

**TENNESSEE PARKS
AND GREENWAYS FOUNDATION**

FINANCIAL STATEMENTS

Year Ended December 31, 2009

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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, 2009, 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, 2009, 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
May 7, 2010

TENNESSEE PARKS AND GREENWAYS FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash	\$ 665,298	\$ 613,544	\$ -	\$ 1,278,842
Unconditional promises to give	50,000	27,850	-	77,850
Deposits	525	-	-	525
Stock	540	-	-	540
Community foundation trusts	47,114	-	-	47,114
Furniture and equipment, net	10,128	-	-	10,128
Due (to) from unrestricted	(282,395)	282,395	-	-
Land	753,532	-	32,000	785,532
TOTAL ASSETS	<u>\$ 1,244,742</u>	<u>\$ 923,789</u>	<u>\$ 32,000</u>	<u>\$ 2,200,531</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable	\$ 1,710	\$ -	\$ -	\$ 1,710
NET ASSETS				
Unrestricted	1,243,032	-	-	1,243,032
Temporarily restricted	-	923,789	-	923,789
Permanently restricted	-	-	32,000	32,000
TOTAL NET ASSETS	<u>1,243,032</u>	<u>923,789</u>	<u>32,000</u>	<u>2,198,821</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,244,742</u>	<u>\$ 923,789</u>	<u>\$ 32,000</u>	<u>\$ 2,200,531</u>

See Notes to Financial Statements

TENNESSEE PARKS AND GREENWAYS FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 318,973	\$ 222,817	\$ -	\$ 541,790
Realized losses on investments	(361)	-	-	(361)
Unrealized gains on investments	3,252	-	-	3,252
Interest income	14,355	-	-	14,355
Gain on sale of assets	36,288	-	-	36,288
	<u>372,507</u>	<u>222,817</u>	<u>-</u>	<u>595,324</u>
 Net assets released from donor restrictions	 <u>229,702</u>	 <u>(229,702)</u>	 <u>-</u>	 <u>-</u>
 Total Support and Revenues	 <u>602,209</u>	 <u>(6,885)</u>	 <u>-</u>	 <u>595,324</u>
 <u>FUNCTIONAL EXPENSES</u>				
Program services	402,369	-	-	402,369
Management and general	79,200	-	-	79,200
 Total Functional Expenses	 <u>481,569</u>	 <u>-</u>	 <u>-</u>	 <u>481,569</u>
 <u>CHANGE IN NET ASSETS</u>	 <u>120,640</u>	 <u>(6,885)</u>	 <u>-</u>	 <u>113,755</u>
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	 <u>1,122,392</u>	 <u>930,674</u>	 <u>32,000</u>	 <u>2,085,066</u>
 <u>NET ASSETS AT END OF YEAR</u>	 <u>\$ 1,243,032</u>	 <u>\$ 923,789</u>	 <u>\$ 32,000</u>	 <u>\$2,198,821</u>

See Notes to Financial Statements

TENNESSEE PARKS AND GREENWAYS FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 113,755
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	4,519
Realized (gains) losses on investments	361
Unrealized (gains) losses on investments	(3,252)
(Gain) loss on sale of assets	(36,288)
Increase in promises to give	(48,550)
Decrease in beneficial interest in perpetual trusts	435
Increase in accounts payable	1,710
Net Cash Provided By Operating Activities	<u>32,690</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of land	359,088
Proceeds from sale of assets	<u>25,000</u>
Net Cash Provided By Investing Activities	<u>384,088</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	416,778
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>862,064</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,278,842</u>

See Notes to Financial Statements

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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 protect 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

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net 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.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of deposit totaling \$753,659 are included in cash in the accompanying financial statements. The certificates bear interest ranging from 1.44% to 2.25% and have maturities ranging from six to twelve months. Any penalties for early withdrawal would not have a material effect on the financial statements.

