

TennGreen Land Conservancy

Financial Statements
For the Years Ended September 30, 2021 and 2020

TennGreen Land Conservancy
Financial Statements
For the Years Ended September, 2021 and 2020

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Independent Auditor's Report

Board of Directors
TennGreen Land Conservancy

Report on the Financial Statements

We have audited the accompanying financial statements of TennGreen Land Conservancy (the Organization), which comprise the statements of financial position as of September 30, 2021 and 2020, the 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 from 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.

Emphasis of Matter

As discussed in note 19 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TennGreen Land Conservancy as of September 30, 2021 and 2020, and the change 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
September 6, 2022

TennGreen Land Conservancy
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 4,253,908	\$ 2,501,901
Certificates of deposit	250,588	2,913,413
Unconditional promises to give	5,500	9,000
Grant receivable	48,653	-
Prepaid expenses	-	9,355
Investments, short-term	1,115,568	40,117
Total current assets	<u>5,674,217</u>	<u>5,473,786</u>
Investments, long-term	35,041	35,041
Land and building inventory	12,407,627	2,127,209
Beneficial interest in trust	24,479	23,838
Property and equipment, net	1,830,024	1,862,485
Total assets	\$ 19,971,388	\$ 9,522,359
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,653	\$ -
Accrued vacation	33,947	27,042
Unearned revenues	-	5,000
Total current liabilities	<u>36,600</u>	<u>32,042</u>
Long-term debt	320,000	428,092
Total liabilities	<u>356,600</u>	<u>460,134</u>
Net assets		
Without donor restrictions		
Board-designated	5,632,207	5,327,095
Undesignated	13,600,102	3,419,999
Total without donor restrictions	<u>19,232,309</u>	<u>8,747,094</u>
With donor restrictions	382,479	315,131
Total net assets	<u>19,614,788</u>	<u>9,062,225</u>
Total liabilities and net assets	\$ 19,971,388	\$ 9,522,359

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

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Contributions	\$ 1,032,420	\$ 108,355	\$ 1,140,775
Investment income (loss)	23,811	3,114	26,925
In-kind revenues	10,620,667	-	10,620,667
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	67,348	11,693,385
Expenses			
Program services	936,823	-	936,823
Management and general	125,160	-	125,160
Fundraising	<u>78,839</u>	<u>-</u>	<u>78,839</u>
Total expenses	1,140,822	-	1,140,822
Change in net assets	10,485,215	67,348	10,552,563
Net assets, beginning of year	<u>8,747,094</u>	<u>315,131</u>	<u>9,062,225</u>
Net assets, end of year	\$ 19,232,309	\$ 382,479	\$ 19,614,788

TennGreen Land Conservancy
Statement of Activities
For the Year Ended September 30, 2020

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Contributions	\$ 1,712,777	\$ -	\$ 1,712,777
Investment income (loss)	84,820	3,424	88,244
In-kind revenues	15,201	-	15,201
Gain on sale of property	565,455	-	565,455
Net assets released from restrictions	<u>73,810</u>	<u>(73,810)</u>	<u>-</u>
Total public support and revenues	2,452,063	(70,386)	2,381,677
Expenses			
Program services	1,745,122	-	1,745,122
Management and general	142,025	-	142,025
Fundraising	<u>85,914</u>	<u>-</u>	<u>85,914</u>
Total expenses	1,973,061	-	1,973,061
Change in net assets	479,002	(70,386)	408,616
Net assets, beginning of year	<u>8,268,092</u>	<u>385,517</u>	<u>8,653,609</u>
Net assets, end of year	\$ 8,747,094	\$ 315,131	\$ 9,062,225

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

	Program services	Management and general	Fundraising	Total
Staffing payroll	\$ 540,138	\$ 102,739	\$ 47,572	\$ 690,449
Automotive	221	-	167	388
Bad debts	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	4,726	-	-	4,726
In-kind expense	9,908	-	9,909	19,817
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	23,414	1,739	1,605	26,758
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	4,740	299	161	5,200
Supplies and office supplies	4,640	610	632	5,882
Travel	1,855	65	438	2,358
	\$ 936,823	\$ 125,160	\$ 78,839	\$ 1,140,822

