

**TENNESSEE PARKS
AND GREENWAYS FOUNDATION**

FINANCIAL STATEMENTS

Year Ended December 31, 2006

Grannis & Associates, P.C.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Parks and Greenways Foundation
Nashville, Tennessee

We have audited the accompanying statement of financial position of Tennessee Parks and Greenways Foundation (a Tennessee nonprofit corporation) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Parks and Greenways Foundation as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Grannis & Associates, P. C.

Murfreesboro, Tennessee
June 19, 2007

TENNESSEE PARKS AND GREENWAYS FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 939,611	\$ 53,893	\$ -	\$ 993,504
Unrealized gains on investments	1,804	-	-	1,804
Realized losses on investments	1,386	-	-	1,386
Loss on sale of land to the State of Tennessee- Stillhouse Hollow Falls	(34,085)	-	-	(34,085)
Interest income	<u>16,457</u>	<u>-</u>	<u>-</u>	<u>16,457</u>
	925,173	53,893	-	979,066
 Net assets released from donor restrictions	<u>136,703</u>	<u>(136,703)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenues	<u>1,061,876</u>	<u>(82,810)</u>	<u>-</u>	<u>979,066</u>
 <u>FUNCTIONAL EXPENSES</u>				
Program services	790,502	-	-	790,502
Management and general	<u>53,806</u>	<u>-</u>	<u>-</u>	<u>53,806</u>
 Total Functional Expenses	<u>844,308</u>	<u>-</u>	<u>-</u>	<u>844,308</u>
 <u>CHANGE IN NET ASSETS</u>	217,568	(82,810)	-	134,758
 <u>TRANSFER- LAND DONATED TO STATE OF TENNESSEE- BRADLEY COUNTY</u>	450,000	-	(450,000)	-
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>233,592</u>	<u>358,458</u>	<u>482,000</u>	<u>1,074,050</u>
 <u>NET ASSETS AT END OF YEAR</u>	<u>\$ 901,160</u>	<u>\$ 275,648</u>	<u>\$ 32,000</u>	<u>\$ 1,208,808</u>

See Notes to Financial Statements

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Tennessee Parks and Greenways Foundation (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

Nature of organization

The Organization is a Tennessee nonprofit corporation chartered on July 26, 1994 as the Tennessee State Parks Foundation. The Foundation was reorganized in November 1997 as the Tennessee Parks and Greenways Foundation. Its purpose is to preserve Tennessee's natural treasures. The Organization is supported primarily by contributions.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- > Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- > Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- > Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Organization qualifies as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction and has been classified by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Property assets and depreciation

Property assets are those assets used in the operations of the Organization. They are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Maintenance and repair costs are charged to expense as incurred.

Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives. Depreciation for the year ended December 31, 2006 was \$2,711.

NOTE B - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions and brokerage accounts. Cash and cash equivalents exceeding insured limits totaled \$259,360 at December 31, 2006.

NOTE C - RESTRICTIONS ON NET ASSETS

Unrestricted net assets at December 31, 2006, includes \$99,880 set-aside for board designated purposes.

Temporarily restricted net assets at December 31, 2006, are available for brochures, publications, seminars, and park and greenways projects.

Permanently restricted net assets at December 31, 2006, consists of donated land to be held in perpetuity.

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2006

NOTE I - LAND DONATION TO STATE

The Organization was given 500 acres in Bradley County valued at \$450,000 at December 31, 2003. The land was designated permanently restricted and to be held as a wildlife area. The Organization donated the land to the State of Tennessee on January 19, 2006.

NOTE J - EMERGENCY LAND BANK

The Organization established an internal fund called the Emergency Land Bank in 2002 with an original donation of \$200,000 from an anonymous donor. The Organization uses monies from the Emergency Land Bank to provide working capital for time sensitive critical land and water projects throughout Tennessee. The money borrowed from the fund must be repaid with interest, usually within twelve months. In 2005, the Organization set aside an additional \$40,000 for this fund. There were no current borrowings against the Emergency Land Bank at December 31, 2006.

NOTE K - CONTRIBUTIONS OF LAND

Included in Contributions are non cash land donations valued at \$679,824, this represents 67% of contribution revenues for the year ended December 31, 2006.

NOTE L - SUBSEQUENT EVENTS

On January 4, 2007, the Organization sold 1.25 acres in Putnam County for \$35,000.

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**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors
Tennessee Parks and Greenways Foundation
Nashville, Tennessee

Our report on our audit of the basic financial statements of Tennessee Parks and Greenways Foundation for December 31, 2006 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grannis & Associates, P.C.

Murfreesboro, Tennessee
June 19, 2007