

## BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated August 13, 2010

This is a briefing by Connector 2000 Association, Inc. (the “*Association*”) to the Trustees representing the interests of the holders of the Toll Road Revenue Bonds (Greenville Southern Connector Project), Series 1998 (the “*Bonds*”) issued by the Association pursuant to the Association’s Disclosure Policy adopted by its Board of Directors on July 16, 2008. This Briefing is provided under the Policy at the request of the Trustees, and the Association disclaims any obligation to provide future briefings (under the Continuing Disclosure Agreement of the Association relating to the Bonds, Rule 15c2-12 of the Securities and Exchange Commission or otherwise) should the Board decide to modify or repeal the Policy. Information contained herein represents the best information now available to the Association’s management but such information is not warranted as to accuracy or completeness and is not intended to provide a basis for execution of purchases or sales of the Bonds. This information should be read in conjunction with the Association’s latest Annual Report. Financial and statistical data contained herein have not been reviewed, confirmed or approved by any third party professional accounting or financial advisory firm.

1. **Unaudited Financial Statements.** The compiled, unaudited financial statements of the Association for the first calendar quarter and year to date period ended March 31, 2010 are attached hereto as **Exhibit A.** The compiled, unaudited financial statements of the Association for the second calendar quarter and year to date period ended June 30, 2010 are attached hereto as **Exhibit B.**

2. **Re-opening of I-385 Northbound Lanes.** The Association previously reported that the South Carolina Department of Transportation Commission closed on January 4, 2010 the northbound lanes on I-385 in Laurens County, South Carolina in connection with repairs to that road. At the time, the South Carolina Department of Transportation has stated that such closing is anticipated to remain in place for approximately 8 months. Such closing resulted in a reduction of traffic and revenue on the Southern Connector. The South Carolina Department of Transportation Commission re-opened the northbound lanes on I-385 in Laurens County, South Carolina on July 23, 2010 as the repairs had been completed. The Association estimates that some of the traffic that was lost on the Connector due to the closure has returned. The Association is presently unable to estimate the volume of traffic permanently impaired by such closure.

3. **Bankruptcy Filing.** As reported in the Annual Report of the Association filed on June 30, 2010, on June 24, 2010 Connector 2000 Association, Inc filed a voluntary petition for relief under Chapter 9 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of South Carolina. SCDOT submitted to the Court an objection to the Association’s filing under Chapter 9 of the Bankruptcy Code and motion to dismiss the petition. SCDOT’s motion was filed on July 30, 2010, the last day such pleading could be filed. SCDOT argues that the Association is not eligible to file a petition to adjust its debts under Chapter 9. On August 10, 2010 counsel for the Senior Bond’s Trustee filed with the Court its response to SCDOT’s motion, supporting the Association’s assertion that the Association is eligible to file under Chapter 9 and strongly challenging the position taken by SCDOT. The parties are awaiting an order of the Court relating to scheduling and discovery.

4. **Further Information.** Information concerning weekly and monthly transactions on and toll revenue from the Southern Connector can be found at the Association’s website, [www.southernconnector.com](http://www.southernconnector.com).

**EXHIBIT A**

**CONNECTOR 2000 ASSOCIATION, INC.  
(A COMPONENT UNIT OF THE STATE OF SC AND THE  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)  
FINANCIAL STATEMENTS  
MARCH 31, 2010**

BRADSHAW, GORDON & CLINKSCALES, LLC  
630 E WASHINGTON ST STE B  
GREENVILLE, SC 29601  
864-233-0590

CONNECTOR 2000 ASSOCIATION, INC.  
P. O. BOX 408  
PIEDMONT SC 29673

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF CONNECTOR 2000 ASSOCIATION, INC. (A COMPONENT UNIT OF THE STATE OF SC AND OF THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION) AS OF MARCH 31, 2010, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS (CURRENT PERIOD) AND THREE MONTHS (YEAR-TO-DATE) ENDED MARCH 31, 2010 AND 2009, IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM. HOWEVER, WE DID BECOME AWARE OF DEPARTURES FROM U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DESCRIBED IN THE FOLLOWING PARAGRAPHS.