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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. Equipment is depreciated over a range of 5 - 10 years. 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, 2009 was \$4,519.

NOTE B - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in various financial institutions and brokerage accounts. Some account balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Deposits at FDIC-insured institutions are now insured up to at least \$250,000 per depositor through December 31, 2013. At December 31, 2009, the Organization's uninsured cash balances total \$292,316.

NOTE C - RESTRICTIONS ON NET ASSETS

Unrestricted net assets at December 31, 2009 consist of:

Unrestricted - Undesignated	\$	759,171
Board Designated - Ancient Sites Fund		200,000
Board Designated - Operating Reserve		153,861
Board Designated - Emergency Land Bank		65,000
Board Designated - Easement Stewardships		65,000
	<u>\$</u>	<u>1,243,032</u>

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE C - RESTRICTIONS ON NET ASSETS (continued)

Temporarily restricted net assets at December 31, 2009 are available for the following purposes:

Emergency Land Bank	\$ 394,483
Land Protection	83,000
State Park Connections	15,000
Fishing Fund	25,000
Easement Stewardships	88,150
Grants	228,955
Other	89,201
	<u>\$ 923,789</u>

Permanently restricted net assets consist of the following at December 31, 2009:

Land	<u>\$ 32,000</u>
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NOTE D - PROMISES TO GIVE

Unconditional promises to give at December 31, 2009, are as follows:

Randolph Bluff	\$ 2,250
Blackburn Fork	7,500
Emergency Land Bank	2,000
Easement Endowment	10,000
Other	56,100
	<u>\$ 77,850</u>
Receivable in less than one year	\$ 45,350
Receivable in one to five years	32,500
	<u>77,850</u>
Less allowance for uncollectible promises to give	<u>-</u>
Net unconditional promises to give	<u>\$ 77,850</u>

NOTE E - FURNITURE AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Depreciable assets:

Equipment	\$ 33,375
Less accumulated depreciation	23,247
	<u>\$ 10,128</u>

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE F - CONSERVATION EASEMENTS

The Organization is involved in receiving donations of conservation easements. A qualified conservation easement is a restriction (that is granted in perpetuity) on the use of land granted to a qualified charitable donee exclusively for conservation purposes. These financial statements do not reflect their value, but approximately 3,413.5 acres are currently protected with an appraised value at the date of donation of \$9,704,994.

NOTE G - LEASE

In September 2009, the Organization renewed its lease agreement for office space for one more year. Monthly rent is currently \$645 a month. Rent expense under the operating lease was \$7,740 for the year ended December 31, 2009. Future minimum rent for 2010 is \$5,160.

NOTE H - DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan (the Plan) covering all employees with at least three years of service. The Organization makes a contribution to the Plan each year equal to 6% of all participant's compensation. Total expense for the year ended December 31, 2009 was \$12,059.

NOTE I - EMERGENCY LAND BANK

The Organization established an internal fund called the Emergency Land Bank in 2002. 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. The Organization has a total of \$659,483 set-aside or restricted for this use. Current borrowings against the Emergency Land Bank total \$56,350 leaving \$603,133 available for use as of December 31, 2009.

The Organization also received permission to borrow \$276,045 from the McKnight Grant to purchase Randolph Bluff.

	Unrestricted	Temporarily Restricted	Total
Emergency Land Bank	\$ 50,000	\$ 6,350	\$ 56,350
McKnight Grant	<u>-</u>	<u>276,045</u>	<u>276,045</u>
Total amount of borrowings	<u>\$ 50,000</u>	<u>\$ 282,395</u>	<u>\$ 332,395</u>

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE J - CONCENTRATION

One donation represents 16% of unrestricted contribution revenues for the year ended December 31, 2009.

