

***FOOTHILLS CONSERVANCY OF
NORTH CAROLINA, INC.***

Financial Statements, Supplemental Schedule
and Independent Auditors' Report
For the Years Ended December 31, 2010 and 2009

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

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Certified Public Accountants

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Independent Auditors' Report

Board of Directors
Foothills Conservancy of North Carolina, Inc.
Morganton, North Carolina

We have audited the accompanying statements of financial position of Foothills Conservancy of North Carolina, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothills Conservancy of North Carolina, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lowdermilk Church & Co.

August 5, 2011

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

**Statements of Financial Position
December 31, 2010 and 2009**

<u>Assets</u>	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current assets:			
Cash	\$ 554,949	\$ -	\$ 554,949
Investments	-	265,113	265,113
Grants receivable	-	3,618	3,618
Prepaid expenses	1,000	-	1,000
Land option	-	10,000	10,000
	555,949	278,730	834,679
Total current assets			
Property and equipment (at cost), net	1,815,754	905,818	2,721,572
Total assets	\$ 2,371,702	\$ 1,184,548	\$3,556,252
 <u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 4,062	\$ -	\$ 4,062
Short-term notes payable	-	-	-
	4,062	-	4,062
Total current liabilities			
Net assets:			
Unrestricted:			
Undesignated	2,035,414	-	2,035,414
Board designated	332,226	-	332,226
Temporarily restricted	-	1,184,548	1,184,548
	2,367,640	1,184,548	3,552,188
Total net assets			
Total liabilities and net assets	\$ 2,371,702	\$ 1,184,548	\$3,556,252

See accompanying notes to financial statements.

2009		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 199,552	\$ 207,068	\$ 406,619
-	207,321	207,321
-	-	-
-	-	-
-	10,000	10,000
199,552	424,389	623,940
<u>1,678,729</u>	<u>905,818</u>	<u>2,584,547</u>
<u>\$ 1,878,280</u>	<u>\$ 1,330,207</u>	<u>\$3,208,487</u>
\$ 51,017	\$ -	\$ 51,017
452,111	-	452,111
503,128	-	503,128
1,375,152	-	1,375,152
-	-	-
-	1,330,207	1,330,207
1,375,152	1,330,207	2,705,359
<u>\$ 1,878,280</u>	<u>\$ 1,330,207</u>	<u>\$3,208,487</u>

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

**Statements of Activities
For the Years Ended December 31, 2010 and 2009**

	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 194,811	\$ 748,134	\$ 942,945
Membership fees	-	-	-
Administrative fees	-	-	-
Grants:			
Catawba County	-	2,500	2,500
Southern Appalachian Highlands Conservancy	-	-	-
Blue Ridge Forever	-	8,000	8,000
Other grants	-	21,778	21,778
Janirve Foundation	-	-	-
Conservation Trust for North Carolina	-	55,453	55,453
N.C. Department of Environment and Natural Resources	-	12,669	12,669
Clabough Foundation	-	10,000	10,000
N.C. Agricultural Development and Farmland Preservation Trust Fund	-	-	-
Stanback Grant	-	-	-
Z. Smith Reynolds Foundation	-	-	-
Community Foundation of Western North Carolina	-	25,000	25,000
Total	194,811	883,534	1,078,345
Net assets released from restrictions:			
Satisfaction of program transactions	1,029,193	(1,029,193)	-
Total revenues	1,224,004	(145,659)	1,078,345
Expenses:			
Operating expenses	426,854	-	426,854
Changes in net assets before nonoperating revenue (expense)	797,150	(145,659)	651,491
Nonoperating Revenue (Expense):			
Interest expense	(3,180)	-	(3,180)
Miscellaneous income	-	-	-
Unrealized gains (losses) on investments	15,754	-	15,754
Realized gains (losses) on investments	12,670	-	12,670
Gain on sale of property	162,144	-	162,144
Interest and dividend income	7,950	-	7,950
Total	195,338	-	195,338
Changes in net assets	992,488	(145,659)	846,829
Net assets, beginning of year	1,375,152	1,330,207	2,705,359
Net assets, end of year	\$ 2,367,640	\$ 1,184,548	\$ 3,552,188

See accompanying notes to financial statements.