THE ASSOCIATION HAS ADOPTED THE PROVISIONS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 34, BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR STATE AND LOCAL GOVERNMENTS AND STATEMENT NO. 37, BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR STATE AND LOCAL GOVERNMENTS: OMNIBUS, AND STATEMENT NO. 38, CERTAIN FINANCIAL STATEMENT NOTE DISCLOSURES, FOR ANNUAL REPORTING PURPOSES. HOWEVER, CERTAIN DISCLOSURE AND FORMAT REQUIREMENTS OF GASB STATEMENT NOS. 34 AND 37 HAVE NOT BEEN MET IN THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS, INCLUDING THE IDENTIFICATION OF RESTRICTED ASSETS AND LIABILITIES, THE RECLASSIFICATION OF FUND EQUITY (DEFICIT) AS VARIOUS COMPONENTS OF NET ASSETS (DEFICIT), AND THE RECLASSIFICATION OF NET LOSS AS DECREASE IN NET ASSETS. THE EFFECTS OF THESE DEPARTURES FROM U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES HAVE NOT BEEN DETERMINED.

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*Bradshaw, Gordon & Clinkscaler, LLC*

JULY 20, 2010

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**BALANCE SHEET**  
**MARCH 31, 2010**

**CASH AND INVESTMENTS**

Petty cash	\$	200.00
Service Center change fund		200.00
East plaza change fund		8,000.00
West plaza change fund		8,000.00
MCR "test" fund		75.00
Revenue DDA account-Palmetto Bank		22,258.95
Senior Debt Service Reserve Fund		3,290,253.17
Escrow Account Palmetto Bank		242,318.23
Revenue Trust Fund		701,095.49
Palmetto Bank Money Market		245,085.52
Palmetto Bank Operating		91,553.30
Subordinate Debt Service Reserve Fund		52.10
Repurchase Agreement Suspense Account		1,287,759.85
Senior Bonds Debt Service Fund		4.25
Less: Refundable Cash/Collateral		<u>(1,117,497.61)</u>

**TOTAL INVESTMENTS**

4,779,358.25

**OTHER CURRENT ASSETS**

Prepaid insurance	92,920.63
Net prepaid health insurance	14,184.16
Equipment Inventory	<u>320,904.00</u>

**TOTAL OTHER CURRENT ASSETS**

428,008.79

**INTEREST IN LICENSE AGREEMENT**

**W/SCDOT, AS EVIDENCED BY:**

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	94,274.53
Transponders	544,511.80
Toll equipment	38,656.50
Vehicles	141,779.00
Beg.Bal.Accumulated Deprec.	(603,413.96)
Accumulated depreciation - Equipment	(17,409.00)
Accumulated amort. - Road & Other const. costs	<u>(44,889,394.59)</u>

**TOTAL CONSTRUCTION**

147,795,829.87

**CONNECTOR 2000 ASSOCIATION, INC.**  
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**BALANCE SHEET**  
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**OTHER ASSETS**

Bond issuance costs (pre 2/98)	2,358,129.91
Series A underwriters discount	947,298.00
Series B underwriters discount	1,263,064.00
Series C underwriters discount	660,238.00
Accumulated Amortization	<u>(1,691,410.00)</u>

**TOTAL OTHER ASSETS**

3,537,319.91

**TOTAL ASSETS**

\$ 156,540,516.82

**CONNECTOR 2000 ASSOCIATION, INC.**  
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**BALANCE SHEET**  
**MARCH 31, 2010**

**LIABILITIES & DEFICIT**

**ACCRUED INTEREST**

Current Interest Payable - Series A/25 yr	\$	771,750.00
Current Interest Payable - Series A/40 yr		<u>1,806,003.00</u>

**TOTAL ACCRUED INTEREST** 2,577,753.00

Accounts payable - trade		56,000.00
Accrued payroll taxes		2,617.76
Accrued payroll		32,279.52
Accrued requisitions - administrative		41,829.98
Accrued Trustee Fees		8,018.80
Prepaid Tolls Deposit liability		227,268.39
Transponder Deposit liability		15,545.00
Sr. Cap Bonds Payable		7,300,000.00
Sub. Cap. Bonds Payable		6,100,000.00
Sr. current interest Bonds Payable		<u>2,000,000.00</u>

