

BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated June 1, 2009

This is the third of an anticipated series of periodic briefings 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, previously delivered to you. 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. **Completion of Traffic and Revenue Study.** As previously reported publicly in Notice 2009-3, Stantec Consulting Services, Inc. (“*Stantec*”) completed its investment grade traffic and revenue study (the “*Study*”). The Study has been posted on the Association’s website.

2. **Supplemental Toll Legislation.** The Association, with the cooperation and assistance of the South Carolina Department of Transportation (“*SCDOT*”), prepared proposed legislation to amend South Carolina law regarding the refinancing, extension and transfer of rights and obligations under public-private partnership agreements for transportation projects in the State. This legislation passed the House of Representatives but failed to win approval by the South Carolina State Senate. The General Assembly adjourned May 21, 2009 and the legislation was not enacted.

3. **Unaudited Financial Statements.** The compiled, unaudited financial statements of the Association for the twelve-month period ended December 31, 2008 and for the three-month period ending March 31, 2009 are attached hereto.

4. **Debt Service Reserve Fund Repurchase Agreement.** As previously reported, Lehman Brothers was the obligor under a Collateralized Repurchase Agreement under which the Trustee invested monies in the Senior Bonds and the Subordinate Bonds Debt Service Reserve Accounts (the “*Repurchase Agreement*”) among U.S. Bank, as successor in trust to First Union National Bank (the “*Trustee*”), Wells Fargo Bank as successor to Norwest Bank, N.A., as custodian (the “*Custodian*”) and Lehman Brothers, Inc. (“*LBI*”). The collateral held by the Custodian was transferred to the Trustee in December 2008 and deposited into the Debt Service Reserve Fund. A portion of those securities were sold to pay a portion of the principal and interest due on the Bonds on January 1, 2009. The Trustee continues to hold certain investments from such collateral in the Debt Service Reserve Fund. The Trustee has advised the Association that some portion of such collateral may need to be returned to Lehman Brothers. Additional detail is not available to the Association at this time.

**CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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 DECEMBER 31, 2008, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS (CURRENT PERIOD) AND TWELVE MONTHS (YEAR-TO-DATE) ENDED DECEMBER 31, 2008 AND 2007, 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.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES AND THE STATEMENTS OF CASH FLOWS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IF THE OMITTED DISCLOSURES AND STATEMENTS OF CASH FLOWS WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS. ACCORDINGLY, THESE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

CONNECTOR 2000 ASSOCIATION, INC. IS A NONPROFIT QUASI-GOVERNMENTAL ENTITY THAT IS ACCOUNTED FOR AS AN ENTERPRISE FUND.

WE ARE NOT INDEPENDENT WITH RESPECT TO CONNECTOR 2000 ASSOCIATION, INC.

Bradshaw, Gordon & Clinkscaler, LLC

APRIL 29, 2009

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
DECEMBER 31, 2008

CASH AND INVESTMENTS

Petty cash	\$	200.00
Service Center change fund		200.00
East plaza change fund		3,000.00
West plaza change fund		3,000.00
MCR "test" fund		200.00
Revenue DDA account-Palmetto Bank		23,104.63
Senior Debt Service Reserve Fund		4,682,990.53
Escrow Account Palmetto Bank		222,475.45
Revenue Trust Fund		814,279.48
Revenue Trust Fund Excess Cash		(1,153,822.80)
Palmetto Bank Money Market		42,155.68
Palmetto Bank Operating		2,948.13
Senior Bonds Debt Service Fund		5,742,125.00
Subordinate Bond Debt Service Fund		2,700,000.00
Certificates of Deposit		276,373.40

TOTAL INVESTMENTS

13,359,229.50

OTHER CURRENT ASSETS

Accrued interest on investment	51.43
Prepaid insurance	25,019.68
Net prepaid health insurance	12,511.34
Equipment Inventory	88,290.47

