can be appropriated by the board for expenditure from the endowment fund.

NOTE F - CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets at June 30, 2018 and 2017 are as follows:

	2018	2017
Balance at beginning of year - July 1	$ 652,978	$ 552,309
Support	230,833	1,891,588
Net assets released from restrictions	(191,716)	(1,790,919)
Balance at end of year - June 30	$ 692,095	$ 652,978

The following amounts remain as temporarily restricted net assets at June 30, 2018 and 2017:

	June 30,	
	2018	2017
Monitoring and defending conservation easements	$ 692,095	$ 652,978

NOTE G - CONTINGENCIES

The Organization is dependent on grants and contributions. The Organization must apply for renewals of grants. Funding is subject to increases or decreases at the discretion of the grantors or donors.

NOTE H - REMAINDER INTEREST IN REAL ESTATE

A remainder interest in a parcel of real estate was donated to the Organization in October 2008. The land is held by the beneficiary. The Organization's beneficial interest in the remainder interest attributable to the expiring life estate of the beneficiary was $8,937 as of June 30, 2018, and is reported as a noncurrent asset. The decrease in the beneficial interest of $1,285,220 is recorded in revenue for the year ended June 30, 2018. As of June 30, 2017, the Organization's beneficial interest was $1,294,157 and was reported as a noncurrent asset, with an increase in beneficial interest of $22,482 is recorded in revenue for the year ended June 30, 2017. A portion of the land was sold during the year.

NOTE I - DONATED LAND

The Organization received donated property from Black Creek Land Trust and Woodfield Land and Timber, LLC in December 2014 and June 2018, respectively. The donation was reported as an increase in revenue from contributed property of $140,000 for the year ended June 30, 2018. In connection with the donation from Black Creek Land Trust, the Organization is required to preserve the property in its natural state.

NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued November 8, 2018.

NOTE K - PENDING FINANCIAL ACCOUNTING STANDARDS BOARD STANDARS UPDATES

Update 2016-14--*Note-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* is designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The update is effective for financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments is permitted. The Organization will implement the standard in 2019.