

# **TennGreen Land Conservancy**

Financial Statements  
For the Years Ended September 30, 2022 and 2021

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Financial Statements  
For the Years Ended September 30, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
TennGreen Land Conservancy

### Opinion

We have audited the financial statements of TennGreen Land Conservancy (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
June 27, 2023

**TennGreen Land Conservancy**  
**Statements of Financial Position**  
**September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,988,055	\$ 4,253,908
Certificates of deposit	2,217,312	250,588
Unconditional promises to give	1,500	5,500
Grant receivable	-	48,653
Deposit	15,000	-
Investments, short-term	972,983	1,115,568
Total current assets	<u>5,194,850</u>	<u>5,674,217</u>
Investments, long-term	-	35,041
Land and building inventory	12,459,150	12,407,627
Beneficial interest in trust	19,751	24,479
Residence held subject to a life interest	1,100,000	1,100,000
Property and equipment, net	1,826,099	1,830,024
Total assets	<b>\$ 20,599,850</b>	<b>\$ 21,071,388</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 18,882	\$ 2,653
Accrued vacation	27,019	33,947
Total current liabilities	<u>45,901</u>	<u>36,600</u>
Use interest of beneficiary	403,491	422,113
Long-term debt	320,000	320,000
Total liabilities	<u>769,392</u>	<u>778,713</u>
Net assets		
Without donor restrictions		
Board-designated	5,835,966	5,632,207
Undesignated	12,915,220	13,600,102
Total without donor restrictions	<u>18,751,186</u>	<u>19,232,309</u>
With donor restrictions	1,079,272	1,060,366
Total net assets	<u>19,830,458</u>	<u>20,292,675</u>
Total liabilities and net assets	<b>\$ 20,599,850</b>	<b>\$ 21,071,388</b>

**TennGreen Land Conservancy**  
Statement of Activities  
For the Year Ended September 30, 2022

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 1,195,763	\$ 186,843	\$ 1,382,606
Contributions of nonfinancial assets	30,636	-	30,636
Change in value of life interest	-	18,622	18,622
Investment income (loss)	(167,751)	(4,728)	(172,479)
Gain (loss) on sale of property	(252,440)	-	(252,440)
Net assets released from restrictions	<u>181,831</u>	<u>(181,831)</u>	<u>-</u>
Total public support and revenues	988,039	18,906	1,006,945
<b>Expenses</b>			
Program services	1,209,725	-	1,209,725
Management and general	158,113	-	158,113
Fundraising	<u>101,324</u>	<u>-</u>	<u>101,324</u>
Total expenses	1,469,162	-	1,469,162
Change in net assets	(481,123)	18,906	(462,217)
Net assets, beginning of year	<u>19,232,309</u>	<u>1,060,366</u>	<u>20,292,675</u>
Net assets, end of year	<b>\$ 18,751,186</b>	<b>\$ 1,079,272</b>	<b>\$ 19,830,458</b>

**TennGreen Land Conservancy**  
Statement of Activities  
For the Year Ended September 30, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 1,032,420	\$ 108,355	\$ 1,140,775
Contributions of nonfinancial assets	10,620,667	-	10,620,667
Contributed life interest	-	677,887	677,887
Investment income (loss)	23,811	3,114	26,925
Gain (loss) on sale of property	(94,982)	-	(94,982)
Net assets released from restrictions	<u>44,121</u>	<u>(44,121)</u>	<u>-</u>
Total public support and revenues	11,626,037	745,235	12,371,272
<b>Expenses</b>			
Program services	936,511	-	936,511
Management and general	125,160	-	125,160
Fundraising	<u>79,151</u>	<u>-</u>	<u>79,151</u>
Total expenses	1,140,822	-	1,140,822
Change in net assets	10,485,215	745,235	11,230,450
Net assets, beginning of year	<u>8,747,094</u>	<u>315,131</u>	<u>9,062,225</u>
Net assets, end of year	<b>\$ 19,232,309</b>	<b>\$ 1,060,366</b>	<b>\$ 20,292,675</b>

