

FOR IMMEDIATE RELEASE

On June 28, 2013, York County and its museum commission, the Cultural and Heritage Commission (“CHC”), filed a lawsuit against the Culture and Heritage Foundation (“CHF”) and several of its affiliates and related entities (together, the “CHF Parties”) asserting rights to assets held by the CHF Parties.

CHC operates the museum system of York County, which includes Historic Brattonsville, the Main Street Children’s Museum, the Museum of York County, the Historical Center of York County, and the McCelvey Center. CHF was originally established as a nonprofit organization to support the CHC. From 1998 to 2012, it raised, managed, or invested funds to exclusively benefit activities of the CHC.

The parties settled the lawsuit after successful mediation and entered into a settlement agreement that required a forensic audit of the CHF Parties to determine whether there was evidence of fraud or wrongdoing in the activities of the CHF Parties. The Settlement Agreement provides that, if the forensic audit found no evidence of fraud or wrongdoing, the County and CHC were to state, in a writing, that no evidence of fraud or wrongdoing was found.

The forensic audit is now complete and the results have been received. In response, the County and CHC will NOT be issuing a statement that the audit results found no evidence of fraud or wrongdoing. **The auditors concluded that there was evidence of fraud or wrongdoing associated with the transfer of approximately \$800,000.00 from CHF to its affiliate, Sustainable Development Group.** The details are set forth in the audit report that has been placed on the CHC website.

Additionally, in accordance with the settlement agreement, the financial assets and the proceeds of sales of real property held by the CHF and CHF Parties, totaling approximately \$8.5 million were transferred to the Foundation for the Carolinas for the benefit of the museums operated by the CHC. The CHC must use those funds for capital improvements to the County museum system and the CHC's endowment for the care of its collection and exhibits. Also, the CHC now owns approximately 60 acres, once designated as a future museum site, for cultural, historical, natural or recreational purposes for the citizens of York County.

Lastly, though required by the Settlement Agreement, the County and CHC have yet to receive the audited statements of overall cash flows of the CHF Parties from 1998 to 2014. Once all settlement obligations are met, York County and the CHC will look forward to future positive news regarding the museum system.

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June 30, 2015