FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Financial Statements, Supplemental Schedule
and Independent Auditors' Report
For the Years Ended December 31, 2014 and 2013

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

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

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

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Independent Auditors' Report

To the Board of Directors of
Foothills Conservancy of North Carolina, Inc.

We have audited the accompanying financial statements of Foothills Conservancy of North Carolina, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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 Foothills Conservancy of North Carolina, Inc. as of December 31, 2014 and 2013, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses 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.

Morganton, North Carolina
August 8, 2015

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Statements of Financial Position
December 31, 2014 and 2013

	2014		
Assets	**Unrestricted**	**Temporarily Restricted**	**Total**
Current assets:			
Cash	$ 1,091,056	$ -	$ 1,091,056
Investments	-	541,871	541,871
Pledges receivable - current	105,600	-	105,600
Grants receivable	-	1,373	1,373
Land option	-	-	-
Total current assets	1,196,656	543,243	1,739,899
Noncurrent assets:			
Property and equipment (at cost), net	1,506,391	3,278,153	4,784,544
Pledges receivable - long-term (net)	201,065	-	201,065
Total noncurrent assets	1,707,455	3,278,153	4,985,608
Total assets	$ 2,904,111	$ 3,821,396	$ 6,725,507
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$ -	$ -	$ -
Short-term notes payable	-	-	-
Total current liabilities	-	-	-
Net assets:			
Unrestricted:			
Undesignated	1,923,962	-	1,923,962
Board designated	980,149	-	980,149
Temporarily restricted	-	3,821,396	3,821,396
Total net assets	2,904,111	3,821,396	6,725,507
Total liabilities and net assets	$ 2,904,111	$ 3,821,396	$ 6,725,507

See accompanying notes to financial statements.

2013		
	Temporarily	
Unrestricted	**Restricted**	**Total**
$ 720,413	$ -	$ 720,413
-	445,404	445,404
105,600	-	105,600
-	12,250	12,250
-	-	-
826,013	457,654	1,283,668
1,530,574	3,278,153	4,808,727
301,380	-	301,380
1,831,954	3,278,153	5,110,107
$ 2,657,968	$ 3,735,807	$ 6,393,775
$ 22,286	$ -	$ 22,286
-	125,000	125,000
22,286	125,000	147,286
1,748,516	-	1,748,516
887,165	-	887,165
-	3,610,807	3,610,807
-	-	-
2,635,682	3,610,807	6,246,489
$ 2,657,968	$ 3,735,807	$ 6,393,775

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Statements of Activities
For the Years Ended December 31, 2014 and 2013

	2014		
Revenues:	Unrestricted	Temporarily Restricted	Total
Contributions	$ 418,525	$ 109,518	$ 528,043
Noncash contributions	-	-	-
Membership fees	-	-	-
Administrative fees	-	-	-
Grants:			
Rostan Family Foundation	-	15,000	15,000
Blumenthal Foundation	-	5,000	5,000
Von Drehle Private Foundation	-	5,000	5,000
Southern Appalachian Highlands Conservancy	-	-	-
Z. Smith Reynolds	-	46,820	46,820
Foundation for the Carolinas	-	304,686	304,686
Other grants	-	2,000	2,000
Catawba County	-	2,000	2,000
Dover Foundation	-	2,500	2,500
Conservation Trust for North Carolina	-	134,450	134,450
Unifour Foundation	-	5,000	5,000
N.C. Department of Environment and Natural Resources-CWMTF	-	9,579	9,579
Clabough Foundation	-	10,000	10,000
The Community Foundation of Western NC, Inc.	-	26,500	26,500
Wilson Family Foundation	-	25,000	25,000
Community Foundation of Burke County	-	14,691	14,691
Total	418,525	717,744	1,136,269
Net assets released from restrictions:			
Satisfaction of program transactions	507,155	(507,155)	-
Total revenues	925,680	210,589	1,136,269
Expenses:			
Operating expenses	532,634	-	532,634
Changes in net assets before nonoperating revenue (expense)	393,046	210,589	603,636
Nonoperating Revenue (Expense):			
Miscellaneous income	-	-	-
Unrealized gains (losses) on investments	(13,964)	-	(13,964)
Realized gains (losses) on investments	26,829	-	26,829
Gain (loss) on sale of property	(145,400)	-	(145,400)
Interest expense	(1,909)	-	(1,909)
Interest and dividend income	9,827	-	9,827
Total	(124,617)	-	(124,617)
Changes in net assets	268,429	210,589	479,018
Net assets, beginning of year	2,635,682	3,610,807	6,246,489
Net assets, end of year	$ 2,904,111	$ 3,821,396	$6,725,507