**TennGreen Land Conservancy**  
Statement of Functional Expenses  
For the Year Ended September 30, 2022

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Staffing payroll	\$ 685,614	\$ 130,410	\$ 60,385	\$ 876,409
Automotive	1,228	-	924	2,152
Computer and equipment	33,149	5,216	2,809	41,174
Conservation	12,500	-	-	12,500
Contributions	174,907	-	-	174,907
Depreciation	33,278	5,237	2,820	41,335
Dues and subscriptions	5,352	45	441	5,838
Events	12,262	-	3,904	16,166
Insurance	18,567	2,539	1,367	22,473
Licenses and fees	32,295	1,062	572	33,929
Marketing	17,332	-	-	17,332
Meetings	5,980	972	9,700	16,652
Occupancy and utilities	29,645	4,116	3,958	37,719
Postage and shipping	7,672	1,223	658	9,553
Printing	14,077	2,287	1,232	17,596
Professional development	1,840	161	87	2,088
Professional fees	101,368	3,390	6,857	111,615
Property tax	11,666	681	367	12,714
Supplies and office supplies	5,281	606	4,090	9,977
Travel	5,712	168	1,153	7,033
	<b>\$ 1,209,725</b>	<b>\$ 158,113</b>	<b>\$ 101,324</b>	<b>\$ 1,469,162</b>



**TennGreen Land Conservancy**  
Statement of Functional Expenses  
For the Year Ended September 30, 2021

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Staffing payroll	\$ 540,138	\$ 102,739	\$ 47,572	\$ 690,449
Automotive	221	-	167	388
Bad debt	5,000	-	-	5,000
Computer and equipment	25,463	4,007	2,158	31,628
Conservation	35,100	-	-	35,100
Contributions	40,000	-	-	40,000
Depreciation	32,512	5,116	2,755	40,383
Dues and subscriptions	5,378	45	443	5,866
Events	7,522	-	2,796	10,318
Insurance	17,917	2,451	1,320	21,688
Licenses and fees	39,417	1,296	698	41,411
Marketing	8,856	-	-	8,856
Meetings	1,150	187	1,865	3,202
Occupancy and utilities	27,547	1,739	3,672	32,958
Postage and shipping	7,100	1,132	609	8,841
Printing	9,937	1,615	870	12,422
Professional development	1,295	113	61	1,469
Professional fees	118,056	3,746	7,576	129,378
Property tax	7,407	299	5,519	13,225
Supplies and office supplies	4,640	610	632	5,882
Travel	1,855	65	438	2,358
	<b>\$ 936,511</b>	<b>\$ 125,160</b>	<b>\$ 79,151</b>	<b>\$ 1,140,822</b>

**TennGreen Land Conservancy**  
**Statements of Cash Flows**  
For the Years Ended September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents, beginning of year	\$ 4,253,908	\$ 2,501,901
<b>Cash flows from operating activities</b>		
Change in net assets	(462,217)	11,230,450
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debts	-	5,000
Depreciation	41,335	40,383
Unrealized gain on investments	7,909	-
Donated land inventory	-	(10,600,850)
(Gain) loss on sale of property	252,440	98,722
Contributed land	-	40,000
Contributed life interest, net of use interest	(18,622)	(677,887)
Donated securities	(135,234)	(76,158)
Forgiveness of PPP loan	-	(108,092)
Change in:		
Unconditional promises to give	4,000	(1,500)
Grant receivable	48,653	(48,653)
Prepaid expenses	-	9,355
Beneficial interest in trust	4,728	(641)
Accounts payable and accrued expenses	16,229	2,653
Accrued vacation	(6,928)	6,905
Sale of donated securities	134,694	76,642
Unearned revenues	-	(5,000)
Net cash provided (used) by operating activities	(113,013)	(8,671)
<b>Cash flows from investing activities</b>		
Sale of certificates of deposit	250,588	2,912,825
Purchase of certificates of deposit	-	(250,000)
Purchase of property and equipment	(37,410)	(11,662)
Deposit held in escrow for purchase	(15,000)	-
Sale of land inventory	1,342,560	749,628
Purchase of land inventory	(1,646,523)	(564,178)
Purchase of investments	(2,047,055)	(1,075,935)
Net cash provided (used) by investing activities	(2,152,840)	1,760,678
Net change in cash and cash equivalents	(2,265,853)	1,752,007
Cash and cash equivalents, end of year	<b>\$ 1,988,055</b>	<b>\$ 4,253,908</b>
<b>Supplemental non-cash items</b>		
Residence held subject to a life interest	-	\$ 1,100,000

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 1. Summary of Significant Accounting Policies**

**Nature of Activities**

TennGreen Land Conservancy is a not-for-profit corporation chartered on July 26, 1994, as the Tennessee State Parks Foundation. The Foundation was reorganized in November 1997 as Tennessee Parks and Greenways Foundation. In 2019 it was renamed TennGreen Land Conservancy (the Organization) and its purpose is to conserve land where people and nature can thrive. The Organization is primarily supported by contributions.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may, or will be, met by the Organization's actions and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Revenue**

Revenue is recognized as it is received or promised in accordance with US GAAP for not-for-profit organizations.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all unrestricted cash and investment instruments purchased with an original maturity date of 90 days or less from the date of issuance to be cash equivalents.