TennGreen Land Conservancy
Statement of Functional Expenses
For the Year Ended September 30, 2020

	Program services	Management and general	Fundraising	Total
Staffing payroll	\$ 494,435	\$ 80,346	\$ 43,263	\$ 618,044
Automotive	103	15	8	126
Computer and equipment	54,863	8,292	4,465	67,620
Contributions	161,858	-	-	161,858
Depreciation	38,478	-	-	38,478
Dues and subscriptions	13,904	1,613	1,038	16,555
Easements purchased	580,000	-	-	580,000
Events	13,896	-	-	13,896
In-kind expense	15,201	-	-	15,201
Insurance	26,116	4,140	2,229	32,485
Licenses and fees	33,493	5,095	2,805	41,393
Marketing	8,139	473	255	8,867
Meetings	3,133	466	2,164	5,763
Occupancy and utilities	35,717	2,653	2,449	40,819
Postage and shipping	4,068	209	2,816	7,093
Printing	12,277	586	2,937	15,800
Professional development	1,288	132	71	1,491
Professional fees	223,639	34,765	19,223	277,627
Property tax	13,272	2,131	1,147	16,550
Supplies and office supplies	7,174	876	477	8,527
Travel	4,068	233	567	4,868
	\$ 1,745,122	\$ 142,025	\$ 85,914	\$ 1,973,061

TennGreen Land Conservancy
Statements of Cash Flows
For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash and cash equivalents, beginning of year	\$ 2,501,901	\$ 2,252,159
Cash flows from operating activities		
Change in net assets	10,552,563	408,616
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debts	5,000	-
Depreciation	40,383	38,478
Donated land inventory	(10,600,850)	-
(Gain) loss on sale of property	3,740	(565,455)
(Gain) loss on sale of land inventory	94,982	-
Contributed land	40,000	-
Donated securities	(76,158)	(14,270)
Forgiveness of PPP loan	(108,092)	-
Change in:		
Unconditional promises to give	(1,500)	13,500
Grant receivable	(48,653)	-
Prepaid expenses	9,355	6,488
Beneficial interest in trust	(641)	(3,424)
Accounts payable and accrued expenses	2,653	(17,208)
Accrued vacation	6,905	(2,304)
Sale of donated securities	76,642	8,858
Unearned revenues	(5,000)	(5,000)
Net cash provided (used) by operating activities	(8,671)	(131,721)
Cash flows from investing activities		
Sale of certificates of deposit	2,912,825	-
Purchase of certificates of deposit	(250,000)	(229,011)
Purchase of property and equipment	(11,662)	(42,806)
Proceeds from sale of property and equipment	-	868,346
Sale of land inventory	749,628	-
Purchase of land inventory	(564,178)	(323,158)
Purchase of investments	(1,075,935)	-
Net cash provided (used) by investing activities	1,760,678	273,371
Cash flows from financing activities		
Proceeds from PPP loan	-	108,092
Net change in cash and cash equivalents	1,752,007	249,742
Cash and cash equivalents, end of year	\$ 4,253,908	\$ 2,501,901
Supplemental non-cash items from investment activities		
Purchase of land inventory through long-term debt	\$ -	\$ 320,000
Construction in progress placed in service during the year	\$ -	\$ 1,841,995

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Nature of Activities

TennGreen Land Conservancy (formerly Tennessee Parks and Greenways Foundation) 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, our 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.

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, 2021 and 2020, 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, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Investments

Investments are reported at fair value (see note 5). 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. All investment gains or losses are included in the statements of activities.

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. 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, 2021 and 2020, 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 does not believe the easements 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.

In-kind Revenues and Expenses

Donated services are recognized if they create or enhance non-financial 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 in-kind 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.

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

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 2018.

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.

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.