2009		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 82,208	\$ 203,250	\$ 285,458
46,498	-	46,498
66,000	-	66,000
-	5,000	5,000
-	12,500	12,500
-	-	-
-	32,550	32,550
-	20,000	20,000
-	32,421	32,421
-	521,813	521,813
-	-	-
-	653,927	653,927
-	30,000	30,000
-	50,000	50,000
-	-	-
<u>194,706</u>	<u>1,561,461</u>	<u>1,756,167</u>
<u>1,441,945</u>	<u>(1,441,945)</u>	<u>-</u>
1,636,651	119,516	1,756,167
<u>1,526,358</u>	<u>-</u>	<u>1,526,358</u>
<u>110,294</u>	<u>119,516</u>	<u>229,809</u>
(9,884)	-	(9,884)
-	-	-
22,385	-	22,385
4,199	-	4,199
-	-	-
6,409	-	6,409
<u>23,109</u>	<u>-</u>	<u>23,109</u>
133,402	119,516	252,918
<u>1,241,750</u>	<u>1,210,691</u>	<u>2,452,441</u>
<u>\$ 1,375,152</u>	<u>\$ 1,330,207</u>	<u>\$ 2,705,359</u>

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Cash Flows From Operating Activities:			
Changes in net assets	\$ 992,488	\$ (145,659)	\$ 846,829
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	2,400	-	2,400
Unrealized (gain) loss on investments	-	(15,754)	(15,754)
Realized (gain) loss on investments	-	(12,670)	(12,670)
(Gain) loss on sale of property	-	(162,144)	(162,144)
(Increase) decrease in operating assets:			
Grants receivable	-	(3,618)	(3,618)
Prepaid expenses	(1,000)	-	(1,000)
Land option	-	-	-
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	(46,959)	-	(46,959)
Net cash provided (used) by operating activities	946,929	(339,845)	607,084
Cash Flows From Investing Activities:			
Purchase of equipment	(690,278)	-	(690,278)
Purchase of investments	-	(29,367)	(29,367)
Proceeds from sale of land	98,745	614,255	713,000
Net cash provided (used) by investing activities	(591,533)	584,888	(6,645)
Cash Flows From Financing Activities:			
Payments on short-term payable	-	(452,112)	(452,112)
Net cash provided (used) by financing activities	-	(452,112)	(452,112)
Net increase (decrease) in cash and cash equivalents	355,396	(207,068)	148,327
Beginning cash and cash equivalents	199,552	207,068	406,620
Ending cash and cash equivalents	\$ 554,949	\$ -	\$ 554,949
Supplemental Information:			
Cash paid for interest			\$ 3,180
Cash received for interest			\$ 7,950

See accompanying notes to financial statements.

2009		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 133,402	\$ 119,516	\$ 252,918
3,392	-	3,392
-	(22,385)	(22,385)
-	(4,199)	(4,199)
-	-	-
-	22,180	22,180
-	-	-
-	12,100	12,100
<u>(8,607)</u>	<u>-</u>	<u>(8,607)</u>
<u>128,187</u>	<u>127,212</u>	<u>255,399</u>
(1,635)	-	(1,635)
-	(90,177)	(90,177)
-	-	-
<u>(1,635)</u>	<u>(90,177)</u>	<u>(91,812)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
126,552	37,035	163,587
72,999	170,033	243,032
<u>\$ 199,552</u>	<u>\$ 207,068</u>	<u>\$ 406,619</u>
		<u>\$ 9,884</u>
		<u>\$ 6,409</u>

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Notes to Financial Statements For the Years Ended December 31, 2010 and 2009

1. General Information and Summary of Significant Accounting Policies

Nature of Activities - Foothills Conservancy of North Carolina, Inc. is a non-profit organization and was organized as a land trust which provides people with a choice in how rural land and urban green spaces are used. Land can be preserved for the future through flexible, non-regulatory land protection methods that advance economic growth while respecting the nature of a community.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recognized in the accounting period in which they are earned regardless of when they are actually received. Expenses are recognized in the accounting period in which a liability is incurred regardless of when the expense is actually paid.

Basis of Presentation - The Organization reports in compliance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities: Presentation of Financial Statements. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Funds which are available for current operation.

Temporarily Restricted

Temporarily restricted net assets are comprised of restricted contributions received by a support organization or individual that are restricted by the donor. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if the restriction expires during the same accounting period in which the gift was received, the contribution is reported as an increase in unrestricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include all cash and certificates of deposit with an original maturity of three months or less. These accounts at times may exceed federally insured limits. The Organization has not experienced any losses on these accounts and management does not believe it is exposed to any significant credit risk.