TOTAL OTHER CURRENT ASSETS

125,872.92

INTEREST IN LICENSE AGREEMENT

W/SCDOT, AS EVIDENCED BY:

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	57,791.90
Transponders	511,108.06
Toll equipment	38,656.50
Vehicles	141,779.00
Beg.Bal.Accumulated Deprec.	(507,693.62)
Accumulated depreciation - Equipment	(42,272.83)
Accumulated amort. - Road & Other const. costs	(40,425,758.99)

TOTAL CONSTRUCTION

152,260,435.61

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
DECEMBER 31, 2008

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>(1,517,635.00)</u>	
TOTAL OTHER ASSETS		<u>3,711,094.91</u>
TOTAL ASSETS		<u><u>\$ 169,456,632.94</u></u>

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
DECEMBER 31, 2008

LIABILITIES & DEFICIT

ACCRUED INTEREST

Current Interest Payable - Series A/25 yr	\$	538,125.00
Current Interest Payable - Series A/40 yr		1,204,002.00

TOTAL ACCRUED INTEREST 1,742,127.00

Accounts payable - trade		38,517.42
Garnishments Withheld		(367.35)
Accrued payroll taxes		755.32
Accrued payroll		8,968.88
Accrued requisitions - administrative		41,258.04
Accrued Trustee Fees		40,029.27
Prepaid Tolls Deposit liability		207,822.46
Transponder Deposit liability		15,120.00
Sr. Cap Bonds Payable		3,100,000.00
Sub. Cap. Bonds Payable		2,700,000.00
Sr. current interest Bonds Payable		900,000.00

TOTAL CURRENT LIABILITIES 8,794,231.04

BONDS PAYABLE

Senior current interest series 1998A		65,300,000.00
Sr. Cap. Apprec. Series 1998B through 2/01		101,259,309.85
Sr. Cap. Apprec. accretions-ser 1998B after 2/01		58,106,852.65
Sub. Cap. Apprec. series 1998C through 2/01		53,621,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		34,581,703.78
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		628,860.00
Less: Current Portion		(6,700,000.00)

TOTAL BONDS PAYABLE 304,351,525.73

OTHER LIABILITIES

SCDOT Accrued Interest Payable-License Fee		640,286.54
SCDOT Accrued Interest Payable-Maintenance Fee		107,515.78
SCDOT deferred maintenance		683,866.65
SCDOT deferred license fee payable		6,000,000.00

TOTAL LIABILITIES 320,577,425.74

FUND EQUITY (DEFICIT):

ACCUMULATED DEFICIT (151,120,792.80)

TOTAL DEFICIT (151,120,792.80)

TOTAL LIABILITIES & DEFICIT \$ 169,456,632.94

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET SCHEDULE
DECEMBER 31, 2008

OTHER CONSTRUCTION COSTS

Toll road management consultant fees	\$ 289,521.00
Trustee fees - other construction costs	73,830.99
Accounting fees - other construction costs	142,295.62
Misc. expense - other construction costs	8,397.66
Marketing expense -other construction costs	708,189.49
Engineering fee - other construction costs	1,298,568.64
Legal fees - other construction costs	1,321,018.17
Capitalized interest expense	16,958,256.50
Systems installation and implementation	438,353.52
Capitalized insurance costs	7,700.57
Executive director services	41,663.56
Other Construction costs	<u>0.00</u>