**TOTAL CURRENT LIABILITIES** 18,361,312.45

**BONDS PAYABLE**

Senior current interest series 1998A		64,400,000.00
Sr. Cap. Apprec. Series 1998B through 2/01		98,159,309.85
Sr. Cap. Apprec. accretions-ser 1998B after 2/01		69,660,009.09
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		41,380,062.89
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		729,210.00
Less: Current Portion		<u>(15,400,000.00)</u>

**TOTAL BONDS PAYABLE** 307,403,391.28

**OTHER LIABILITIES**

SCDOT Accrued Interest Payable-License Fee		1,129,493.72
SCDOT Accrued Interest Payable-Maintenance Fee		162,291.90
SCDOT deferred maintenance		796,380.03
SCDOT deferred license fee payable		<u>7,875,000.00</u>

**TOTAL LIABILITIES** 335,727,869.38

**FUND EQUITY (DEFICIT):**

**ACCUMULATED DEFICIT** (179,187,352.56)

**TOTAL DEFICIT** (179,187,352.56)

**TOTAL LIABILITIES & DEFICIT** \$ 156,540,516.82

**SEE ACCOUNTANTS' COMPILATION REPORT**

**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
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**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS**  
**ENDED MARCH 31, 2010 AND 2009**

	MARCH 2010	MARCH 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
<b>REVENUE</b>				
Toll revenue	\$ 1,151,792.16	\$ 1,177,533.05	\$ 1,151,792.16	\$ 1,177,533.05
Report fee revenue	246.00	229.00	246.00	229.00
Miscellaneous revenue	14.30	567.27	14.30	567.27
<b>TOTAL REVENUE</b>	<b>1,152,052.46</b>	<b>1,178,329.32</b>	<b>1,152,052.46</b>	<b>1,178,329.32</b>
<b>EXPENSES</b>				
<b>OPERATING EXPENSES</b>				
Salaries	284,398.43	270,569.24	284,398.43	270,569.24
Advertising	400.00	0.00	400.00	0.00
Marketing expense	0.00	7,678.05	0.00	7,678.05
Auto expense	3,567.64	1,976.00	3,567.64	1,976.00
Contract labor	9,734.40	0.00	9,734.40	0.00
Credit card discount expense	10,533.18	12,617.56	10,533.18	12,617.56
Contract services	4,428.05	9,315.74	4,428.05	9,315.74
Consulting expense & Rate study	2,430.00	90,717.96	2,430.00	90,717.96
Consulting Expense - Business & Toll	0.00	60.00	0.00	60.00
Debt Restructuring Fees	97,514.00	69,441.80	97,514.00	69,441.80
Default Bank Fee	(615.00)	12,707.50	(615.00)	12,707.50
Dues and subscriptions	200.00	150.00	200.00	150.00
Employee benefits	0.00	421.50	0.00	421.50
Entertainment & business meals	36.68	163.07	36.68	163.07
Equipment rental	0.00	288.50	0.00	288.50
Equipment maintenance contracts	15,000.00	82,474.93	15,000.00	82,474.93
Fees	642.50	522.50	642.50	522.50
Financial advisory service	5,477.50	8,909.25	5,477.50	8,909.25
Insurance - general	20,586.85	20,253.90	20,586.85	20,253.90
Insurance - specialized insurance	8,570.76	5,191.74	8,570.76	5,191.74
Insurance - health, ltd, life	45,834.52	46,243.45	45,834.52	46,243.45
Insurance - workers comp	6,979.58	6,176.44	6,979.58	6,176.44
Investment Advice	0.00	10,286.38	0.00	10,286.38
Legal & accounting	31,371.56	51,660.72	31,371.56	51,660.72
Trustee Legal Fees	177,344.26	72,122.21	177,344.26	72,122.21
Trustee Financial Advisory Fees	150,000.00	0.00	150,000.00	0.00
Miscellaneous expense	152.74	50.00	152.74	50.00
Office supplies & expense	6,004.08	3,764.44	6,004.08	3,764.44
Payroll services fee	1,031.40	1,361.32	1,031.40	1,361.32
Payroll taxes	24,133.34	27,247.03	24,133.34	27,247.03
401k Match	4,770.87	4,648.00	4,770.87	4,648.00
Repairs and maintenance - Equipment	6,462.88	(22,087.73)	6,462.88	(22,087.73)
Repairs and maintenance - Building	14,611.76	3,281.89	14,611.76	3,281.89
Supplies	753.76	982.72	753.76	982.72
Taxes & licenses	997.34	2,047.37	997.34	2,047.37
Telephone	6,644.58	6,791.10	6,644.58	6,791.10
Travel & lodging	709.51	0.00	709.51	0.00
Trustee fees - Wachovia	9,267.92	5,701.83	9,267.92	5,701.83
Utilities	22,656.06	21,520.39	22,656.06	21,520.39
Volume discounts	2,362.11	1,725.26	2,362.11	1,725.26



