

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2021 AND 2020

THE LAND TRUST FOR TENNESSEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Land Trust for Tennessee, Inc.
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Land Trust for Tennessee, Inc. (the "Organization"), which comprise the statements of financial position as of March 31, 2021 and 2020, and related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Land Trust for Tennessee, Inc. as of March 31, 2021 and 2020, 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.

Kraft CPAs PLLC

Nashville, Tennessee
October 1, 2021

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Operating funds without restriction or designation	\$ 802,714	\$ 446,772
Operating funds with donor restrictions	1,468,159	1,287,473
Operating funds with board designations	1,607,665	1,605,165
Contributions receivable:		
Operating receivables without purpose restriction or designation	96,213	131,151
Operating receivables with donor restrictions	18,070	12,000
Operating receivables with board designation	50,000	65,000
Accounts receivable	4,724	3,674
Prepaid expenses and other	62,242	54,069
Investments:		
Investments with donor restrictions	4,569,032	4,009,189
Investments with board designations	4,366,821	2,607,531
Furniture and equipment, net	74,620	88,483
Real estate:		
Glen Leven estate property, net	4,557,399	4,633,770
Protected land	5,698,271	5,614,771
Funds held on behalf of others	-	500
TOTAL ASSETS	<u>\$ 23,375,930</u>	<u>\$ 20,559,548</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 242,378	\$ 56,368
Accrued expenses	50,509	77,708
Funds held on behalf of others	-	1,090
Paycheck Protection Program note payable	249,312	-
TOTAL LIABILITIES	<u>542,199</u>	<u>135,166</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions:		
Designated for protected land	5,163,271	5,079,771
Board-designated quasi-endowment - Ashby Fund	3,296,200	2,437,136
Board designations - other	2,158,140	2,061,210
Undesignated	2,679,711	1,439,440
Total net assets without donor restrictions	13,297,322	11,017,557
Net assets with donor restrictions	9,536,409	9,406,825
TOTAL NET ASSETS	<u>22,833,731</u>	<u>20,424,382</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,375,930</u>	<u>\$ 20,559,548</u>

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions, public support and other:			
Individuals, foundations and other	\$ 820,083	\$ 612,130	\$ 1,432,213
Easement and land acquisition assistance	-	92,644	92,644
Stewardship contributions	-	261,808	261,808
Donated goods and services	7,230	-	7,230
Special events	267,403	-	267,403
Less: direct benefits to donors	(13,221)	-	(13,221)
Loss on sale of furniture and equipment	(1,215)	-	(1,215)
Interest and dividend income	142,872	-	142,872
Net realized and unrealized gain (loss) on investments	2,126,548	-	2,126,548
Paycheck Protection Program loan forgiveness	249,300	-	249,300
Net assets released from restrictions	<u>836,998</u>	<u>(836,998)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>4,435,998</u>	<u>129,584</u>	<u>4,565,582</u>
EXPENSES			
Program services	1,719,782	-	1,719,782
Supporting services:			
Administration	182,644	-	182,644
Fundraising	<u>253,807</u>	<u>-</u>	<u>253,807</u>
TOTAL EXPENSES	<u>2,156,233</u>	<u>-</u>	<u>2,156,233</u>
CHANGE IN NET ASSETS	2,279,765	129,584	2,409,349
NET ASSETS - BEGINNING OF YEAR	<u>11,017,557</u>	<u>9,406,825</u>	<u>20,424,382</u>
NET ASSETS - END OF YEAR	<u>\$ 13,297,322</u>	<u>\$ 9,536,409</u>	<u>\$ 22,833,731</u>