TOTAL OTHER CONSTRUCTION COSTS **\$ 21,287,795.72**

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 DECEMBER 31, 2008 AND 2007

	<u>DECEMBER</u> <u>2008</u>	<u>DECEMBER</u> <u>2007</u>	<u>YEAR TO DATE</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2007</u>
REVENUE				
Toll revenue	\$ 1,294,111.86	\$ 1,377,638.50	\$ 5,241,983.63	\$ 5,452,749.59
Report fee revenue	223.00	191.00	363.00	452.00
Miscellaneous revenue	92.00	241.35	92.00	241.35
TOTAL REVENUE	1,294,426.86	1,378,070.85	5,242,438.63	5,453,442.94
EXPENSES				
OPERATING EXPENSES				
Salaries	280,212.06	277,208.69	1,085,211.89	1,067,609.14
Advertising	0.00	15,235.00	3,794.00	38,722.01
Marketing expense	7,595.72	7,618.50	43,228.62	32,174.50
Auto expense	3,754.30	3,787.79	17,617.47	17,675.50
Bank charges	29.00	2,351.21	85.99	7,334.38
Contract labor	7,660.80	7,030.57	31,803.80	14,039.37
Credit card discount expense	11,878.59	12,138.69	50,480.63	46,047.71
Contract services	15,747.73	12,219.96	50,476.07	37,329.03
Consulting expense & Rate study	96,322.26	12,204.46	114,825.91	101,733.24
Consulting Expense - Business & Toll	105.00	800.00	550.00	1,870.00
Debt Restructuring Fees	39,320.00	91,010.46	198,019.33	91,010.46
Default Bank Fee	34,549.00	0.00	65,404.25	0.00
Dues and subscriptions	155.00	0.00	5,707.00	754.98
Employee benefits	85.00	0.00	250.88	166.45
Entertainment & business meals	204.13	461.88	1,604.97	4,402.88
Equipment rental	0.00	(190.65)	0.00	(190.65)
Equipment expense	0.00	648.80	140.61	648.80
Equipment maintenance contracts	79,283.76	51,299.16	336,399.51	282,752.25
Fees	582.50	724.74	3,384.60	3,120.83
Financial advisory service	17,940.50	437.65	65,175.31	33,556.04
Gifts	0.00	0.00	3,507.00	73.65
Insurance - general	27,248.72	23,440.20	87,990.04	71,744.95
Insurance - specialized insurance	6,025.08	5,364.00	20,996.68	21,456.00
Insurance - health, ltd, life	47,533.80	42,192.59	176,750.82	167,463.08
Insurance - workers comp	4,463.67	7,099.50	25,138.65	25,483.72
Legal & accounting	21,805.98	15,708.93	160,261.12	128,380.42
Trustee Legal Fees	59,099.00	12,531.52	109,919.91	33,845.10
Miscellaneous expense	0.00	0.00	111.53	61.86
Office supplies & expense	8,667.18	5,729.09	25,051.89	22,256.97
Payroll services fee	1,159.90	985.36	4,660.51	4,559.13
Payroll taxes	19,858.18	19,882.84	81,830.63	73,099.99
401k Match	5,417.45	5,576.20	22,781.08	26,933.13
Promotional	0.00	0.00	383.15	0.00
Postage & Shipping	0.00	0.00	0.00	(19.70)
Repairs and maintenance - Equipment	56,034.36	19,342.36	90,750.63	64,171.09
Repairs and maintenance - Building	7,575.46	1,004.39	11,841.94	8,643.74
Supplies	0.00	1,234.48	1,268.31	4,627.39
Taxes & licenses	0.00	0.00	2,316.31	2,512.30
Telephone	9,346.11	5,307.01	30,353.12	28,834.67
Toll highway management fee - regular	0.00	4,981.66	0.00	4,981.66