Restricted and Unrestricted Support and Revenue - Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reported in the Statement of Activities as net assets released from restrictions.

Equipment - The Organization capitalizes all expenditures for property and equipment in excess of \$500. The cost of equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method for financial reporting purposes and for income tax purposes.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

The useful lives of equipment, for purposes of computing depreciation are:

Equipment	5 years
Office furniture	7 years

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009, 2008 and 2007 are subject to examination by the IRS, generally for three years after they were filed.

Donated Materials and Services - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services or immaterial equipment or materials in as much as no objective basis is available to measure the value of such services.

2. Investments

The following is a summary of the Organization's investments as of December 31, 2010 and 2009.

	2010		
	<u>Cost</u>	<u>Gross Unrealized Gain (loss)</u>	<u>Fair Value 12/31/10</u>
Pool multi-management fund	\$ 63,453	\$ 6,959	\$ 70,412
International equities	18,222	13,514	31,736
Small cap equities	19,437	11,715	31,152
Large cap equities	21,867	32,649	54,516
Fixed income funds	43,735	3,773	47,508
Hedge funds	<u>18,222</u>	<u>11,567</u>	<u>29,789</u>
	<u>\$184,936</u>	<u>\$80,177</u>	<u>\$265,113</u>

	2009		
	<u>Cost</u>	<u>Gross Unrealized Gain (loss)</u>	<u>Fair Value 12/31/09</u>
Pooled multi-management fund	\$ 63,453	\$ (2,428)	\$ 61,025
International equities	18,222	3,722	21,944
Small cap equities	19,437	3,971	23,408
Large cap equities	21,867	4,466	26,333
Fixed income funds	43,735	8,932	52,667
Hedge funds	<u>18,222</u>	<u>3,722</u>	<u>21,944</u>
	<u>\$184,936</u>	<u>\$ 22,385</u>	<u>\$207,321</u>

3. Fair Value of Financial Instruments

Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, and note payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Investments: The fair values of investments are based on quoted market prices for those or similar investments.

4. Fair Value Measurements

Fair Value Measurements - Disclosures related to FASB ASC 820 Fair Value Measurements and Disclosures should result in an increased consistency and comparability in fair value measurements by defining fair value, providing a framework for measuring fair value, and expanding the disclosures related to fair value.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the definition, the statement establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I - Quoted market prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level 1 include listed equities and listed derivatives. As required by FASB ASC 820, the Organization, to the extent that it holds such investments, does not adjust the quoted market price for these investments, even in situations where the Organization holds a large position and a sale could reasonably impact the quoted price.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models other than valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in the category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt and non-investment grade residual interests in securitizations, and collateralized debt obligations.

In some cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. Accordingly, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of inputs that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	2010				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pool multi-management fund	\$ 70,412	\$ 70,412	\$ -	\$ -	\$ 70,412
International equities	31,736	31,736	-	-	31,736
Small cap equities	31,152	31,152	-	-	31,152
Large cap equities	54,516	54,516	-	-	54,516
Fixed income funds	47,508	47,508	-	-	47,508
Hedge funds	<u>29,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,789</u>
Total investments	<u>\$265,113</u>	<u>\$235,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$265,113</u>
	2009				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pool multi-management fund	\$ 61,025	\$ 61,025	\$ -	\$ -	\$ 61,025
International equities	21,944	21,944	-	-	21,944
Small cap equities	23,408	23,408	-	-	23,408
Large cap equities	26,333	26,333	-	-	26,333
Fixed income funds	52,667	52,667	-	-	52,667
Hedge funds	<u>21,944</u>	<u>-</u>	<u>-</u>	<u>21,944</u>	<u>21,944</u>
Total investments	<u>\$207,321</u>	<u>\$185,377</u>	<u>\$ -</u>	<u>\$21,944</u>	<u>\$207,321</u>

Investment accounts of stocks, money market funds, mutual funds, and government bonds that are recorded to fair value based on current quoted market prices provided by investment custodians or other models.