See accompanying notes to financial statements.

2013		
Unrestricted	Temporarily Restricted	Total
$ 613,507	$ 110,434	$ 723,941
11,155	-	11,155
-	-	-
-	-	-
-	5,000	5,000
-	5,000	5,000
-	5,000	5,000
-	12,500	12,500
-	-	-
-	427,950	427,950
-	16,475	16,475
-	5,000	5,000
-	5,000	5,000
-	30,028	30,028
-	-	-
-	498,652	498,652
-	5,000	5,000
-	24,000	24,000
-	25,000	25,000
-	15,745	15,745
624,662	1,190,784	1,815,446
1,250,752	(1,250,752)	-
1,875,414	(59,968)	1,815,446
503,589	-	503,589
1,371,825	(59,968)	1,311,857
15,083	-	15,083
56,565	-	56,565
4,822	-	4,822
(1,835)	-	(1,835)
-	-	-
7,347	-	7,347
81,982	-	81,982
1,453,807	(59,968)	1,393,839
1,181,876	3,670,775	4,852,651
$ 2,635,682	$ 3,610,807	$ 6,246,489

FOOTHILLS CONSERVANCY OF NORTH CAROLINA, INC.

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
Cash Flows From Operating Activities:			
Changes in net assets	$ 268,429	$ 210,589	$ 479,018
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	3,762	-	3,762
Unrealized (gain) loss on investments	-	13,964	13,964
Realized (gain) loss on investments	-	(26,829)	(26,829)
(Gain) loss on sale of property	134,269	-	134,269
Noncash contributions	-	-	-
(Increase) decrease in operating assets:			
Grants and pledges receivable	100,315	10,877	111,192
Prepaid expenses	-	-	-
Land option	-	-	-
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	(22,285)	-	(22,285)
Net cash provided (used) by operating activities	484,490	208,601	693,091
Cash Flows From Investing Activities:			
Purchase of property and equipment	(373,847)	-	(373,847)
Purchase of investments	-	(83,600)	(83,600)
Proceeds from sale of land	260,000	-	260,000
Net cash provided (used) by investing activities	(113,847)	(83,600)	(197,447)
Cash Flows From Financing Activities:			
Payments on short-term payable	-	(125,000)	(125,000)
Net cash provided (used) by financing activities	-	(125,000)	(125,000)
Net increase (decrease) in cash and cash equivalents	370,643	-	370,643
Beginning cash and cash equivalents	720,413	-	720,413
Ending cash and cash equivalents	$ 1,091,056	$ -	$ 1,091,056
Supplemental Information:			
Cash received for interest			$ 7,347
Cash paid for interest			$ 1,909
Noncash Transaction:			
Acquisition of stock through contributions			$ -

See accompanying notes to financial statements.

2013		
Unrestricted	Temporarily Restricted	Total
$ 1,453,807	$ (59,968)	$ 1,393,839
2,697	-	2,697
-	(56,565)	(56,565)
-	(4,822)	(4,822)
1,835	-	1,835
-	10,000	10,000
(406,980)	(8,660)	(415,640)
-	-	-
(10,000)	-	(10,000)
22,285	-	22,285
1,063,644	(120,015)	943,629
(1,104,536)	-	(1,104,536)
-	(4,984)	(4,984)
105,200	-	105,200
(999,336)	(4,984)	(1,004,320)
-	125,000	125,000
-	125,000	125,000
64,308	-	64,308
656,105	-	656,105
$ 720,413	$ -	$ 720,413
		$ 7,347
		$ -
		$ 10,000

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.