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions, public support and other:			
Individuals, foundations and other	\$ 783,661	\$ 384,179	\$ 1,167,840
Easement and land acquisition assistance	-	983,483	983,483
Stewardship contributions	-	282,242	282,242
Donated goods and services	169,314	-	169,314
Special events	407,566	-	407,566
Less: direct benefits to donors	(103,349)	-	(103,349)
Interest and dividend income	152,733	-	152,733
Net realized and unrealized gain (loss) on investments	(473,970)	-	(473,970)
Net assets released from restrictions	<u>2,385,878</u>	<u>(2,385,878)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>3,321,833</u>	<u>(735,974)</u>	<u>2,585,859</u>
EXPENSES			
Program services	2,868,091	-	2,868,091
Supporting services:			
Administration	132,663	-	132,663
Fundraising	<u>479,920</u>	<u>-</u>	<u>479,920</u>
TOTAL EXPENSES	<u>3,480,674</u>	<u>-</u>	<u>3,480,674</u>
CHANGE IN NET ASSETS	(158,841)	(735,974)	(894,815)
NET ASSETS - BEGINNING OF YEAR	<u>11,176,398</u>	<u>10,142,799</u>	<u>21,319,197</u>
NET ASSETS - END OF YEAR	<u>\$ 11,017,557</u>	<u>\$ 9,406,825</u>	<u>\$ 20,424,382</u>

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 2,409,349	\$ (894,815)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	5,600	-
Depreciation	102,356	94,971
Net realized and unrealized (gain) loss on investments	(2,126,548)	473,970
Loss on sale of furniture and equipment	1,215	-
Protected land received	(83,500)	-
Paycheck Protection Program loan forgiveness	(249,300)	-
(Increase) decrease in:		
Contributions receivable	43,868	47,212
Accounts receivable	(6,650)	14,181
Prepaid expenses and other	(8,173)	13,817
Other assets	500	1,250
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>157,721</u>	<u>(87,124)</u>
TOTAL ADJUSTMENTS	<u>(2,162,911)</u>	<u>558,277</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>246,438</u>	<u>(336,538)</u>
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(13,337)	(48,469)
Payment for Glen Leven renovations	-	(26,000)
Proceeds from sale of investments	7,397,749	361,862
Purchases of investments	<u>(7,590,334)</u>	<u>(284,136)</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(205,922)</u>	<u>3,257</u>
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loans	<u>498,612</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	539,128	(333,281)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,339,410</u>	<u>3,672,691</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,878,538</u>	<u>\$ 3,339,410</u>

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2021

	Program Services	Supporting Services			Total
		Administration	Fundraising	Total	
Salaries and related benefits	\$ 1,075,239	\$ 131,241	\$ 198,046	\$ 329,287	\$ 1,404,526
Computer expense	42,145	4,276	6,452	10,728	52,873
Depreciation	78,545	14,605	9,206	23,811	102,356
Development/fundraising	9,356	1,143	5,477	6,620	15,976
Dues and subscriptions	12,744	1,227	1,851	3,078	15,822
Easement preparation	502	-	-	-	502
Education and outreach	5,568	74	112	186	5,754
Events:					
Related costs	2,972	-	20,862	20,862	23,834
Office expenses	20,912	872	1,316	2,188	23,100
Insurance	58,172	10,816	6,818	17,634	75,806
Marketing and public relations	8,288	385	581	966	9,254
Occupancy	43,322	8,055	5,078	13,133	56,455
Professional services:					
Donated	502	-	-	-	502
Other	79,735	4,594	6,932	11,526	91,261
Stewardship	17,609	-	-	-	17,609
Taxes, licenses and fees	9,075	1,687	1,064	2,751	11,826
Telephone and utilities	17,507	3,255	2,052	5,307	22,814
Transaction assistance	223,158	102	153	255	223,413
Travel and entertainment	9,183	172	816	988	10,171
Bad debt expense	5,248	140	212	352	5,600
TOTAL EXPENSES	1,719,782	182,644	267,028	449,672	2,169,454
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(13,221)	(13,221)	(13,221)
TOTAL EXPENSES INCLUDED IN EXPENSES SECTION OF STATEMENT OF ACTIVITIES	\$ 1,719,782	\$ 182,644	\$ 253,807	\$ 436,451	\$ 2,156,233