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 DECEMBER 31, 2008 AND 2007

	<u>DECEMBER</u> <u>2008</u>	<u>DECEMBER</u> <u>2007</u>	<u>YEAR TO DATE</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2007</u>
Travel & lodging	0.00	1,433.45	27.58	5,105.69
Trustee fees - Wachovia	4,914.01	5,362.12	22,807.27	23,857.66
Utilities	28,348.36	19,357.48	92,415.04	79,018.85
Volume discounts	1,128.30	0.00	4,009.89	257.54
Contributions	0.00	0.00	0.00	1,000.00
TOTAL OPERATING EXPENSES	<u>904,050.91</u>	<u>691,520.09</u>	<u>3,049,333.94</u>	<u>2,579,105.81</u>
REGULAR OPERATING INCOME(LOSS)	<u>390,375.95</u>	<u>686,550.76</u>	<u>2,193,104.69</u>	<u>2,874,337.13</u>
OTHER OPERATING COSTS:				
ROAD CONSTRUCTION COSTS				
Earth Tech expense	14,853.20	0.00	14,853.20	16,350.00
TOTAL OTHER OPERATING COSTS	<u>14,853.20</u>	<u>0.00</u>	<u>14,853.20</u>	<u>16,350.00</u>
OPERATING INC(LOSS) BEFORE DEPR. & AMORT.	<u>375,522.75</u>	<u>686,550.76</u>	<u>2,178,251.49</u>	<u>2,857,987.13</u>
OTHER INCOME/EXPENSE:				
INTEREST INCOME				
Interest income	190,939.71	230,311.70	673,340.54	960,610.32
TOTAL INTEREST INCOME	<u>190,939.71</u>	<u>230,311.70</u>	<u>673,340.54</u>	<u>960,610.32</u>
INTEREST EXPENSE				
Interest expense - series A	871,063.50	882,876.00	3,484,250.00	3,531,502.00
Interest expense - series B&C	3,632,096.77	3,440,007.78	14,072,181.55	13,561,477.62
Amortized series A OID	20,070.00	20,070.00	80,280.00	80,280.00
Interest Expense	0.00	0.00	0.00	0.00
TOTAL INTEREST EXPENSE	<u>4,523,230.27</u>	<u>4,342,953.78</u>	<u>17,636,711.55</u>	<u>17,173,259.62</u>
NET INTEREST EXPENSE	<u>(4,332,290.56)</u>	<u>(4,112,642.08)</u>	<u>(16,963,371.01)</u>	<u>(16,212,649.30)</u>
SCDOT Maintenance Costs	29,054.13	40,635.15	116,216.52	114,833.76
SCDOT License Fees	375,000.00	375,000.00	1,500,000.00	1,500,000.00
Gain/Loss on disposal of assets	0.00	0.00	0.00	(10,000.00)
SCDOT Interest Expense	82,014.26	33,914.69	318,614.45	156,455.12
NET LOSS BEFORE DEPR./AMORT.	<u>(4,442,836.20)</u>	<u>(3,875,641.16)</u>	<u>(16,719,950.49)</u>	<u>(15,115,951.05)</u>
DEPRECIATION & AMORTIZATION				
Amortization of road cost	1,311,391.23	1,310,819.85	5,243,467.94	5,243,279.40
Amortized bond issuance costs	15,675.00	15,675.00	62,700.00	62,700.00
Amortized underwriters fees	19,080.00	19,080.00	76,320.00	76,320.00
Depreciation	17,819.55	11,301.51	53,742.09	36,622.79
TOTAL DEPRECIATION & AMORTIZATI	<u>1,363,965.78</u>	<u>1,356,876.36</u>	<u>5,436,230.03</u>	<u>5,418,922.19</u>
NET LOSS	<u>(5,806,801.98)</u>	<u>(5,232,517.52)</u>	<u>(22,156,180.52)</u>	<u>(20,534,873.24)</u>
ACCUMULATED DEFICIT, BEG OF PERIOD	<u>(145,313,990.82)</u>	<u>(123,732,094.76)</u>	<u>(128,964,612.28)</u>	<u>(108,429,739.04)</u>
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ (151,120,792.80)</u>	<u>\$128,964,612.28)</u>	<u>\$ (151,120,792.80)</u>	<u>\$128,964,612.28)</u>

**CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
FINANCIAL STATEMENTS
MARCH 31, 2009**

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, 2009, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS (CURRENT PERIOD) AND THREE MONTHS (YEAR-TO-DATE) ENDED MARCH 31, 2009 AND 2008, 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.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES AND THE STATEMENTS OF CASH FLOWS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IF THE OMITTED DISCLOSURES AND STATEMENTS OF CASH FLOWS WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS. ACCORDINGLY, THESE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

CONNECTOR 2000 ASSOCIATION, INC. IS A NONPROFIT QUASI-GOVERNMENTAL ENTITY THAT IS ACCOUNTED FOR AS AN ENTERPRISE FUND.