Property and 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.

Open Tax Years - The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Donated Materials and Services - In accordance with FASB ASC 958-605 *Not-for-Profit Entities: Revenue Recognition*, the Organization records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of unpaid volunteers, who serve in the capacity of Board members and various volunteer committees, have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Conservation Easements - The Conservancy acquires easements through both donations and purchases. The acquisition of easements establishes a fiduciary responsibility for the Conservancy and therefore no recording of an asset or liability is recorded. This fiduciary responsibility consists of an obligation to monitor and enforce this easement in accordance with the property deed. Purchases of easements are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted net assets if purchased with donor-restricted assets. Donated easements are not recognized in the Statement of Activities.

Reclassifications - Certain amounts in the 2013 financial statements have been reclassified for comparative purposes to confirm with presentation in the 2014 financial statements.

2. Investments

The following is a summary of the Organization's investments as of December 31, 2014 and 2013.

	2014		
	Cost	Gross Unrealized Gain (loss)	Fair Value 12/31/13
Pooled multi-management fund	$127,480	$ (3,695)	$123,785
International equities	96,378	(2,309)	94,069
Small cap equities	21,417	(513)	20,904
Large cap equities	123,237	(2,954)	120,283
Fixed income funds	73,678	(1,767)	71,911
Hedge funds	92,226	(2,212)	90,014
Real assets	21,419	(514)	20,905
	$555,835	$(13,964)	$541,871

	2013		
	Cost	Gross Unrealized Gain (loss)	Fair Value 12/31/13
Pooled multi-management fund	$102,744	$16,601	$119,345
International equities	64,371	8,992	73,363
Small cap equities	21,457	2,997	24,454
Large cap equities	82,109	11,470	93,579
Fixed income funds	49,208	6,874	56,082
Hedge funds	54,644	7,633	62,277
Real assets	14,305	1,998	16,303
	$388,838	$56,565	$445,404

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

FASB ASC 820 provides the 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 under FASB ASC 820 are described as follows:

Level I -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 II -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 assets or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If an 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 III -Inputs to the valuation methodology are unobservable and significant to the fair value measurement..

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2014 and 2013 are as follows:

			2014		
	Fair Value	Level 1	Level 2	Level 3	Total
Pooled multi-management fund	$123,785	$123,785	$ -	$ -	$123,785
International equities	94,069	94,069	-	-	94,069
Small cap equities	20,904	20,904	-	-	20,904
Large cap equities	120,283	120,283	-	-	120,283
Fixed income funds	71,911	71,911	-	-	71,911
Hedge funds	90,014	-	-	90,014	90,014
Real assets	20,905	20,905	-	-	20,905
Total investments	$541,871	$451,857	$ -	$90,014	$541,871

			2013		
	Fair Value	Level 1	Level 2	Level 3	Total
Pooled multi-management fund	$119,345	$119,345	$ -	$ -	$119,345
International equities	73,363	73,363	-	-	73,363
Small cap equities	24,454	24,454	-	-	24,454
Large cap equities	93,579	93,579	-	-	93,579
Fixed income funds	56,082	56,082	-	-	56,082
Hedge funds	62,277	-	-	62,277	62,277
Real assets	16,303	16,303	-	-	16,303
Total investments	$445,404	$383,127	$ -	$62,277	$445,404

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 3 inputs is as follows:

	2014	2013
Level 3 inputs, beginning of year	$62,277	$49,651
Purchases of investments	-	-
Sales	-	-
Net realized and unrealized gains	27,737	12,626
Level 3 inputs, end of year	$90,014	$62,277

5. Pledges Receivable

The Organization has conducted a For Now & Forever board pledge commitment established by the board of directors for various purposes. In total at December 31, 2013, the pledge commitment recorded promises totaling $534,000. In accordance with FASB ASC 958-310 Receivables and FASB ASC 820 Fair Value Measurements and Disclosures, promises to give related to the pledge commitment are recorded at their estimated fair value. Amounts due more than one year later generally are recorded at the present value of the estimated future cash flows, discounted at a risk -free rate. No discount has been reflected in these financial statements. Also, management has set up an allowance for amounts that may not be collectible at December 31, 2014 and 2013. Pledges receivable are classified as unrestricted at the reporting date.