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2020

	Program Services	Supporting Services			Total
		Administration	Fundraising	Total	Total
Salaries and related benefits	\$ 1,050,406	\$ 111,593	\$ 214,249	\$ 325,842	\$ 1,376,248
Computer expense	37,235	3,399	5,471	8,870	46,105
Depreciation	91,827	1,423	2,135	3,558	95,385
Development/fundraising	10,171	1,011	11,935	12,946	23,117
Dues and subscriptions	6,955	673	1,010	1,683	8,638
Easement and land acquisition assistance	1,306,376	-	-	-	1,306,376
Easement preparation	320	13	19	32	352
Education and outreach	8,891	409	1,071	1,480	10,371
Events:					
Related costs	-	-	78,263	78,263	78,263
Donated goods and services	-	-	130,959	130,959	130,959
Office expenses	17,415	1,725	2,414	4,139	21,554
Insurance	63,078	3,589	5,382	8,971	72,049
Marketing and public relations	9,749	147	108,796	108,943	118,692
Occupancy	25,357	118	177	295	25,652
Professional services:					
Donated	13,046	-	-	-	13,046
Other	49,478	4,140	7,709	11,849	61,327
Stewardship	427	-	-	-	427
Taxes, licenses and fees	21,356	1,223	1,834	3,057	24,413
Telephone and utilities	20,196	1,637	2,456	4,093	24,289
Transaction assistance	96,114	-	5,188	5,188	101,302
Travel and entertainment	39,694	1,563	4,201	5,764	45,458
TOTAL EXPENSES	2,868,091	132,663	583,269	715,932	3,584,023
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(103,349)	(103,349)	(103,349)
TOTAL EXPENSES INCLUDED IN EXPENSES SECTION OF STATEMENT OF ACTIVITIES	\$ 2,868,091	\$ 132,663	\$ 479,920	\$ 612,583	\$ 3,480,674

The accompanying notes are an integral part of the financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

NOTE 1 - GENERAL

The Land Trust for Tennessee, Inc. (the “Organization”) is a Tennessee not-for-profit organization, incorporated on January 15, 1999, whose mission is to conserve the unique character of Tennessee’s natural and historic landscapes and sites for future generations.

The Organization works with partners at the federal, state and local level to assist landowners, citizen groups and other interested parties to conserve forever the scenic and natural values of land throughout the state. Lands protected include private land, public parks and open spaces. The primary tool used to permanently conserve land is the conservation easement, but the Organization also protects land through land donations, bargain sale arrangements, transaction facilitation, and land purchases. As of March 31, 2021, the Organization has completed 418 conservation transactions, protecting 130,945 acres throughout Tennessee.

A conservation easement is a voluntary agreement between a landowner and the Organization in which the owner places permanent restrictions on the future uses and development in order to protect the conservation values of the property. This agreement permanently limits how the land can be developed and subdivided in order to protect its conservation values. Under a conservation easement, the landowner retains ownership and management responsibilities, and the property may be sold, passed to heirs, or otherwise transferred with the conservation easement in place. The Organization holds the conservation easement and accepts responsibility for monitoring compliance with the terms of the easement and for defending the easement should the terms be threatened or violated. The Organization refers to its ongoing responsibility as stewardship.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with financial institutions and money market funds that can be liquidated without significant penalty or restriction (including accrued interest).

The following table provides a reconciliation of cash and cash equivalents reported on the Statements of Financial Position that sum to the total in the Statements of Cash Flows as of March 31:

	<u>2021</u>	<u>2020</u>
Operating funds without restriction or designation	\$ 802,714	\$ 446,772
Operating funds with donor restrictions	1,468,159	1,287,473
Operating funds with board designations	<u>1,607,665</u>	<u>1,605,165</u>
Total cash and cash equivalents	<u>\$ 3,878,538</u>	<u>\$ 3,339,410</u>

Revenues and Support

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation of transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as donor-restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Special events revenue is generated from sponsorships, ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the Organization's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. The Organization records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Unconditional promises and bequests to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed at a risk-free interest rate applicable to the year in which the promise is received. In 2021 and 2020, management considered this amount to be immaterial, and it was not recorded. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible amounts has not been provided on contributions receivable since, in management's opinion, the receivable amounts are fully collectible, based on past history.

Bequests

When a will is declared valid and the Organization agrees to accept the terms of the bequest, the Organization recognizes the bequest receivable and revenue at the actual or estimated realizable value of its interest in the estate.

