

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

MARCH 31, 2008 AND 2007

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

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INDEPENDENT AUDITORS' REPORT

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, 2008 and 2007, 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, 2008 and 2007, 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  
October 17, 2008

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents - Note 8	\$ 1,651,753	\$ 1,126,104
Contributions receivable - Note 3	65,197	94,449
Accounts receivable	3,252	19,086
Prepaid expenses and other	17,001	11,478
Furniture and equipment, net - Note 4	50,036	34,456
Real estate:		
Glen Leven estate property - Note 10	3,700,000	3,700,000
Protected land - Note 11	2,224,471	2,014,471
Funds held on behalf of others	<u>5,051</u>	<u>5,000</u>
TOTAL ASSETS	<u>\$ 7,716,761</u>	<u>\$ 7,005,044</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 25,623	\$ 4,943
Accrued expenses	10,765	6,022
Funds held on behalf of others	<u>5,051</u>	<u>5,000</u>
TOTAL LIABILITIES	<u>41,439</u>	<u>15,965</u>
COMMITMENTS - Note 6 and 14		
<u>NET ASSETS</u>		
Unrestricted:		
Designated for protected land - Note 11	2,224,471	2,014,471
Undesignated	<u>536,334</u>	<u>498,715</u>
Total unrestricted	2,760,805	2,513,186
Temporarily restricted - Note 12	<u>4,914,517</u>	<u>4,475,893</u>
TOTAL NET ASSETS	<u>7,675,322</u>	<u>6,989,079</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,716,761</u>	<u>\$ 7,005,044</u>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions and public support:			
Individuals and foundations	\$ 637,411	\$ 261,459	\$ 898,870
Donated real estate - Notes 10 and 11	-	210,000	210,000
Grants for easement transaction assistance - Note 13	-	378,403	378,403
Stewardship contributions - Note 14	-	304,117	304,117
Donated goods and services - Note 9	251,730	-	251,730
Special events	223,510	-	223,510
Less: direct benefits to donors	(79,457)	-	(79,457)
Investment income	49,780	-	49,780
Agency fees	-	-	-
Net assets released from restrictions	715,355	(715,355)	-
TOTAL REVENUES AND SUPPORT	1,798,329	438,624	2,236,953
EXPENSES			
Program services	1,309,441	-	1,309,441
Supporting services:			
Administration	58,789	-	58,789
Fundraising	182,480	-	182,480
TOTAL EXPENSES	1,550,710	-	1,550,710
CHANGE IN NET ASSETS	247,619	438,624	686,243
NET ASSETS - BEGINNING OF YEAR	2,513,186	4,475,893	6,989,079
NET ASSETS - END OF YEAR	\$ 2,760,805	\$ 4,914,517	\$ 7,675,322

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

2007		
Unrestricted	Temporarily Restricted	Total
\$ 295,259	\$ 410,891	\$ 706,150
-	3,700,000	3,700,000
-	80,000	80,000
-	75,191	75,191
187,865	-	187,865
161,135	-	161,135
(86,162)	-	(86,162)
36,370	-	36,370
700	-	700
<u>295,160</u>	<u>(295,160)</u>	<u>-</u>
<u>890,327</u>	<u>3,970,922</u>	<u>4,861,249</u>
559,071	-	559,071
99,097	-	99,097
<u>104,979</u>	<u>-</u>	<u>104,979</u>
<u>763,147</u>	<u>-</u>	<u>763,147</u>
127,180	3,970,922	4,098,102
<u>2,386,006</u>	<u>504,971</u>	<u>2,890,977</u>
<u>\$ 2,513,186</u>	<u>\$ 4,475,893</u>	<u>\$ 6,989,079</u>

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Change in net assets	<u>\$ 686,243</u>	<u>\$ 4,098,102</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated real estate - Notes 10 and 11	(210,000)	(3,700,000)
Donated computer software and equipment	(13,480)	(11,995)
Depreciation	11,110	6,433
(Increase) decrease in:		
Contributions receivable	29,252	72,381
Accounts receivable	15,834	(14,701)
Prepaid expenses and other	(5,523)	(4,979)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>25,423</u>	<u>(18,327)</u>
TOTAL ADJUSTMENTS	<u>(147,384)</u>	<u>(3,671,188)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	538,859	426,914
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(13,210)</u>	<u>(8,930)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	525,649	417,984
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,126,104</u>	<u>708,120</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,651,753</u>	<u>\$ 1,126,104</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, 2008 AND 2007