WE ARE NOT INDEPENDENT WITH RESPECT TO CONNECTOR 2000 ASSOCIATION, INC.

Bradshaw, Gordon & Clinkscaler, LLC

APRIL 29, 2009

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
MARCH 31, 2009

CASH AND INVESTMENTS

Petty cash	\$	200.00
Service Center change fund		200.00
East plaza change fund		3,000.00
West plaza change fund		3,000.00
MCR "test" fund		200.00
Revenue DDA account-Palmetto Bank		20,567.00
Senior Debt Service Reserve Fund		5,173,757.49
Escrow Account Palmetto Bank		226,464.71
Revenue Trust Fund		429,087.43
Palmetto Bank Money Market		752.30
Palmetto Bank Operating		40,693.21
Subordinate Debt Service Reserve Fund		52.08
Senior Bonds Debt Service Fund		313,264.97
Less: Refundable Cash/Collateral		(1,153,830.59)
Certificates of Deposit		<u>221,486.30</u>

TOTAL INVESTMENTS

5,278,894.90

OTHER CURRENT ASSETS

Prepaid insurance	29,054.69
Net prepaid health insurance	14,187.61
Equipment Inventory	<u>88,290.47</u>

TOTAL OTHER CURRENT ASSETS

131,532.77

INTEREST IN LICENSE AGREEMENT

W/SCDOT, AS EVIDENCED BY:

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	78,083.42
Transponders	511,108.06
Toll equipment	38,656.50
Vehicles	141,779.00
Beg. Bal. Accumulated Deprec.	(549,966.45)
Accumulated depreciation - Equipment	(15,448.00)
Accumulated amort. - Road & Other const. costs	<u>(41,736,630.26)</u>

TOTAL CONSTRUCTION

150,954,407.86

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
MARCH 31, 2009

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>(1,552,390.00)</u>

TOTAL OTHER ASSETS 3,676,339.91

TOTAL ASSETS \$ 160,041,175.44

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
MARCH 31, 2009

LIABILITIES & DEFICIT

ACCRUED INTEREST

Current Interest Payable - Series A/25 yr	\$	257,250.00
Current Interest Payable - Series A/40 yr		602,003.00
		602,003.00

TOTAL ACCRUED INTEREST 859,253.00

Accounts payable - trade		35,572.01
Garnishments Withheld		(547.46)
Accrued payroll taxes		7,311.52
Accrued payroll		26,976.27
Accrued requisitions - administrative		34,636.23
Accrued Trustee Fees		5,701.83
Prepaid Tolls Deposit liability		211,651.16
Transponder Deposit liability		15,240.00
Sr. Cap Bonds Payable		3,400,000.00
Sub. Cap. Bonds Payable		2,900,000.00
Sr. current interest Bonds Payable		1,000,000.00
		1,000,000.00

TOTAL CURRENT LIABILITIES 8,495,794.56

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		60,364,270.15
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		35,916,674.68
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		648,930.00
Less: Current Portion		(7,300,000.00)
		(7,300,000.00)

TOTAL BONDS PAYABLE 300,663,984.13

OTHER LIABILITIES

SCDOT Accrued Interest Payable-License Fee		733,446.38
SCDOT Accrued Interest Payable-Maintenance Fee		118,095.07
SCDOT deferred maintenance		709,232.73
SCDOT deferred license fee payable		6,375,000.00
		6,375,000.00

TOTAL LIABILITIES 317,095,552.87

FUND EQUITY (DEFICIT):

ACCUMULATED DEFICIT (157,054,377.43)

TOTAL DEFICIT (157,054,377.43)