Investments

Investments consist of money market accounts, mutual funds, exchange traded funds, and equities. Money market accounts are carried at cash value plus accrued interest. Mutual funds, exchange traded funds, and equities are carried at their quoted market value on the last business day of the reporting period. Interest and dividends, as well as changes in unrealized gains and losses, are recognized currently in the Statements of Activities.

Furniture and Equipment

Furniture and equipment are reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization. The Organization's policy is to capitalize purchases with a cost of \$750 or more and an estimated useful life greater than one year. Depreciation is recorded using the straight-line method over the assets' estimated useful lives, except for leasehold improvements, which are depreciated over the shorter of their estimated useful lives or the respective lease term.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate

Real estate is reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization and includes any additional improvements made by the Organization. Additional improvements are reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization. Depreciation of improvements is recorded using the straight-line method over the assets' estimated useful lives.

Real estate is reviewed for impairment when events or circumstances indicate that the carrying values may not be recoverable. If any such indicators are present and where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is written down to its recoverable amount through the Statements of Activities.

Board-Designated Net Assets

The Board of Directors has established several board-designated funds: the Ashby Fund as a quasi-endowment to generate revenue and capital growth, an Operating Reserve for use in emergencies to sustain financial operations, a Working Capital Fund to meet the ebbs and flows during the year, and a Revolving Fund to assist with the acquisition of land over short periods of approximately 24-36 months. Within this structure, funds are invested, used, managed, and transferred as set out in policies created by the Board of Directors and in accordance with internal procedures.

Board-designated funds consisted of the following at March 31:

	<u>2021</u>	<u>2020</u>
Board-designated quasi-endowment - Ashby Fund	<u>\$ 3,296,200</u>	<u>\$ 2,437,136</u>
Operating Reserve Fund	\$ 375,000	\$ 375,000
Working Capital Reserve Fund	300,000	300,000
Revolving Fund	626,756	626,756
Jeanie Nelson Conservation Legacy Fund	787,930	707,640
Proceeds from sale of donated land reserved for special projects	<u>68,454</u>	<u>51,814</u>
Total board designations - other	<u>\$ 2,158,140</u>	<u>\$ 2,061,210</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions

Donated materials are recorded as gifts in the period received at estimated fair value if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, were 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.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - consist of programs to promote and aid in the permanent conservation of land with agricultural, recreational, scenic, ecological, and historical significance for future generations.

The Organization identifies land of strategic importance to the overall mission of the Organization. These projects offer unique land protection opportunities and are made up of some of Tennessee's most remarkable intact large landscapes, farmland, timber tracts, wildlife habitats, historic landscapes, scenic viewsheds, pristine waterways and recreational opportunities. To support the Organization's strategic mission, donations are received to allow the Organization to do outreach to landowners and communities, acquire and hold conservation easements, complete necessary due diligence for all land transactions, and own and manage land when appropriate.

Supporting Services:

Administration - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or with fundraising. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Allocated expenses and method of allocation are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Computer expense	Time and effort
Depreciation	Square footage
Development/fundraising	Time and effort
Dues and subscriptions	Time and effort
Easement preparation	Time and effort
Education and outreach	Time and effort
Office expenses	Time and effort
Insurance	Square footage
Marketing and public relations	Time and effort
Occupancy	Square footage
Other professional services	Time and effort
Taxes, licenses and fees	Square footage
Telephone and utilities	Square footage
Transaction assistance	Time and effort
Travel and entertainment	Time and effort

Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those amounts.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Conservation Easements

