

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS

AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

MARCH 31, 2006 AND 2005

THE LAND TRUST FOR TENNESSEE, INC.
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
MARCH 31, 2006 AND 2005

TABLE OF CONTENTS

	<u>PAGE</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 13



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statements of financial position of The Land Trust for Tennessee, Inc. as of March 31, 2006 and 2005, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of The Land Trust for Tennessee Inc.'s management. 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 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 audits provide 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 The Land Trust for Tennessee, Inc. as of March 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
June 27, 2006

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u> (Restated - Note 11)
<u>ASSETS</u>		
Cash	\$ 708,120	\$ 585,532
Contributions receivable - Note 3	166,830	201,325
Accounts receivable	4,385	-
Prepaid expenses and other	6,499	6,068
Furniture and equipment, net - Note 4	19,964	19,243
Protected land - Note 9	2,014,471	2,014,471
Funds held on behalf of others	<u>5,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,925,269</u>	<u>\$ 2,826,639</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 5,975	\$ 3,349
Accrued expenses	23,317	4,977
Funds held on behalf of others	<u>5,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>34,292</u>	<u>8,326</u>
COMMITMENTS AND CONTINGENCIES - Note 6		
NET ASSETS		
Unrestricted:		
Designated for protected land	2,014,471	2,014,471
Undesignated	<u>371,535</u>	<u>269,031</u>
Total unrestricted	2,386,006	2,283,502
Temporarily restricted - Note 10	<u>504,971</u>	<u>534,811</u>
TOTAL NET ASSETS	<u>2,890,977</u>	<u>2,818,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,925,269</u>	<u>\$ 2,826,639</u>

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

THE LAND TRUST FOR TENNESSEE, INC.STATEMENTS OF ACTIVITIESFOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	2006		
	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 203,922	\$ 346,506	\$ 550,428
Donated services	93,178	-	93,178
Special events	167,106	-	167,106
Less: direct benefits to donors	(77,590)	-	(77,590)
Investment income	18,242	-	18,242
Agency fees	3,073	-	3,073
Net assets released from restrictions	<u>376,346</u>	<u>(376,346)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>784,277</u>	<u>(29,840)</u>	<u>754,437</u>
EXPENSES			
Program services	553,325	-	553,325
Supporting services:			
Administration	79,796	-	79,796
Fundraising	<u>48,652</u>	<u>-</u>	<u>48,652</u>
TOTAL EXPENSES	<u>681,773</u>	<u>-</u>	<u>681,773</u>
CHANGE IN NET ASSETS	102,504	(29,840)	72,664
NET ASSETS - BEGINNING OF YEAR, as restated - Note 11	<u>2,283,502</u>	<u>534,811</u>	<u>2,818,313</u>
NET ASSETS - END OF YEAR	<u>\$ 2,386,006</u>	<u>\$ 504,971</u>	<u>\$ 2,890,977</u>

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

2005		
Unrestricted	Temporarily Restricted	Total
(Restated - Note 11)		
\$ 117,891	\$ 509,962	\$ 627,853
98,550	-	98,550
140,147	-	140,147
(62,262)	-	(62,262)
5,166	-	5,166
-	-	-
311,191	(311,191)	-
<u>610,683</u>	<u>198,771</u>	<u>809,454</u>
437,480	-	439,062
96,886	-	97,506
64,457	-	62,255
<u>598,823</u>	<u>-</u>	<u>598,823</u>
11,860	198,771	210,631
<u>2,271,642</u>	<u>336,040</u>	<u>2,607,682</u>
<u>\$ 2,283,502</u>	<u>\$ 534,811</u>	<u>\$ 2,818,313</u>

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u> (Restated - Note 11)
OPERATING ACTIVITIES		
Change in net assets	<u>\$ 72,664</u>	<u>\$ 210,631</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,221	6,470
(Increase) decrease in:		
Contributions receivable	34,495	(79,488)
Accounts receivable	(4,385)	-
Prepaid expenses	(431)	(5,488)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>20,966</u>	<u>(7,849)</u>
TOTAL ADJUSTMENTS	<u>55,866</u>	<u>(86,355)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	128,530	124,276
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(5,942)</u>	<u>(10,026)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	122,588	114,250
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>585,532</u>	<u>-471,282</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 708,120</u>	<u>\$ 585,532</u>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	2006				
	Program Services	Supporting Services			Total
		Administration	Fundraising	Total	
Salaries and related fringe benefits	\$ 345,572	\$ 55,482	\$ 34,636	\$ 90,118	\$ 435,690
Computer expense	2,435	1,569	181	1,750	4,185
Depreciation	3,597	830	794	1,624	5,221
Development/fundraising	-	-	5,615	5,615	5,615
Dues and subscriptions	1,481	1,073	536	1,609	3,090
Easement preparation	7,759	-	-	-	7,759
Education	15,261	2,602	482	3,084	18,345
Events	-	-	77,590	77,590	77,590
Furniture expense	257	350	-	350	607
Office expenses	6,337	1,831	553	2,384	8,721
Insurance	3,201	754	597	1,351	4,552
Interest	222	74	17	91	313
Occupancy	27,892	5,643	4,465	10,108	38,000
Printing and publication	12,540	264	-	264	12,804
Professional services:					
Donated	93,178	-	-	-	93,178
Other	27,481	8,485	88	8,573	36,054
Taxes, licenses and fees	244	27	45	72	316
Telephone	5,868	812	643	1,455	7,323
TOTAL EXPENSES	553,325	79,796	126,242	206,038	759,363
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(77,590)	(77,590)	(77,590)
TOTAL EXPENSES INCLUDED IN THE EXPENSES SECTION OF THE STATEMENT OF ACTIVITIES	\$ 553,325	\$ 79,796	\$ 48,652	\$ 128,448	\$ 681,773

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