**Unconditional Promises to Give**

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received. Pledges with payments due in future periods are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Allowance is made for uncollectible contributions receivable based upon the Organization's analysis of past collection experience and other judgmental factors. At September 30, 2022 and 2021, an allowance was not considered necessary. In contrast to unconditional promises as described above, conditional promises are not recorded until donor contingencies are substantially met.

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 1. Summary of Significant Accounting Policies**

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. To the extent available, fair value is based on quoted prices for securities traded on public exchanges. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities, or other reasonable valuation methodologies, such as market values estimated by investment advisors or other qualified sources. Investments acquired by gift or bequest are initially recorded at market or appraised value at the date so acquired.

The Organization holds investments which are reported at net asset value (NAV) per share or its equivalent as a practical expedient to determine the fair value of investments in funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund.

Unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. However, if a donor contributes an investment required to be held in perpetuity, gains and losses on the investment are subject to the same permanent restriction unless the donor explicitly states otherwise.

**Property and Equipment**

Property and equipment is recorded at cost or, if donated, at the estimated fair market value at the date of donation. The Organization's capitalization policy is to capitalize any expenditure over \$500 for property and equipment. Land and building inventory is valued based on the appraisal obtained from a certified appraiser at the time of donation or purchase. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At September 30, 2022 and 2021, no assets were considered to be impaired.

**Conservation Easements**

The Organization receives donations of conservation easements and will from time to time purchase easements. A qualified conservation easement is a restriction (that is granted in perpetuity) on the use of land granted to a charity exclusively for conservation purposes. Conservation easements held by the Organization are not recognized as assets. Assets are defined as probable future economic benefits obtained or controlled by an entity; the Organization has determined the easements do not meet the definition criteria.

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All of the Organization's functional expenses are allocated based on time and effort.

**Advertising**

Advertising is expensed as incurred.

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 1. Summary of Significant Accounting Policies**

**Contributions of Nonfinancial Assets (New Accounting Standard Adopted in 2022)**

In September 2020, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item separate from contributions of cash or other financial assets. It also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU has been applied retrospectively to all periods presented. Adoption of this ASU had no impact on net assets.

Donated services are recognized if they create or enhance nonfinancial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at estimated fair value as support and expense in the period the services are performed.

Donated items are recognized at estimated fair value as nonfinancial donation and expense in the period the entity was informed of the donation. Donations vary, but often include historical pictures of land held and support for annual Hike-A-Thon fundraiser.

**Income Taxes**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements. The Organization does not believe there are any uncertain tax positions. Further, the Organization does not believe they have any unrelated business income, which would be subject to federal income taxes. The Organization is not subject to examination by US federal or state taxing authorities for years before 2019.

**PPP Loan**

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

**Reclassifications**

Certain expenses on the statement of functional expenses for the year ended September 30, 2021, have been reallocated, with no effect on change in net assets, to be consistent with the classifications adopted for the year ended September 30, 2022.

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 2. Liquidity and Availability of Resources**

The following represents the Organization's financial assets:

	<b>2022</b>	<b>2021</b>
Financial assets		
Cash and cash equivalents	\$ 1,988,055	\$ 4,253,908
Certificates of deposit	2,217,312	250,588
Unconditional promises to give	1,500	5,500
Grant receivable	-	48,653
Investments, short-term	972,983	1,115,568
Investments, long-term	<u>-</u>	<u>35,041</u>
Total financial assets at year-end	5,179,850	5,709,258
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>(1,079,272)</u>	<u>(1,060,366)</u>
Financial assets available to meet cash needs prior to net assets without donor restrictions, board-designated	4,100,578	4,648,892
Net assets without donor restrictions, board-designated	<u>(5,835,966)</u>	<u>(5,632,207)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ (1,735,388)</b>	<b>\$ (983,315)</b>

The Board has the option to release board-designated funds to be used for operational purposes when needed.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures and other obligations come due. The Organization's strategic goal is to build a cash balance that will support three months of operating expenses. The Organization's primary income is from individual donors and bequests. The Organization's Board of Directors, Executive Director, and financial management closely monitor cash flows and invest excess funds in certificates of deposit with staggered maturity dates so that funds are available as needed. The Organization's long-term debt is collateralized by the land purchased with the note.