Conservation easements held by the Organization are not recognized as assets in the accompanying financial statements. Assets are defined as probable future economic benefits obtained or controlled by an entity; the Organization does not believe that the easements meet the definition criteria. The cost of obtaining conservation easements is expensed when the easement is acquired. When the Organization places a conservation easement on land owned by the Organization as part of a sale of the property, the change in market value due to the conservation easement is recorded as a program expense.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, *Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases* (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases* (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The new standard provides a number of practical expedients. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements. The Organization currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized on the statement of financial position in an amount that will be material. The new standard is effective for the Organization on April 1, 2022.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the activities or changes in net assets as previously reported.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between March 31, 2021 and October 1, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as of March 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,878,538	\$ 3,339,410
Contributions receivable	164,283	208,151
Accounts receivable	4,724	3,674
Investments	<u>8,935,853</u>	<u>6,616,720</u>
	12,983,398	10,167,955
Less: amounts not available to be used within one year:		
Board-designated amounts	(5,454,340)	(4,498,346)
Donor-restricted amounts for specified purposes	<u>(4,773,045)</u>	<u>(4,722,534)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,756,013</u>	<u>\$ 947,075</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

See Note 11 for detail of amounts restricted by donor with time or purpose. Donors provide funding to support conservation activities throughout the year. Revenue and expenses are analyzed monthly to determine the amount of restricted funds to release from restriction. It is estimated that \$210,000 of existing restricted cash and investments will be released from restriction in the upcoming year to cover conservation activities.

The Operating Reserve Fund of \$375,000 consists of cash and is held in the operating cash account. It is a board-designated fund that is available to sustain financial operations during unanticipated events or for significant unbudgeted increases in operating expenses and/or decreases in operating revenues. The Board of Directors approves all withdrawals from the fund. The fund cannot be used for non-operating expenses.

The Working Capital Reserve Fund of \$300,000 consists of cash and is held in the operating cash account. It is a board-designated fund and is used to meet the normal ebbs and flows of revenues and expenses over the course of the fiscal year. The fund may be used to ensure there is sufficient available cash to help cover the operating costs in any given fiscal year. The President & CEO, along with the Director of Finance & Operations, has the authority to access the fund as needed, as long as the disbursement is reported to the Finance & Audit Committee. The fund cannot be used for non-operating expenses and is expected to be replenished at the beginning of the next fiscal year.

Both the Operating Reserve Fund and the Working Capital Reserve Fund are included in financial assets available to meet general expenditures over the next twelve months.

Although the Organization does not intend to spend from its board-designated amounts, the Board of Directors could approve the release of designations, if necessary.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Operating receivables without purpose restriction or designation	\$ 96,213	\$ 131,151
Operating receivables with donor restrictions	18,070	12,000
Operating receivables with board designation	<u>50,000</u>	<u>65,000</u>
	<u>\$ 164,283</u>	<u>\$ 208,151</u>
	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 137,283	\$ 113,151
Due in one to five years	<u>27,000</u>	<u>95,000</u>
	<u>\$ 164,283</u>	<u>\$ 208,151</u>

NOTE 5 - INVESTMENTS

Investments consisted of the following at March 31:

	<u>2021</u>	<u>2020</u>
Money market accounts	\$ 319,632	\$ 479,617
Common stock	1,099	-
Mutual funds	6,787,957	4,581,744
Exchange traded funds	<u>1,827,165</u>	<u>1,555,359</u>
	<u>\$ 8,935,853</u>	<u>\$ 6,616,720</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices in active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and exchange traded funds are valued using the net asset value per unit as quoted in active markets at the valuation date.

There have been no changes in the methodologies used at March 31, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy as of March 31:

	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Money market accounts	\$ 319,632	\$ -	\$ -	\$ 319,632
Common stock	1,099	-	-	1,099
Mutual funds:				
Small cap growth	175,879	-	-	175,879
Mid cap growth	481,160	-	-	481,160
Large cap value	711,166	-	-	711,166
Large cap growth	1,304,004	-	-	1,304,004
Indexed equity	662,602	-	-	662,602
Indexed fixed income	1,184,873	-	-	1,184,873
Fixed income	1,263,366	-	-	1,263,366
International developed	1,004,907	-	-	1,004,907
Exchange traded funds:				
Small cap value	373,342	-	-	373,342
Small cap growth	181,544	-	-	181,544
Mid cap value	245,059	-	-	245,059
Large cap value	625,224	-	-	625,224
Fixed income	401,996	-	-	401,996
Total investments	<u>\$ 8,935,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,935,853</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Money market accounts	\$ 479,617	\$ -	\$ -	\$ 479,617
Mutual funds:				
Small cap diversified	136,839	-	-	136,839
Mid cap growth	203,096	-	-	203,096
Large cap growth	1,163,553	-	-	1,163,553
Indexed equity	438,380	-	-	438,380
Government	2,055,373	-	-	2,055,373
International developed	156,996	-	-	156,996
International diversified	427,507	-	-	427,507
Exchange traded funds:				
Mid cap diversified	207,432	-	-	207,432
Large cap growth	496,065	-	-	496,065
Fixed income	824,824	-	-	824,824
Real estate investment trust	27,038	-	-	27,038
Total investments	<u>\$ 6,616,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,616,720</u>