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**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS**  
**ENDED MARCH 31, 2010 AND 2009**

	MARCH 2010	MARCH 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
Contributions	100.00	0.00	100.00	0.00
<b>TOTAL OPERATING EXPENSES</b>	<u>975,093.26</u>	<u>836,982.06</u>	<u>975,093.26</u>	<u>836,982.06</u>
<b>REGULAR OPERATING INCOME(LOSS)</b>	<u>176,959.20</u>	<u>341,347.26</u>	<u>176,959.20</u>	<u>341,347.26</u>
<b>OTHER OPERATING COSTS:</b>				
<b>ROAD CONSTRUCTION COSTS</b>				
<b>OPERATING INC(LOSS) BEFORE DEPR. &amp; AMORT.</b>	<u>176,959.20</u>	<u>341,347.26</u>	<u>176,959.20</u>	<u>341,347.26</u>
<b>OTHER INCOME/EXPENSE:</b>				
<b>INTEREST/OTHER INCOME</b>				
Interest income	55,318.78	61,956.99	55,318.78	61,956.99
Change in Collateral Market Value	0.00	0.00	0.00	0.00
Unrealized Gain/Loss on Investments	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL OTHER INCOME</b>	<u>55,318.78</u>	<u>61,956.99</u>	<u>55,318.78</u>	<u>61,956.99</u>
<b>INTEREST EXPENSE</b>				
Interest expense - series A	859,251.00	859,251.00	859,251.00	859,251.00
Interest expense - series B&C	3,768,032.43	3,592,388.40	3,768,032.43	3,592,388.40
Amortized series A OID	20,070.00	20,070.00	20,070.00	20,070.00
Interest Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL INTEREST EXPENSE</b>	<u>4,647,353.43</u>	<u>4,471,709.40</u>	<u>4,647,353.43</u>	<u>4,471,709.40</u>
<b>NET INTEREST EXPENSE</b>	<u>(4,592,034.65)</u>	<u>(4,409,752.41)</u>	<u>(4,592,034.65)</u>	<u>(4,409,752.41)</u>
<b>SCDOT Maintenance Costs</b>	20,593.74	25,366.08	20,593.74	25,366.08
<b>SCDOT License Fees</b>	375,000.00	375,000.00	375,000.00	375,000.00
<b>SCDOT Interest Expense</b>	129,166.02	103,739.13	129,166.02	103,739.13
<b>NET LOSS BEFORE DEPR./AMORT.</b>	<u>(4,939,835.21)</u>	<u>(4,572,510.36)</u>	<u>(4,939,835.21)</u>	<u>(4,572,510.36)</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
Amortization of road cost	892,727.13	1,310,871.27	892,727.13	1,310,871.27
Amortized bond issuance costs	15,675.00	15,675.00	15,675.00	15,675.00
Amortized underwriters fees	19,080.00	19,080.00	19,080.00	19,080.00
Depreciation	<u>17,409.00</u>	<u>15,448.00</u>	<u>17,409.00</u>	<u>15,448.00</u>
<b>TOTAL DEPRECIATION &amp; AMORTIZATI</b>	<u>944,891.13</u>	<u>1,361,074.27</u>	<u>944,891.13</u>	<u>1,361,074.27</u>
<b>NET LOSS</b>	<u>(5,884,726.34)</u>	<u>(5,933,584.63)</u>	<u>(5,884,726.34)</u>	<u>(5,933,584.63)</u>
<b>ACCUMULATED DEFICIT, BEG OF PERIOD</b>	<u>(173,302,626.22)</u>	<u>(151,120,792.80)</u>	<u>(173,302,626.22)</u>	<u>(151,120,792.80)</u>
<b>ACCUMULATED DEFICIT, END OF PERIOD</b>	<u><u>\$ (179,187,352.56)</u></u>	<u><u>\$157,054,377.43)</u></u>	<u><u>\$ (179,187,352.56)</u></u>	<u><u>\$157,054,377.43)</u></u>