**Note 3. Certificates of Deposit**

As of September 30, 2022 the Organization has various certificates of deposit with interest rates between 1.95% and 3.4% that mature in 2023. All certificates of deposit owned by the Organization at September 30, 2021 were deemed to be cash equivalents based on their short duration.

**Note 4. Unconditional Promises to Give**

Unconditional promises to give as of September 30, 2022 and 2021, were \$1,500 and \$5,500, respectively, and were due within one year.

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 5. Investments**

Investments as of September 30 are summarized as follows:

	<b>2022</b>	<b>2021</b>
Cash held in endowment	305,816	296,070
Certificates of deposit	2,217,312	250,588
Mutual funds	667,167	808,626
Money market	-	30,434
Fixed income	-	15,479
Beneficial interest in trust	19,751	24,479
	<b>\$ 3,210,046</b>	<b>\$ 1,425,676</b>

Investment income/loss for the years ended September 30 is as follows:

	<b>2022</b>	<b>2021</b>
Interest/dividends	31,760	25,746
Change in beneficial interest in endowment	(4,728)	1,179
Net realized gains (losses)	15,880	3,951
Net unrealized gains (losses)	(210,510)	-
Fees	(4,881)	(3,951)
Investment income (loss)	<b>\$ (172,479)</b>	<b>\$ 26,925</b>

**Note 6. Fair Value Measurements**

The Organization uses a framework for measuring fair value and disclosing fair values. The Organization defines fair value at the price, which would be received to sell an asset in an orderly transaction between market participants at the measurement date. This framework is used for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs corroborated by market data.

Level 3 – Unobservable inputs not corroborated by market data.

The following tables summarize the Organization's financial assets measured at fair value on a recurring basis segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value.

**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 6. Fair Value Measurements**

Fair values were as follows for September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>Total</b>
Beneficial interest in trust	\$ -	\$ -	\$ 19,751	\$ 19,751
Investments measured at NAV using practical expedient:				
Mutual funds				667,167

Fair values were as follows for September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>Total</b>
Beneficial interest in trust	\$ -	\$ -	\$ 24,479	\$ 24,479
Money market	30,434	-	-	30,434
Fixed income	15,479	-	-	15,479
Investments measured at NAV using practical expedient:				
Mutual funds				808,626

As discussed above, the Organization is required to report fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the valuation techniques. The fair values of the beneficial interest in agency funds are based directly from summary statements from the Community Foundation of Middle Tennessee and the Community Foundation of Greater Memphis with the value of the funds as of September 30, 2022 and 2021.

There were no transfers between Level 1, Level 2, and Level 3 investments during the years ended September 30, 2022 and 2021.

Beneficial interest in agency endowment fund is shown in the financial statements as follows:

	<b>2022</b>	<b>2021</b>
Investments, short-term	\$ -	\$ 30,434
Beneficial interest in trust	<u>19,751</u>	<u>24,479</u>
	<b>\$ 19,751</b>	<b>\$ 54,913</b>



**TennGreen Land Conservancy**  
Notes to Financial Statements  
For the Years Ended September 30, 2022 and 2021

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**Note 7. Property and Equipment**

Property and equipment consist of the following:

	<b>2022</b>	<b>2021</b>
Land	\$ 682,500	\$ 682,500
Building	1,069,500	1,069,500
Furniture and equipment	52,116	52,116
Improvements	112,989	75,579
Vehicles	40,243	40,243
Less: accumulated depreciation	<u>(131,249)</u>	<u>(89,914)</u>
Property and equipment, net	<b>\$ 1,826,099</b>	<b>\$ 1,830,024</b>

**Note 8. Land and Building Inventory**

Land and building inventory represent land and buildings that have either been contributed by a donor or purchased by the Organization to protect the rights and use of the land. The land and building inventory may be sold at any point to the right buyer. As of September 30, 2022 and 2021, no inventory was held for sale and it is not being used for operational purposes.