Pledges receivable are summarized as follows at December 31, 2014 and 2013:

	2014	2013
Pledges expected to be collected in:		
Less than one year	$105,600	$105,600
One year to five years	217,205	322,800
Allowance for uncollectible pledges	(16,140)	(21,420)
	$306,665	$406,980

Pledges receivable consists primarily of balances on multi-year board pledges made for various purposes, which are payable over the next five years. The discount on these pledges to give is immaterial and not recorded.

6. Property and Equipment

Property and equipment is summarized as follows:

	2014	2013
Land	$ 4,772,861	$ 4,794,173
Equipment	24,324	23,433
Furniture and fixtures	1,545	1,545
Vehicle	15,190	15,190
Total	4,813,920	4,834,341
Less accumulated depreciation	(29,376)	(25,614)
Property and equipment, net	$ 4,784,544	$ 4,808,727

Depreciation expense for the years ended December 31, 2014 and 2013 was $3,762 and $2,697, respectively.

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. At December 31, 2014, the fund value was $60,886.

In 2009 the Organization created a limited endowment through the Community Foundation of Western North Carolina with a permanent endowment contribution of $25,000. Foothills Conservancy of North Carolina, Inc. will benefit from the income from the endowment in perpetuity and at anytime may request all of the monies other than $25,000 At December 31, 2014, the fund value was $123,785 which is shown on the Statements of Financial Position as temporarily restricted investments.

In 2007 the Organization created two limited endowments through the Foundation for the Carolinas with permanent endowment contributions of $20,000. Foothills Conservancy of North Carolina, Inc. will benefit from the income from the endowments in perpetuity and at anytime may request all of the monies other than $20,000 At December 31, 2014, the fund values were $418,086 which are shown on the Statements of Financial Position as temporarily restricted investments.

The Community Foundation of Western North Carolina limited endowment was $123,785 and the Foundation for the Carolinas endowment was $418,086 for a total of $541,871. See footnote 2 for additional information on these endowments.

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 $8,188 and $7,339 for the years ended December 31, 2014 and 2013, respectively

9. **Concentration of Credit Risk**

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 $901,500 and $469,441 at December 31, 2014 and 2013, respectively.

10. **Lease**

The Conservancy leases office space under an operating lease expiring in 2015.

Minimum future rental payments under the operating lease as of December 31, 2014 for the next year are as follows:

Year Ended	Amount
2015	$7,800

Rent expense was $7,800 for the years ended December 31, 2014 and 2013.

11. **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.

12. **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, 2014, 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.

13. **Subsequent Events**

Management has evaluated subsequent events through August 8, 2015, 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, 2014 and 2013

	2014	2013
Operating Expenses:		
Salaries	$ 244,443	$ 257,573
Payroll taxes	20,407	21,585
Employee benefits	21,980	20,981
Dues and subscriptions	1,695	1,902
Insurance	5,176	4,646
Maintenance	2,275	5,041
Meetings and workshops	5,270	3,195
Travel	8,492	7,158
Telephone	8,571	7,263
Professional services - contract	96,936	48,080
Office supplies	2,526	3,150
Utilities	2,723	2,242
Rent	7,800	7,800
Property taxes	2,308	2,394
Professional fees	15,318	20,133
Printing	8,307	8,341
Postage	2,645	2,624
Depreciation	3,762	2,697
Pension plan	8,188	7,339
Bank service charges and administrative fees	6,083	5,438
Bad debts (allowance for uncollectible pledges - see footnote 5)	(5,280)	21,420
Grants to partners	51,850	-
Americorps	-	3,001
Miscellaneous	11,157	39,588
Total operating expenses	$ 532,634	$ 503,589