NOTE 7 - FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following as of March 31:

	2021	2020
Furniture, fixtures and equipment	\$ 37,072	\$ 37,464
Computers and software	110,217	119,856
Leasehold improvements	4,925	4,925
	152,214	162,245
Less: accumulated depreciation	<u>(77,594)</u>	<u>(73,762)</u>
Furniture and equipment, net	<u>\$ 74,620</u>	<u>\$ 88,483</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 8 - PROPERTY BEQUEATHED FROM GLEN LEVEN FARM

During 2006, the Organization received a testamentary bequest consisting of 59 acres of land and a historic house with 5 acres known as the Glen Leven Farm. The appraised fair values were \$1,500,000 and \$2,200,000, respectively, at the date of the bequest. The decedent placed significant restrictions on the use of this property or the proceeds in the event of its sale.

The Glen Leven Farm property consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Glen Leven Farm bequest	\$ 3,700,000	\$ 3,700,000
Property, restorations, and improvements	<u>1,286,444</u>	<u>1,288,733</u>
	4,986,444	4,988,733
Less: accumulated depreciation	<u>(429,045)</u>	<u>(354,963)</u>
Glen Leven Farm property, net	<u>\$ 4,557,399</u>	<u>\$ 4,633,770</u>

Direct costs, including donated services, incurred by the Organization related to this property, which are reported in program services, are as follows for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Insurance	\$ 16,004	\$ 5,267
Loss on asset disposal	1,109	-
Taxes and fees	1,609	910
Repairs and maintenance	34,733	3,797
Utilities and other	1,142	911
Professional fees	12,024	-
Outreach	888	1,581
Supplies	2,977	45
Computer and technology	<u>-</u>	<u>14</u>
	<u>\$ 70,486</u>	<u>\$ 12,525</u>

Glen Leven Farm hosts a myriad of events and activities that support the mission of the Organization. The facility is now a center for both internal and external programs including board, staff and committee meetings; volunteer workshops for the stewardship program; educational programs about agriculture, land conservation and wildlife; and other events that are open to the public.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 9 - PROTECTED LAND

Protected land consists of tracts of land purchased by or donated to the Organization that are being held consistent with the Organization's mission. The Moran Road tract was purchased by the Organization in a prior year for \$2,014,471, with funds that were donated for that purpose. During fiscal year 2019, the Organization received a bequest of land with an appraised value of \$2,800,000. Five other tracts of land totaling \$883,800 comprise the remaining balance of protected land, of which three tracts totaling \$618,500 are included in net assets with donor restrictions.

NOTE 10 - PROGRAM ACCOMPLISHMENTS

Conservation Success: During fiscal year 2021, the Organization completed 15 projects, protecting 1,881 acres of land in Tennessee. Twelve of these properties were protected through the donated conservation easement, the Organization's primary tool for conserving land. Twelve of these 15 projects are located in one of the Organization's ten Conservation Opportunity Regions (CORs), which are the priority areas established through the Organization's strategic conservation plan Forever Tennessee. Three projects protect historic landscapes (Century Farms or on the National Register of Historic Places), and eight projects are located in one of the top ten fastest growing counties in Tennessee. The permanent protection of these properties resulted in the protection of 4.5 miles of public road frontage and 11.2 miles of Tennessee's rivers and streams.