## **EXHIBIT B**

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**BALANCE SHEET**  
**JUNE 30, 2010**

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Revenue Trust Fund		1,121,329.42
Palmetto Bank Money Market		88.89
Palmetto Bank Operating		65,939.48
Subordinate Debt Service Reserve Fund		52.10
Repurchase Agreement Suspense Account		1,303,516.74
Senior Bonds Debt Service Fund		4.25
Less: Refundable Cash/Collateral		<u>(1,117,497.61)</u>

**TOTAL INVESTMENTS**

4,986,725.93

**OTHER CURRENT ASSETS**

Prepaid insurance	96,157.06
Net prepaid health insurance	12,261.87
Equipment Inventory	<u>320,904.00</u>

**TOTAL OTHER CURRENT ASSETS**

429,322.93

**INTEREST IN LICENSE AGREEMENT**

**W/SCDOT, AS EVIDENCED BY:**

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Other Construction Costs	21,287,795.72
Equipment	94,274.53
Transponders	593,611.80
Toll equipment	38,656.50
Vehicles	141,779.00
Beg.Bal.Accumulated Deprec.	(603,413.96)
Accumulated depreciation - Equipment	(36,454.68)
Accumulated amort. - Road & Other const. costs	<u>(45,782,121.72)</u>

**TOTAL CONSTRUCTION**

146,933,157.06

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**JUNE 30, 2010**

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Series B underwriters discount	1,263,064.00	
Series C underwriters discount	660,238.00	
Accumulated Amortization	<u>(1,726,165.00)</u>	
<b>TOTAL OTHER ASSETS</b>		<u>3,502,564.91</u>
<b>TOTAL ASSETS</b>		<u>\$ 155,851,770.83</u>

**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)**  
**BALANCE SHEET**  
**JUNE 30, 2010**

**LIABILITIES & DEFICIT**

**ACCRUED INTEREST**

Current Interest Payable - Series A/25 yr	\$	1,029,000.00
Current Interest Payable - Series A/40 yr		2,408,004.00

**TOTAL ACCRUED INTEREST** 3,437,004.00

Accounts payable - trade		74,000.00
Accrued payroll taxes		723.78
Accrued payroll		9,703.39
Accrued requisitions - administrative		90,988.15
Accrued Trustee Fees		14,032.90
Prepaid Tolls Deposit liability		229,265.27
Transponder Deposit liability		15,625.00
Sr. Cap Bonds Payable		7,300,000.00
Sub. Cap. Bonds Payable		6,100,000.00
Sr. current interest Bonds Payable		2,000,000.00

**TOTAL CURRENT LIABILITIES** 19,271,342.49

**BONDS PAYABLE**

Senior current interest series 1998A		64,400,000.00
Sr. Cap. Apprec. Series 1998B through 2/01		98,159,309.85
Sr. Cap. Apprec. accretions-ser 1998B after 2/01		72,042,579.31
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		42,769,354.47
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		749,280.00
Less: Current Portion		(15,400,000.00)

**TOTAL BONDS PAYABLE** 311,195,323.08

**OTHER LIABILITIES**

SCDOT Accrued Interest Payable-License Fee		1,246,061.54
SCDOT Accrued Interest Payable-Maintenance Fee		174,890.10
SCDOT deferred maintenance		816,973.77
SCDOT deferred license fee payable		8,250,000.00