Note 2. Liquidity and Availability of Resources

The following represents the Organization's financial assets:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 4,253,908	\$ 2,501,901
Certificates of deposit	250,588	2,913,413
Unconditional promises to give	5,500	9,000
Grant receivable	48,653	-
Investment, short-term	1,115,568	40,117
Investment, long-term	<u>35,041</u>	<u>35,041</u>
Total financial assets at year-end	5,709,258	5,499,472
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>(382,479)</u>	<u>(315,131)</u>
Financial assets available to meet cash needs prior to net assets without donor restrictions, board-designated	5,326,779	5,184,341
Net assets without donor restrictions, board-designated	<u>(5,632,207)</u>	<u>(5,327,095)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ (305,428)	\$ (142,754)

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 2. Liquidity and Availability of Resources

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

The Organization has a certificate of deposit with interest rate of 1.7%, which matures in 2022.

Note 4. Unconditional Promises to Give

Unconditional promises to give as of September 30, 2021 and 2020, were \$5,500 and \$9,000, respectively, and were due within one year.

Note 5. 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.

Fair values were as follows for September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ -	\$ -	\$ 24,479	\$ 24,479
Cash in endowment	296,070			296,070
Money market	30,434	-	-	30,434
Mutual Funds	808,626	-	-	808,626
Fixed income	15,479	-	-	15,479
Total investments	\$ 1,150,609	\$ -	\$ 24,479	\$ 1,175,088

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 5. Fair Value Measurements

Fair values were as follows for September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ -	\$ -	\$ 23,838	\$ 23,838
Money market	30,600	-	-	30,600
Mutual Funds	28,668	-	-	28,668
Fixed income	15,890	-	-	15,890
Total investments	<u>\$ 75,158</u>	<u>\$ -</u>	<u>\$ 23,838</u>	<u>\$ 98,996</u>

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, 2021 and 2020.

There were no transfers between Level 1, Level 2, and Level 3 investments during the years ended September 30, 2021 and 2020.

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

	2021	2020
Investments, short-term	\$ 30,434	\$ 30,600
Beneficial interest in trust	<u>24,479</u>	<u>23,838</u>
	\$ 54,913	\$ 54,438

Note 6. Property and Equipment

Property and equipment consist of the following:

	2021	2020
Land	\$ 682,500	\$ 682,500
Building	1,069,500	1,076,863
Furniture and equipment	52,116	40,454
Improvements	75,579	75,579
Vehicles	40,243	40,243
Less: accumulated depreciation	<u>(89,914)</u>	<u>(53,154)</u>
Property and equipment, net	\$ 1,830,024	\$ 1,862,485

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 7. 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, 2021 and 2020, no inventory was held for sale and it is not being used for operational purposes.

Land and building inventory is valued based on the appraisal obtained from a certified appraiser at the time of donation or purchase. The carrying value approximates fair value. Land and building inventory consist of the following:

	2021	2020
Tipton Co. – Randolph Bluff (land)	\$ -	\$ 70,000
Tipton Co. – Randolph Bluff (building)	-	210,432
Coffee Co. – Lusk Cove (land)	375,000	-
Rhea/Bledsoe Co. - Soak Creek (land)	9,991,850	-
Fentress Co. – White Oak Creek (land)	265,000	265,000
Davidson Co. – Hill’s Island (land)	-	40,000
Cheatham Co. – Eagle Pass (land)	36,500	36,500
Cheatham Co. – Eagle Pass Trial Addition (land)	12,000	12,000
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	2,600
Davidson Co. – Branstetter Gift	650,000	650,000
Crittendon Co. – Big River – Shirley	141,400	141,400
Unicoi Co. – Erwin Fish Hatchery	84,500	500
Crittendon Co. – Big River – Shirley 2	322,658	322,658
Tipton Co. – Chicksaw Bluff	320,000	320,000
	\$ 12,407,627	\$ 2,127,209

Note 8. Board-Designated Net Assets

Board-designated net assets consist of the following:

	2021	2020
Stewardship and legal defense fund	\$ 109,243	\$ 125,031
Revolving land fund – note 16	2,604,159	2,500,870
Wildlife Habitat Conservation Assistance Fund (WHCAF)	25,000	25,000
Strategic plan	79,259	115,365
Endowment	1,067,986	1,000,000
Non-revolving land fund	100,000	100,000
New staff positions	163,092	-
Operating reserve	1,483,468	1,460,829
	\$ 5,632,207	\$ 5,327,095