TOTAL LIABILITIES & DEFICIT \$ 160,041,175.44

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET SCHEDULE
MARCH 31, 2009

OTHER CONSTRUCTION COSTS

Toll road management consultant fees	\$ 289,521.00
Trustee fees - other construction costs	73,830.99
Accounting fees - other construction costs	142,295.62
Misc. expense - other construction costs	8,397.66
Marketing expense -other construction costs	708,189.49
Engineering fee - other construction costs	1,298,568.64
Legal fees - other construction costs	1,321,018.17
Capitalized interest expense	16,958,256.50
Systems installation and implementation	438,353.52
Capitalized insurance costs	7,700.57
Executive director services	41,663.56
Other Construction costs	<u>0.00</u>
TOTAL OTHER CONSTRUCTION COSTS	<u>\$ 21,287,795.72</u>

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 MARCH 31, 2009 AND 2008

	<u>MARCH</u> <u>2009</u>	<u>MARCH</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2009</u>	<u>YEAR TO DATE</u> <u>2008</u>
REVENUE				
Toll revenue	\$ 1,177,533.05	\$ 1,256,129.07	\$ 1,177,533.05	\$ 1,256,129.07
Report fee revenue	229.00	140.00	229.00	140.00
Miscellaneous revenue	567.27	0.00	567.27	0.00
TOTAL REVENUE	1,178,329.32	1,256,269.07	1,178,329.32	1,256,269.07
EXPENSES				
OPERATING EXPENSES				
Salaries	270,569.24	272,447.12	270,569.24	272,447.12
Advertising	0.00	3,294.00	0.00	3,294.00
Marketing expense	7,678.05	7,581.10	7,678.05	7,581.10
Auto expense	1,976.00	3,799.28	1,976.00	3,799.28
Bank charges	0.00	26.99	0.00	26.99
Credit card discount expense	12,617.56	12,428.51	12,617.56	12,428.51
Contract services	9,315.74	13,603.12	9,315.74	13,603.12
Consulting expense & Rate study	90,717.96	13,220.00	90,717.96	13,220.00
Consulting Expense - Business & Toll	60.00	0.00	60.00	0.00
Debt Restructuring Fees	69,441.80	62,750.00	69,441.80	62,750.00
Default Bank Fee	12,707.50	8,801.25	12,707.50	8,801.25
Dues and subscriptions	150.00	5,102.00	150.00	5,102.00
Employee benefits	421.50	75.00	421.50	75.00
Entertainment & business meals	163.07	847.74	163.07	847.74
Equipment rental	288.50	0.00	288.50	0.00
Equipment maintenance contracts	82,474.93	102,598.32	82,474.93	102,598.32
Fees	522.50	522.50	522.50	522.50
Financial advisory service	8,909.25	13,426.99	8,909.25	13,426.99
Gifts	0.00	3,507.00	0.00	3,507.00
Insurance - general	20,253.90	22,071.80	20,253.90	22,071.80
Insurance - specialized insurance	5,191.74	5,364.00	5,191.74	5,364.00
Insurance - health, ltd, life	46,243.45	43,457.74	46,243.45	43,457.74
Insurance - workers comp	6,176.44	7,062.00	6,176.44	7,062.00
Investment Advice	10,286.38	0.00	10,286.38	0.00
Legal & accounting	51,660.72	33,628.87	51,660.72	33,628.87
Trustee Legal Fees	72,122.21	20,043.50	72,122.21	20,043.50
Miscellaneous expense	50.00	0.00	50.00	0.00
Office supplies & expense	3,764.44	3,658.42	3,764.44	3,658.42
Payroll services fee	1,361.32	1,385.45	1,361.32	1,385.45
Payroll taxes	27,247.03	23,158.75	27,247.03	23,158.75
401k Match	4,648.00	6,390.98	4,648.00	6,390.98
Promotional	0.00	383.15	0.00	383.15
Repairs and maintenance - Equipment	(22,087.73)	8,034.98	(22,087.73)	8,034.98
Repairs and maintenance - Building	3,281.89	1,997.48	3,281.89	1,997.48
Supplies	982.72	650.64	982.72	650.64
Taxes & licenses	2,047.37	2,316.31	2,047.37	2,316.31
Telephone	6,791.10	8,592.34	6,791.10	8,592.34
Trustee fees - Wachovia	5,701.83	5,964.42	5,701.83	5,964.42
Utilities	21,520.39	19,956.10	21,520.39	19,956.10
Volume discounts	1,725.26	240.30	1,725.26	240.30