**TOTAL LIABILITIES** 340,954,590.98

**FUND EQUITY (DEFICIT):**

**ACCUMULATED DEFICIT** (185,102,820.15)

**TOTAL DEFICIT** (185,102,820.15)

**TOTAL LIABILITIES & DEFICIT** \$ 155,851,770.83

**SEE ACCOUNTANTS' COMPILATION REPORT**

**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)**  
**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS**  
**ENDED JUNE 30, 2010 AND 2009**

	JUNE 2010	JUNE 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
<b>REVENUE</b>				
Toll revenue	\$ 1,320,036.18	\$ 1,331,600.82	\$ 2,471,828.34	\$ 2,509,133.87
Report fee revenue	160.00	239.00	406.00	468.00
Miscellaneous revenue	1,604.50	375.76	1,618.80	943.03
<b>TOTAL REVENUE</b>	<b>1,321,800.68</b>	<b>1,332,215.58</b>	<b>2,473,853.14</b>	<b>2,510,544.90</b>
<b>EXPENSES</b>				
<b>OPERATING EXPENSES</b>				
Salaries	293,244.45	283,810.61	577,642.88	554,379.85
Advertising	0.00	0.00	400.00	0.00
Marketing expense	10,054.10	7,834.51	10,054.10	15,512.56
Auto expense	4,323.59	2,652.02	7,891.23	4,628.02
Contract labor	0.00	0.00	9,734.40	0.00
Credit card discount expense	17,202.95	13,552.07	27,736.13	26,169.63
Contract services	4,754.92	7,207.03	9,182.97	16,522.77
Consulting expense & Rate study	20,504.66	821.25	22,934.66	91,539.21
Consulting Expense - Business & Toll	120.00	0.00	120.00	60.00
Debt Restructuring Fees	127,634.00	105,430.36	225,148.00	174,872.16
Default Bank Fee	33,000.00	38,953.05	32,385.00	51,660.55
Dues and subscriptions	400.00	400.00	600.00	550.00
Employee benefits	489.18	74.92	489.18	496.42
Entertainment & business meals	410.30	115.54	446.98	278.61
Equipment rental	4,056.54	34.78	4,056.54	323.28
Equipment maintenance contracts	(2,506.19)	79,103.31	12,493.81	161,578.24
Fees	522.50	862.50	1,165.00	1,385.00
Financial advisory service	6,945.50	8,656.25	12,423.00	17,565.50
Gifts	0.00	50.00	0.00	50.00
Insurance - general	18,748.75	20,138.25	39,335.60	40,392.15
Insurance - specialized insurance	8,570.76	7,444.42	17,141.52	12,636.16
Insurance - health, ltd, life	46,883.41	46,193.13	92,717.93	92,436.58
Insurance - workers comp	9,342.06	7,189.50	16,321.64	13,365.94
Investment Advice	0.00	0.00	0.00	10,286.38
Legal & accounting	64,419.23	39,130.48	95,790.79	90,791.20
Trustee Legal Fees	255,989.54	19,430.24	433,333.80	91,552.45
Trustee Financial Advisory Fees	150,000.00	0.00	300,000.00	0.00
Miscellaneous expense	17.75	(40.00)	170.49	10.00
Moving expense	0.00	1,000.00	0.00	1,000.00
Office supplies & expense	6,127.22	9,120.97	12,131.30	12,885.41
Payroll services fee	1,219.67	1,059.07	2,251.07	2,420.39
Payroll taxes	22,236.96	16,141.41	46,370.30	43,388.44
401k Match	5,032.41	4,020.32	9,803.28	8,668.32
Repairs and maintenance - Equipment	12,123.94	10,987.93	18,586.82	(11,099.80)
Repairs and maintenance - Building	14,664.89	3,089.91	29,276.65	6,371.80
Supplies	0.00	0.00	753.76	982.72
Taxes & licenses	0.00	0.00	997.34	2,047.37
Telephone	3,628.92	5,887.08	10,273.50	12,678.18
Travel & lodging	0.00	708.42	709.51	708.42
Trustee fees - Wachovia	6,014.10	5,701.83	15,282.02	11,403.66