The carrying value approximates fair value. Land and building inventory consist of the following:

	<b>2022</b>	<b>2021</b>
Coffee Co. – Lusk Cove (land)	\$ -	\$ 375,000
Rhea/Bledsoe Co. - Soak Creek (land)	9,991,850	9,991,850
Fentress Co. – White Oak Creek (land)	-	265,000
Cheatham Co. – Eagle Pass (land)	48,500	48,500
Cumberland Co. – Braun (land)	32,000	32,000
Davidson Co. – Bell Forest Cave (land)	24,119	24,119
Shelby Co. – Felt Tract (land)	152,600	152,600
Davidson Co. – Branstetter Gift	650,000	650,000
Crittendon Co. – Big River – Shirley	141,400	141,400
Unicoi Co. – Erwin Fish Hatchery	84,500	84,500
Crittendon Co. – Big River – Shirley 2	322,658	322,658
Tipton Co. – Chicksaw Bluff	320,000	320,000
Van Buren Co. – Mullican	252,524	-
Fall Creek Falls – Turkey Scratch	385,055	-
Unicoi Co. – Erwin Fish Hatchery - Ledford	<u>53,944</u>	<u>-</u>
	<b>\$ 12,459,150</b>	<b>\$ 12,407,627</b>

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**Note 9. Board-designated Net Assets**

Board-designated net assets consist of the following:

	<b>2022</b>	<b>2021</b>
Stewardship and legal defense fund	\$ 108,463	\$ 109,243
Revolving land fund – note 18	2,745,726	2,604,159
Wildlife Habitat Conservation Assistance Fund (WHCAF)	25,000	25,000
Strategic plan	71,259	79,259
Endowment	972,983	1,067,986
Non-revolving land fund	95,935	100,000
New staff positions	92,692	163,092
Operating reserve	<u>1,723,908</u>	<u>1,483,468</u>
	<b>\$ 5,835,966</b>	<b>\$ 5,632,207</b>

**Note 10. Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following:

	<b>2022</b>	<b>2021</b>
Time restricted contributions	\$ -	\$ 47,000
Time restriction on residence held subject to a life interest	696,509	677,887
Stewardship and legal defense fund	229,009	179,009
Big River Park	3,190	3,190
Chickasaw Bluff	4,000	-
Erwin Fish Hatchery	22,928	14,896
Skinner Cave	3,351	6,273
Spring Creek	10,000	10,000
Nonconnah Creek conservancy	491	491
TN Central Heritage Greenway	-	100
Maddox grant	5,000	20,000
Wildlife Habitat Conservation Assistance Fund (WHCAF)	5,000	5,000
Mill Creek	5,000	5,000
Custard Hollow	20,000	-
Indian Camp Branch	18,043	-
Star Branch	5,000	-
Dr. and Mrs. Braun land contribution	32,000	32,000
Lucy B. Finch conservation endowment	-	35,041
Community Foundation of Middle Tennessee	<u>19,751</u>	<u>24,479</u>
	<b>\$ 1,079,272</b>	<b>\$ 1,060,366</b>

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**Note 11. Beneficial Interest in Trust**

For the years ended September 30, 2022 and 2021, the Community Foundation of Middle Tennessee (the Community Foundation) a not-for-profit organization, is in control of an endowment fund for the Organization. The endowment has been recorded as net assets with donor restrictions. The Community Foundation has ultimate authority and control over all property of the fund and the income derived therefrom. The endowment is considered a reciprocal transfer and is therefore recorded as an asset on the Organization's statements of financial position.

Since the Community Foundation has control over the fund and the earnings, the Organization has not established an investment policy for the fund nor have they established policies for expenditures from the fund. The Organization is not aware of any deficiencies in the fair value of assets in the fund as compared to the required amounts by the donors. The Organization recognizes contribution income when the Community Foundation makes a distribution to the Organization. The Organization recognizes investment earnings and fees in the statements of activities as they are reported to the Organization by the Community Foundation.

The following is the balance and activity reported in the Organization's financial statements:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 24,479	\$ 23,838
Changes in value of beneficial interest		
Contributions	-	565
Investment income	(3,355)	1,224
Withdrawals	(1,223)	(1,000)
Administrative expenses	(150)	(148)
	<u>(4,728)</u>	<u>641</u>
Balance, end of year	<b>\$ 19,751</b>	<b>\$ 24,479</b>

**Note 12. Residence Held Subject to a Life Interest**

The 2021, the Organization received a residence subject to a life interest. The contributed property had an estimated fair value of \$1,100,000 at the date of contribution. Per the life interest agreement, the donor and spouse have agreed to cover all executory costs and will have rights to the property for the full term of their natural lives, upon which title will then pass to the Organization upon passing. The liability is being amortized over the estimated remaining life of the donors by using an actuarial joint survivorship table and a discount rate of 4%.