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 MARCH 31, 2009 AND 2008

	<u>MARCH</u> <u>2009</u>	<u>MARCH</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2009</u>	<u>YEAR TO DATE</u> <u>2008</u>
TOTAL OPERATING EXPENSES	<u>836,982.06</u>	<u>738,388.15</u>	<u>836,982.06</u>	<u>738,388.15</u>
REGULAR OPERATING INCOME(LOSS)	<u>341,347.26</u>	<u>517,880.92</u>	<u>341,347.26</u>	<u>517,880.92</u>
OTHER OPERATING COSTS:				
ROAD CONSTRUCTION COSTS				
OPERATING INC(LOSS) BEFORE				
DEPR. & AMORT.	<u>341,347.26</u>	<u>517,880.92</u>	<u>341,347.26</u>	<u>517,880.92</u>
OTHER INCOME/EXPENSE:				
INTEREST INCOME				
Interest income	<u>61,956.99</u>	<u>165,004.12</u>	<u>61,956.99</u>	<u>165,004.12</u>
TOTAL INTEREST INCOME	<u>61,956.99</u>	<u>165,004.12</u>	<u>61,956.99</u>	<u>165,004.12</u>
INTEREST EXPENSE				
Interest expense - series A	859,251.00	871,059.50	859,251.00	871,059.50
Interest expense - series B&C	3,592,388.40	3,466,494.03	3,592,388.40	3,466,494.03
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>
TOTAL INTEREST EXPENSE	<u>4,471,709.40</u>	<u>4,357,623.53</u>	<u>4,471,709.40</u>	<u>4,357,623.53</u>
NET INTEREST EXPENSE	<u>(4,409,752.41)</u>	<u>(4,192,619.41)</u>	<u>(4,409,752.41)</u>	<u>(4,192,619.41)</u>
SCDOT Maintenance Costs	25,366.08	29,054.13	25,366.08	29,054.13
SCDOT License Fees	375,000.00	375,000.00	375,000.00	375,000.00
SCDOT Interest Expense	103,739.13	78,866.73	103,739.13	78,866.73
NET LOSS BEFORE DEPR./AMORT.	<u>(4,572,510.36)</u>	<u>(4,157,659.35)</u>	<u>(4,572,510.36)</u>	<u>(4,157,659.35)</u>
DEPRECIATION & AMORTIZATION				
Amortization of road cost	1,310,871.27	1,310,854.13	1,310,871.27	1,310,854.13
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>15,448.00</u>	<u>11,301.51</u>	<u>15,448.00</u>	<u>11,301.51</u>
TOTAL DEPRECIATION & AMORTIZATI	<u>1,361,074.27</u>	<u>1,356,910.64</u>	<u>1,361,074.27</u>	<u>1,356,910.64</u>
NET LOSS	<u>(5,933,584.63)</u>	<u>(5,514,569.99)</u>	<u>(5,933,584.63)</u>	<u>(5,514,569.99)</u>
ACCUMULATED DEFICIT, BEG OF PERIOD	<u>(151,120,792.80)</u>	<u>(128,964,612.28)</u>	<u>(151,120,792.80)</u>	<u>(128,964,612.28)</u>
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ (157,054,377.43)</u>	<u>\$134,479,182.27)</u>	<u>\$ (157,054,377.43)</u>	<u>\$134,479,182.27)</u>