Stewardship: Despite challenges due to COVID-19, the Organization completed 100% of its annual monitoring of 380 properties through both in-person visits and through satellite imagery. Monitoring is a critical part of the Organization's commitment to uphold its promise of protecting land in perpetuity. Due to people being at home and on their lands more (combined with a booming real estate market), the Organization's stewardship staff saw a significant increase in other stewardship activities such as activity requests, approvals, easement interpretations, and property transfers.

Fundraising Success: The Organization had a strong fundraising year and was able to meet its annual fundraising goals. The Organization pivoted the annual Once in a Blue Moon event to a virtual Once in a Blue Moon at Home campaign and achieved the event's highest net revenue to date.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 10 - PROGRAM ACCOMPLISHMENTS (CONTINUED)

Outreach and Engagement: In addition to utilizing outreach methods through social media, podcasts, and other virtual platforms, the Organization also quickly pivoted its in-person education and engagement programs at Glen Leven Farm to a virtual format. A Virtual Field Study program was created, and videos were produced and distributed to teachers and families. These videos are accessible via YouTube and the Organization website, and they have aired statewide on PBS through a partnership with the Tennessee Department of Education.

National Recognition: In August, the Organization was notified that it had received renewed accreditation through the Land Trust Accreditation Commission. This is the second renewal for the Organization after being accredited for the first time in 2010 and again in 2015. The Organization was awarded accreditation with no listed areas of improvement. Additionally, the Organization received the Land Trust Alliance's National Land Trust Excellence Award in October 2020. Out of more than 1,000 other land trusts that are members of the Land Trust Alliance, the Organization was honored to be only the 20th land trust ever to receive this national recognition.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Contributions receivable for future years' operations	\$ 10,000	\$ 32,000
Land protection activities:		
South Cumberland Plateau and Sequatchie Valley regions	6,646	-
North Davidson County, Robertson County, Sumner County		
and Northeast Tennessee	2,696	433
Williamson County	13,463	-
Humphreys County	126,574	126,574
Rhea County Greenway	403	1,537
Shelby Farms	24,901	28,156
Wildlife	5,000	5,000
Duck River	38,031	57,044
Tennessee Department of Agriculture	-	11,460
West Tennessee	12,138	-
Bonnaroo	-	142
Lynchburg	165,162	197,088
Stewardship and protection:		
Stewardship funds for monitoring and enforcement		
of protected properties	3,294,071	3,115,244
Transaction assistance funds for landowners	11,425	12,345
Easement and land acquisition funds	1,272,535	1,445,511
Real estate:		
Conner Toll House funds	-	2,334
Glen Leven property	3,700,000	3,700,000
Glen Leven stabilization, operations, maintenance		
and capital campaign funds	318,364	136,957
Westrick property	325,000	325,000
Wilson County unimproved land	210,000	210,000
	<u>\$ 9,536,409</u>	<u>\$ 9,406,825</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 12 - BOARD-DESIGNATED QUASI-ENDOWMENT FUND

The board-designated quasi-endowment fund (“Ashby Fund”) consists of funds that were transferred to the quasi-endowment by the Board of Directors. The Board of Directors anticipates these funds will remain in the quasi-endowment in perpetuity but may withdraw them for other uses. For investment purposes, the Ashby Fund is considered perpetual in nature. The Finance & Audit Committee will have the responsibility for developing and recommending policies and guidelines for the investment of the Ashby Fund.

Investment return objective, risk parameters and strategies - The Organization has adopted investment policies, approved by the Board of Directors, to establish asset allocation targets, investment objectives and guidelines, and the degree of investment risk the Board of Directors deems acceptable. The purpose of the quasi-endowment fund is to generate revenue and capital growth.

Spending policy - The Organization may annually withdraw funds from the Ashby Fund provided that such withdrawals do not exceed the quasi-endowment fund’s market value earnings over the prior twelve quarters calculated as of March 31st each year less prior earning withdrawals. One-fourth of the annual spending rule amount may be withdrawn each quarter; the exact dates for which shall be determined by the Finance & Audit Committee and approved by the Board of Directors.