<b>Use interest of beneficiary (deferred revenue)</b>	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 422,113	\$ 437,632
Changes in value of life interest agreement:	<u>(18,622)</u>	<u>(15,519)</u>
Balance, end of year	<b>\$ 403,491</b>	<b>\$ 422,113</b>

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**Note 12. Residence Held Subject to a Life Interest**

As of September 30, 2021, the Organization recorded donor restricted contributions of \$677,887, of which \$15,519 was related to the change in value of the life interest agreement. As of September 30, 2022, the Organization released \$18,622 of donor restriction related to the change in value of the life interest agreement.

**Note 13. Endowment Funds**

The endowment (Community Foundation, see note 11) consists of one individual fund, one donor-restricted fund, and one fund designated by the Board of Directors to function as endowments. The endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA).

FASB provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. FASB requires additional disclosures about the endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the Organization is subject to UPMIFA.

**Interpretation of Applicable Law**

The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated and (b) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**Spending Policy**

The Organization has a policy of appropriating for annual distribution a maximum of 4% of the general endowment fund's average fair value over the preceding three years. No distribution is permitted that would make the current value of the fund fall below \$1,050,000. Accordingly, over the long-term, the Organization expects the current spending policy to allow the general endowment to grow at least 1.50% annually. In establishing the policy, the Organization considered the long-term expected return on the general endowment. This is consistent with the objective to maintain the purchasing power of the general endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Investment Return Objective, Risk Parameters, and Strategies**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the corpus of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that maintain the corpus of the endowment. The Organization expects the endowment funds, over time, to provide an average rate of return of approximately 5.50% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest).

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**Note 13. Endowment Funds**

**Endowment and Other Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2022 and 2021.

A schedule of endowment net asset composition by type of fund as of September 30, 2022, is as follows:

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
Board-designated endowment	\$ 972,983	\$ -	\$ 972,983
Community Foundation of Middle Tennessee	-	19,751	19,751
	<b>\$ 972,983</b>	<b>\$ 19,751</b>	<b>\$ 992,734</b>

A schedule of endowment net asset composition by type of fund as of September 30, 2021, is as follows:

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
Board-designated endowment	\$ 1,067,986	\$ -	\$ 1,067,986
Lucy B. Finch conservation endowment	17,148	35,041	52,189
Community Foundation of Middle Tennessee	-	24,479	24,479
	<b>\$ 1,085,134</b>	<b>\$ 59,520</b>	<b>\$ 1,144,654</b>

**Note 14. Changes in Endowment Fund Net Assets**

The following is a schedule of changes in endowment net assets for the year ended September 30, 2022:

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
Endowment net assets, October 1, 2021	\$ 1,085,134	\$ 59,520	\$ 1,144,654
Release of restriction	35,041	(35,041)	-
Investment income	(147,192)	(4,728)	(151,920)
Endowment net assets, September 30, 2022	<b>\$ 972,983</b>	<b>\$ 19,751</b>	<b>\$ 992,734</b>

The following is a schedule of changes in endowment net assets for the year ended September 30, 2021:

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
Endowment net assets, October 1, 2020	\$ 9,517	\$ 58,879	\$ 68,396
Board-designated contribution	1,000,000	-	1,000,000
Investment income	75,617	641	76,258
Endowment net assets, September 30, 2021	<b>\$ 1,085,134</b>	<b>\$ 59,520</b>	<b>\$ 1,144,654</b>

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**Note 15. Long-term Debt**

On April 28, 2020, the Organization received a loan in the amount of \$108,092 in accordance with the PPP section of the CARES Act. The Organization received forgiveness in fiscal year 2021 as reflected in the 2021 statement of activities.

During fiscal year 2020, the Organization received a loan from a lender at 0% interest with no payment due until December 2024, the date of maturity, at which time the note is due in full. The note is secured by specific land inventory. The balance of the loan at both September 30, 2022 and 2021 was \$320,000.