NOTE K - LAND

Land consists of the following at December 31, 2009:

18.25 Acres Cheatham County - Eage Pass Trail	\$	36,500
32.00 Acres Cumberland County - Braun		32,000
19.34 Acres Davidson County - Hill's Island		40,000
187.90 Acres Fentress County - Sonder		131,600
58.26 Acres Fentress County - White Oak Creek		265,000
18.90 Acres Tipton County - Randolph Bluff		280,432
		<hr/>
	\$	<u>785,532</u>

NOTE L - GAIN ON SALE OF ASSETS

Gain on sale of assets consists of the following at December 31, 2009:

Mound Bottoms	\$	11,288
Trailer		25,000
		<hr/>
	\$	<u>36,288</u>

NOTE M - FAIR VALUE MEASUREMENTS

Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Investments in stocks and bonds, which are listed on national securities exchanges, quoted on NASDAQ or on the over-the-counter market are valued at the last reported sales price, or in the absence of a recorded sale, at the value between the most recent bid and asked prices. Investments without readily determinable fair values are carried at estimated fair value. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations.

The Organization shows a hierarchal disclosure framework which prioritizes and ranks the level of market prices observability used in measuring fair value.

This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level I - Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE M - FAIR VALUE MEASUREMENTS (continued)

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level II input could result in the Level II measurement becoming a Level III measurement.

Level III - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Stock

The following is the fair value measurement of stock measured on a recurring basis at December 31, 2009 :

<u>December 31, 2009</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>
Stock	<u>\$ 540</u>	<u>\$ 540</u>

Investments have been allocated to the net asset classification for presentation in the statements of financial position. Investments consist of the following as of December 31, 2009:

	<u>Fair Value</u>
Unrestricted	\$ 540
Temporarily Restricted	-
Permanently Restricted	-
	<u>\$ 540</u>

TENNESSEE PARKS AND GREENWAYS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE M - FAIR VALUE MEASUREMENTS (continued)

Beneficial Interest in a Trust

The Organization is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Organization. The Organization has legally enforceable rights and claims to such assets, including the sole right to income there from. Net realized and unrealized gains (losses) related to the beneficial interests are reported as changes in unrestricted net assets.

Fair values of assets measured on a recurring basis at December 31, 2009 are as follows:

<u>December 31, 2009</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>
Community Foundation of Greater Memphis	\$ 30,049	\$ 30,049
Community Foundation of Middle Tennessee	17,065	17,065
	<u>\$ 47,114</u>	<u>\$ 47,114</u>

Investment income (loss) is composed of the following:

Unrealized gains on marketable securities	\$ 3,252
Realized losses on marketable securities	(361)
Dividends and interest income	14,355
	<u>\$ 17,246</u>

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 7, 2010, which is the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

SUPPLEMENTAL INFORMATION



**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, 2009 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
May 7, 2010

TENNESSEE PARKS AND GREENWAYS FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

	<u>Program Services</u>	<u>Management and General</u>
Accounting fee	\$ -	\$ 7,500
Ancient Sites	200	-
Annual report/newsletter	1,893	210
Board meeting expense	-	487
Commissions and fees	-	254
Computer expenses	1,363	204
Conferences and workshops	478	-
Copies and faxes	2,560	383
Depreciation	3,163	1,356
Forever Green	1,530	-
Fundraising	-	10,183
Gary Myers Fishing	1,932	-
Insurance	23,897	7,360
Land protection	38,052	-
Licenses and fees	-	4,838
Memberships	3,570	-
Mississippi River	5,096	-
Mound Bottom	10,437	-
Office supplies	4,364	652
Payroll taxes	11,909	5,104
Postage and shipping	5,881	310
Printing	3,445	515
Property tax	322	-
Rent	7,350	1,098
Repairs and maintenance	900	100
Retirement contribution	10,250	1,809
SPC	394	-
SPC Grants	8,275	-
Staffing	189,039	33,360
Telephone	4,111	216
Temporary staffing	52,876	2,783
Travel	6,201	326
Utilities	2,881	152
Total Functional Expenses	<u>\$ 402,369</u>	<u>\$ 79,200</u>