**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
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**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS**  
**ENDED JUNE 30, 2010 AND 2009**

	JUNE 2010	JUNE 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
Utilities	21,078.58	19,860.18	43,734.64	41,380.57
Volume discounts	3,088.84	1,507.48	5,450.95	3,232.74
Contributions	0.00	0.00	100.00	0.00
<b>TOTAL OPERATING EXPENSES</b>	<u>1,170,343.53</u>	<u>768,128.82</u>	<u>2,145,436.79</u>	<u>1,605,110.88</u>
<b>REGULAR OPERATING INCOME(LOSS)</b>	<u>151,457.15</u>	<u>564,086.76</u>	<u>328,416.35</u>	<u>905,434.02</u>
<b>OTHER OPERATING COSTS:</b>				
<b>ROAD CONSTRUCTION COSTS</b>				
<b>OPERATING INC(LOSS) BEFORE DEPR. &amp; AMORT.</b>	<u>151,457.15</u>	<u>564,086.76</u>	<u>328,416.35</u>	<u>905,434.02</u>
<b>OTHER INCOME\EXPENSE:</b>				
<b>INTEREST/OTHER INCOME</b>				
Interest income	55,545.63	80,036.43	110,864.41	141,993.42
Change in Collateral Market Value	0.00	0.00	0.00	0.00
Unrealized Gain/Loss on Investments	0.00	0.00	0.00	0.00
<b>TOTAL OTHER INCOME</b>	<u>55,545.63</u>	<u>80,036.43</u>	<u>110,864.41</u>	<u>141,993.42</u>
<b>INTEREST EXPENSE</b>				
Interest expense - series A	859,251.00	859,251.00	1,718,502.00	1,718,502.00
Interest expense - series B&C	3,771,861.80	3,592,388.40	7,539,894.23	7,184,776.80
Amortized series A OID	20,070.00	20,070.00	40,140.00	40,140.00
Interest Expense	0.00	0.00	0.00	0.00
<b>TOTAL INTEREST EXPENSE</b>	<u>4,651,182.80</u>	<u>4,471,709.40</u>	<u>9,298,536.23</u>	<u>8,943,418.80</u>
<b>NET INTEREST EXPENSE</b>	<u>(4,595,637.17)</u>	<u>(4,391,672.97)</u>	<u>(9,187,671.82)</u>	<u>(8,801,425.38)</u>
<b>SCDOT Maintenance Costs</b>	20,593.74	25,366.08	41,187.48	50,732.16
<b>SCDOT License Fees</b>	375,000.00	375,000.00	750,000.00	750,000.00
<b>SCDOT Interest Expense</b>	129,166.02	103,739.13	258,332.04	207,478.26
<b>NET LOSS BEFORE DEPR./AMORT.</b>	<u>(4,968,939.78)</u>	<u>(4,331,691.42)</u>	<u>(9,908,774.99)</u>	<u>(8,904,201.78)</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
Amortization of road cost	892,727.13	1,101,799.19	1,785,454.26	2,412,670.46
Amortized bond issuance costs	15,675.00	15,675.00	31,350.00	31,350.00
Amortized underwriters fees	19,080.00	19,080.00	38,160.00	38,160.00
Depreciation	19,045.68	15,939.16	36,454.68	31,387.16
<b>TOTAL DEPRECIATION &amp; AMORTIZATI</b>	<u>946,527.81</u>	<u>1,152,493.35</u>	<u>1,891,418.94</u>	<u>2,513,567.62</u>
<b>NET LOSS</b>	<u>(5,915,467.59)</u>	<u>(5,484,184.77)</u>	<u>(11,800,193.93)</u>	<u>(11,417,769.40)</u>
<b>ACCUMULATED DEFICIT, BEG OF PERIOD</b>	<u>(179,187,352.56)</u>	<u>(157,054,377.43)</u>	<u>(173,302,626.22)</u>	<u>(151,120,792.80)</u>
<b>ACCUMULATED DEFICIT, END OF PERIOD</b>	<u>\$ (185,102,820.15)</u>	<u>\$162,538,562.20)</u>	<u>\$ (185,102,820.15)</u>	<u>\$162,538,562.20)</u>