In February 2022, the Organization entered into a revolving credit agreement with a financial institution, which matures in June 2027. The agreement allows the Organization to borrow up to \$500,000, subject to specific covenants, at the financial institution's commercial rate plus 0.75% (rate for agreement was 7% at year end). Interest is due monthly with a final payment of all outstanding principal and interest due at maturity. The note is secured by the Organization's investments. There was no balance at September 30, 2022.

**Note 16. Concentrations**

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents, and unconditional promises to give. Unconditional promises to give represent concentrations of credit risk to the extent they are receivable from concentrated sources.

One donor contributed 85% of total revenue through a large land donation for the year ended September 30, 2021.

The Organization maintains cash in bank accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe this exposes them to any significant credit risk related to cash. The Organization had cash of approximately \$1,460,000 and \$790,000 in excess of federally insured limits at September 30, 2022 and 2021, respectively.

The Organization also maintains cash in investment accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe this exposes them to any significant credit risk related to cash in investment accounts. The Organization had cash in brokerage accounts of approximately \$52,000 and \$46,000 in excess of federally insured limits at September 30, 2022 and 2021, respectively.

**Note 17. Defined Contribution Plan**

The Organization has a defined contribution plan (the Plan) covering all employees with at least 2 years of service who are over 21 years of age. The Organization makes contributions to the Plan each year equal to 3% of all the participant's compensation received during the Plan year. Additionally, the Organization contributes a 100% match of participant deferrals, not to exceed 2.5% of compensation received during the Plan year. For the years ended September 30, 2022 and 2021, contribution expense related to this plan was \$27,303 and \$23,376, respectively, which is included in staffing payroll on the statements of functional expenses.

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**Note 18. Revolving Land Fund**

The Organization established the Revolving Land Fund which is board-designated for purchase of time sensitive critical land and water conservation projects throughout Tennessee. The Organization had \$2,745,726 and \$2,604,159 designated by the board for this purpose as of September 30, 2022 and 2021, respectively.

**Note 19. Solar Contract**

In 2010, the Organization entered into a lease and license agreement with Good Earth Energy, LLC (Good Earth) to lease space on a roof of a building the Organization owns for one dollar a year for 12 years. Good Earth installed and will maintain a solar array on the roof of the building to benefit the environment, increase public awareness of the benefits of solar power, and distribute the power for eventual use by customers of Tennessee Valley Authority (TVA). Under the terms of the license agreement, the Organization entered into an agreement with TVA to sell the energy to TVA. During the term of the lease, the Organization must pay Good Earth the gross proceeds related to the energy produced by the solar array equipment. During the year ended September 30, 2021, the solar array generated \$2,621 which was paid to Good Earth Energy. At the conclusion of the agreement, Good Earth will convey title to the solar array equipment to the current property owner. This contract was transferred to the new owner of the building when it was sold in late fiscal year 2021.

**Note 20. Contributions of Nonfinancial Assets**

The following represents contributions of nonfinancial assets for the years ended September 30:

	<b>2022</b>	<b>2021</b>
Conservation (land survey for easement)	\$ 12,500	\$ -
Donor appreciation gifts, supplies, silent auction and Hike-A-Thon prizes	11,936	13,617
Donated land	-	10,600,850
Donated residence subject to a life interest	-	677,887
Donated rent	<u>6,200</u>	<u>6,200</u>
	<b>\$ 30,636</b>	<b>\$ 11,298,554</b>

Unless otherwise noted, the Organization did not receive any contributions of nonfinancial assets with donor-imposed restrictions.

It is the Organization's policy to hold all contributed land inventory for investment and future sale. In valuing contributed land inventory, the Organization relied on the appraisal obtained from a certified appraiser at the time of donation.

Contributed donor appreciation gifts, silent auction prizes, and Hike-A-Thon prizes and supplies were used for fundraising purposes. In valuing donor appreciation gifts, silent auction prizes, and Hike-A-Thon prizes and supplies, the Organization estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States.

Contributed rent was for office space in Memphis, Tennessee. In valuing the contributed rent, the Organization estimated the fair value on the basis of similar rent prices for other suites in the rented building.

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**Note 21. Related Party Transactions**

A company owned by a family member of a board member provided work to prepare the new building for occupancy by the Organization totaling approximately \$35,000 in fiscal year 2021.

No material related party transactions were identified in fiscal year 2022.

**Note 22. Subsequent Events**

Management has evaluated subsequent events through June 27, 2023, the date on which the financial statements were available for issuance.