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	2021	2020
Time restricted contributions	\$ 47,000	\$ -
Belle Forest Cave	-	8,320
Stewardship and legal defense fund	179,009	169,009
Hills Island	-	479
Big River Park	3,190	-
Erwin Fish Hatchery	14,896	-
Skinner Cave	6,273	-
Spring Creek	10,000	-
Nonconnah creek conservancy	491	514
Natchez Trace	-	300
TN Central Heritage Greenway	100	100
Solomon Hollow grant	-	530
Maddox grant	20,000	30,000
Wildlife Habitat Conservation Assistance Fund (WHCAF)	5,000	5,000
Mill Creek	5,000	5,000
Dry Creek trail	-	5,000
Dr. and Mrs. Braun land contribution	32,000	32,000
Lucy B. Finch conservation endowment	35,041	35,041
Community Foundation of Middle Tennessee	<u>24,479</u>	<u>23,838</u>
	\$ 382,479	\$ 315,131

Note 10. Beneficial Interest in Trust

For the years ended September 30, 2021 and 2020, 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.

TennGreen Land Conservancy
Notes to Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 10. Beneficial Interest in Trust

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

	2021	2020
Balance, beginning of year	\$ 23,838	\$ 20,414
Changes in value of beneficial interest:		
Contributions	565	300
Investment income	1,224	4,253
Withdrawals	(1,000)	(1,000)
Administrative expenses	(148)	(129)
	<u>641</u>	<u>3,424</u>
Balance, end of year	\$ 24,479	\$ 23,838

Note 11. Endowment Funds

The endowment (Community Foundation, see note 10) 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).

Financial accounting standards provide 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. Financial accounting standards also require 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.

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Note 11. Endowment Funds

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).

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, 2021 and 2020.

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

	Net assets without donor restrictions	Net assets with donor restrictions	Total
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
	\$ 1,085,134	\$ 59,520	\$ 1,144,654

A schedule of endowment net asset composition by type of fund as of September 30, 2020, is as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Lucy B. Finch conservation endowment	\$ 9,517	\$ 35,041	\$ 44,558
Community Foundation of Middle Tennessee	-	23,838	23,838
	\$ 9,517	\$ 58,879	\$ 68,396

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Note 12. Changes in Endowment Fund Net Assets

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

	Net assets without donor restrictions	Net assets with donor restrictions	Total
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	\$ 1,085,134	\$ 59,520	\$ 1,144,654

The following is a schedule of changes in endowment net assets for the year ended September 30, 2020:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, October 1, 2019	\$ 4,368	\$ 55,455	\$ 59,823
Investment income	5,149	3,424	8,573
Endowment net assets, September 30, 2020	\$ 9,517	\$ 58,879	\$ 68,396

Note 13. 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 year end 2020 and 2021 was \$320,000.

Note 14. Concentrations of Credit Risk

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 and one donor contributed 24% of total revenue for the year ended September 30, 2021 and 2020, respectively.

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. As of September 30, 2021, the Organization had cash of approximately \$790,000 in excess of federally insured limits.

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Note 14. Concentrations of Credit Risk

The Organization 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. As of September 30, 2021, the Organization had cash in brokerage accounts of approximately \$46,000 in excess of federally insured limits.

Note 15. 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, 2021 and 2020, contribution expense related to this plan was \$23,376 and \$23,227, respectively, which is included in staffing payroll on the statements of functional expenses.

Note 16. 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 \$2,604,159 and \$2,500,870 designated by the board for this purpose as of September 30, 2021 and 2020, respectively.

Note 17. 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 in order 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 years ended September 30, 2021 and 2020, the solar array generated \$2,621 and \$1,102, respectively, 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 18. 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.

Note 19. Restatement of Prior Year

The Organization has restated the 2020 financial statements to correct an error relating to the accounting of conservation easements purchased. The restatement expensed the purchased conservation easement of \$580,000 during the year ended September 30, 2020, rather than capitalizing as previously presented.

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Note 20. Subsequent Events

Management has evaluated subsequent events through September 6, 2022, the date on which the financial statements were available for issuance.

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 4% at time of signing). 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.