A schedule of changes in the Ashby Fund follows for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 2,437,136	\$ 2,639,597
Investment income	48,755	47,565
Investment fees	(13,978)	(12,571)
Net appreciation (depreciation) (realized and unrealized)	824,287	(127,455)
Amounts appropriated for expenditure	<u>-</u>	<u>(110,000)</u>
Balance, end of year	<u>\$ 3,296,200</u>	<u>\$ 2,437,136</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 13 - LEASES

In February 2018, the Organization signed a lease for its Chattanooga office facilities under an operating lease through February 2021 with monthly payments in the amount of \$1,366. The organization extended the lease through February 2022 with monthly payments in the amount of \$1,366, for a total minimum lease commitment of \$15,027 during the year ending March 31, 2022.

Rent expense totaled \$16,393 in 2021 (\$22,381 in 2020).

NOTE 14 - PENSION PLAN

The Organization sponsors a defined contribution employee benefit plan for eligible employees. At the discretion of the Board of Directors, the Organization contributes to the plan on behalf of all eligible employees based on their compensation. All employees are eligible to participate in the plan upon employment and to receive the employer discretionary match after two years of service. Total pension plan expense of the Organization was \$23,919 in 2021 (\$27,112 in 2020).

NOTE 15 - DONATED GOODS AND SERVICES

The accompanying Statements of Activities include contributed services for legal, occupancy and various other services. Donated goods include food and beverages used at fundraising events and certain equipment.

Total estimated fair value of goods and services donated to the Organization for the years ended March 31 is as follows:

	<u>2021</u>	<u>2020</u>
Events:		
Goods	\$ 1,039	\$ 12,890
Printing and publicity	2,045	118,069
Professional services:		
Legal	502	13,046
Other	-	333
Other	<u>3,644</u>	<u>4,105</u>
	<u>\$ 7,230</u>	<u>\$ 148,443</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; however, no values for such in-kind contributions have been included in the financial statements since there is no objective basis by which to measure the values.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 16 - DONOR-DESIGNATED ENDOWMENT FUNDS IN TRUST

Two donor-designated endowment funds have been established with the Community Foundation of Middle Tennessee for the benefit of the Organization. The Community Foundation of Middle Tennessee has the ultimate authority and control over the fund and, therefore, these assets are not included in the financial statements of the Organization. Income distributed to the Organization is recognized by the Organization in the year received. There were no such distributions in 2021 or 2020. Total assets held in these funds approximated \$205,000 at March 31, 2021 (\$140,000 at March 31, 2020).

NOTE 17 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

At March 31, 2021, a contribution receivable from one source comprised 30% of total contributions receivable. A contribution receivable from one source comprised 36% of total receivables at March 31, 2020.

A contribution from one source was 38% of total revenues for the year ended March 31, 2020.

NOTE 18 - RELATED PARTY TRANSACTIONS

Pledges totaling \$1,000 are due from one member of the Organization's Board of Directors as of March 31, 2021 (\$2,000 was due from one member as of March 31, 2020).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2021 AND 2020

NOTE 19 - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the Paycheck Protection Program (“PPP”) was established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and administered by the Small Business Administration (“SBA”). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds were fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, would qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Organization. In April 2020, the Organization received a loan totaling \$249,300 under the PPP. The loan bore interest at 1.0%. In March 2021, the Organization received notification that the full balance of the PPP loan had been forgiven. As such, the Organization recognized \$249,300 of loan forgiveness on the Statements of Activities and recorded no interest expense relating to this loan.

Additionally, the Consolidated Appropriations Act of 2021, which was enacted on December 27, 2020, revised the original PPP to include additional funds for loans and the ability for eligible companies to receive a second draw from the PPP (known as “PPP2”). The terms and conditions under PPP2 are substantially the same as the PPP and could allow for full loan forgiveness if the funds are utilized to pay for qualified expenses, while maintaining employment and compensation levels as required under the original PPP. In March 2021, the Organization received a second loan of \$249,312 under the PPP2, which is recorded as Paycheck Protection Program note payable in the Statements of Financial Position at March 31, 2021.

NOTE 20 - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization’s leadership team is evaluating the evolving situation and will implement appropriate countermeasures as needed.