A reconciliation of changes in Level 4 inputs is as follows:

	<u>2010</u>	<u>2009</u>
Level 3 inputs, beginning of year	\$21,944	\$13,856
Purchases of investments	-	-
Sales	-	-
Net realized and unrealized gains	<u>7,845</u>	<u>8,088</u>
Level 3 inputs, end of year	<u>\$29,789</u>	<u>\$21,944</u>

5. Property and Equipment

Property and equipment is summarized as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 2,719,235	\$ 2,579,809
Equipment	20,334	20,334
Furniture and fixtures	1,545	1,545
Vehicle	<u>2,600</u>	<u>2,600</u>
Total	2,743,714	2,604,288
Less accumulated depreciation	<u>(22,142)</u>	<u>(19,741)</u>
Equipment, net	<u>\$ 2,721,572</u>	<u>\$ 2,584,547</u>

6. Short-term Notes Payable

Short-term notes payable consists of the following:

	<u>2010</u>	<u>2009</u>
3.0% note payable, due in one installment of principal and interest in December 2009	\$ -	\$ 44,993
3.0% note payable, due in one installment of principal and interest in December 2009	<u>-</u>	<u>407,118</u>
	<u>\$ -</u>	<u>\$452,111</u>

7. Investment In Community Foundation

In 2007 the Organization created a permanent endowment through the Community Foundation of Burke County with a contribution of \$10,000. Additional contributions to the foundation during the year were made in the amount of \$-0-. Foothills Conservancy of North Carolina, Inc. will benefit from the income from this endowment in perpetuity.

In 2009 the Organization created a permanent endowment through the Community Foundation of Western North Carolina with a contribution of \$25,000. Foothills Conservancy of North Carolina, Inc. will benefit from the income from the endowment in perpetuity.

8. Pension Plan

The Organization has a Simplified Employer Pension Plan (SEP) which is available to all employees who have completed three months of service. The Organization contributes 3% of gross salaries to the plan for eligible employees. The employees may make elective deferrals to a 403(b) plan. The Organization's contribution to the SEP plan was \$6,560 and \$6,420 for the years ended December 31, 2010 and 2009, respectively.

9. Risk of Loss

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured balance was approximately \$283,987 and \$111,718 at December 31, 2010 and 2009, respectively.

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution.

A noninterest-bearing transaction account is a deposit account where interest is neither accrued nor paid; depositors are permitted to make an unlimited number of transfers and withdrawals; and the bank does not reserve the right to require advance notice of an intended withdrawal.

Money Market Deposit Accounts (MMDAs) and Negotiable Order of Withdrawal (NOW) accounts are not eligible for this unlimited insurance coverage, regardless of the interest rate, even if no interest is paid on the account.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amount reported in the statement of financial position.

10. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Organization has received proceeds from several federal and State grants. Periodic audits of these grants may be required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Uncertain Tax Positions

FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income tax positions. Based on an evaluation of uncertain tax positions, management is required to measure potential tax liabilities that could have a risk of greater than a 50% likelihood of being realized upon settlement. As of December 31, 2010, management has determined that the Organization has no such risk and therefore no liabilities have been recorded for uncertain tax positions.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

11. Commitments and Contingencies

The Conservancy acquires easements through both grants and purchases. The acquisition of easements establishes a fiduciary responsibility for the Conservancy and therefore no recording of an asset or liability is required. This fiduciary responsibility consists of an obligation to monitor and enforce this easement in accordance with the property deed.

At December 31, 2010, the Organization had a land option to purchase conservation land for \$10,000. The Organization also has 2,975 acres under conservation easements.

12. Subsequent Events

Management has evaluated subsequent events through August 5, 2011, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

**Schedules of Operating Expenses
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating Expenses:		
Salaries	\$ 218,652	\$ 209,792
Payroll taxes	18,565	17,635
Employee benefits	15,742	14,417
Dues and subscriptions	1,562	1,557
Insurance	4,830	3,586
Maintenance	1,990	869
Meetings and workshops	4,354	6,385
Conservation easement purchase	-	1,102,856
Travel	7,359	6,604
Telephone	7,199	6,788
Professional services - contract	63,060	58,788
Office supplies	6,825	2,590
Security maintenance	60	439
Database maintenance	945	925
Utilities	3,625	2,696
Rent	7,800	7,800
Property taxes	5,337	5,446
Professional fees	16,430	25,837
Printing	13,837	6,051
Postage	2,122	1,987
Depreciation	2,401	3,392
Pension plan	6,560	6,420
Bank service charges and administrative fees	3,642	2,037
Contribution - Community Foundation of WNC	-	25,000
Miscellaneous	<u>13,957</u>	<u>6,460</u>
Total operating expenses	<u><u>\$ 426,854</u></u>	<u><u>\$1,526,358</u></u>