	2008				
	Program	Supporting Services			
	Services	Administration	Fundraising	Total	Total
Salaries and related fringe benefits	\$ 470,344	\$ 32,926	\$ 49,915	\$ 82,841	\$ 553,185
Computer expense	13,153	810	1,002	1,812	14,965
Depreciation	7,848	1,805	1,457	3,262	11,110
Development/fundraising	2,671	184	14,215	14,399	17,070
Dues and subscriptions	2,112	692	276	968	3,080
Easement preparation	18,648	-	-	-	18,648
Education and outreach	47,360	2,392	2,102	4,494	51,854
Events:					
Related costs	-	-	111,664	111,664	111,664
Donated goods and services - Note 9	-	-	27,800	27,800	27,800
Glen Leven estate property					
operating costs - Note 10	40,541	-	-	-	40,541
Office expenses	19,031	1,430	2,931	4,361	23,392
Insurance	5,385	1,097	886	1,983	7,368
Occupancy	41,670	5,126	4,141	9,267	50,937
Printing and publication	29,048	2,665	2,596	5,261	34,309
Professional services:					
Donated - Note 9	172,470	-	27,980	27,980	200,450
Other	56,030	7,858	13,515	21,373	77,403
Stewardship	1,033	-	-	-	1,033
Taxes, licenses and fees	1,098	252	204	456	1,554
Telephone	11,663	1,552	1,253	2,805	14,468
Transaction assistance - Note 13	369,336	-	-	-	369,336
<b>TOTAL EXPENSES</b>	<b>1,309,441</b>	<b>58,789</b>	<b>261,937</b>	<b>320,726</b>	<b>1,630,167</b>
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(79,457)	(79,457)	(79,457)
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSES SECTION OF THE STATEMENT OF ACTIVITIES</b>	<b><u>\$ 1,309,441</u></b>	<b><u>\$ 58,789</u></b>	<b><u>\$ 182,480</u></b>	<b><u>\$ 241,269</u></b>	<b><u>\$ 1,550,710</u></b>

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



2007

Program Services	Supporting Services			Total
	Administration	Fundraising	Total	
\$ 302,264	\$ 47,173	\$ 39,726	\$ 86,899	\$ 389,163
6,067	1,042	705	1,747	7,814
978	4,432	1,023	5,455	6,433
-	-	4,529	4,529	4,529
1,768	808	306	1,114	2,882
9,223	-	-	-	9,223
24,824	2,125	3,105	5,230	30,054
-	-	86,495	86,495	86,495
-	-	30,255	30,255	30,255
18,292	-	-	-	18,292
11,960	2,880	3,404	6,284	18,244
5,748	2,115	1,409	3,524	9,272
23,700	7,164	4,778	11,942	35,642
9,724	67	45	112	9,836
123,212	14,697	7,006	21,703	144,915
11,976	14,251	6,793	21,044	33,020
390	-	-	-	390
417	154	102	256	673
8,528	2,189	1,460	3,649	12,177
-	-	-	-	-
559,071	99,097	191,141	290,238	849,309
-	-	(86,162)	(86,162)	(86,162)
<u>\$ 559,071</u>	<u>\$ 99,097</u>	<u>\$ 104,979</u>	<u>\$ 204,076</u>	<u>\$ 763,147</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008 AND 2007

NOTE 1 - GENERAL

The Land Trust for Tennessee, Inc. (the "Organization") is a Tennessee not-for-profit organization, incorporated on January 15, 1999, whose purpose is to promote and aid in the preservation of Tennessee's natural landscapes and to protect land with recreational, scenic, ecological, and historical significance for future generations. The goal to preserve Tennessee's land will primarily be accomplished through 1) the acquisition, through donation or purchase, of land or conservation easements on land, and 2) public education concerning Tennessee's natural and historic resources and landowners' options for preserving these resources. The Organization is funded primarily by contributions. As of March 31, 2008, the Organization has completed conservation transactions protecting 32,052 acres throughout Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Resources are classified as unrestricted, temporarily restricted and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Organization had no permanently restricted net assets as of March 31, 2008 and 2007.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

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

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently 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), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

Contributions Receivable

Unconditional promises 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 (not applicable in 2008; 4.58% in 2007). 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.

Property and Equipment

Property 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 calculated by the straight-line method over the estimated useful lives of the assets ranging from three to seven years for equipment and furniture and fixtures.

In-kind Contributions

Donated materials are recorded as gifts in the period received at 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 fair value as support and expense in the period the services are performed.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 preservation of Tennessee's natural landscapes and to protect land with recreational, scenic, ecological and historical significance for future generations.

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.

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.

Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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.

Income Taxes

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

Reclassifications

Certain reclassifications have been made to the prior year amounts in order to be comparative with the current year presentation.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 3 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE

At March 31, 2008, two contributions receivable from two unrelated parties comprised 46% of total receivables (31% in 2007). In addition, pledges totaling \$13,333 (\$40,004 in 2007) are due from eight (eleven in 2007) members of the Organization's board of directors.

Contributions receivable consisted of the following as of March 31:

	<u>2008</u>	<u>2007</u>
Due in less than one year	\$ 59,947	\$ 60,405
Due in one to five years	<u>5,250</u>	<u>35,833</u>
	65,197	96,238
Less: discount to present value	<u>-</u>	<u>(1,789)</u>
Subtotal	65,197	94,449
Less: allowance for uncollectible amounts	<u>-</u>	<u>-</u>
	<u><u>\$ 65,197</u></u>	<u><u>\$ 94,449</u></u>

The Organization has been notified that certain donors will recommend gifts to the Organization by the Community Foundation of Middle Tennessee, Inc. (the "Foundation"). The total expected amount of such gifts approximated \$10,000 as of March 31, 2008. The gifts are expected to be approved by the Foundation and disbursed to the Organization in 2009. The Foundation has final authority over these donor recommendations and, accordingly, the contributions will be recognized in the period approved by the Foundation.

NOTE 4 - FURNITURE AND EQUIPMENT

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

	<u>2008</u>	<u>2007</u>
Furniture and fixtures	\$ 473	\$ 473
Equipment	63,289	63,289
Computer and software	<u>26,690</u>	<u>-</u>
	90,452	63,762
Less: accumulated depreciation	<u>(40,416)</u>	<u>(29,306)</u>
Net furniture and equipment	<u><u>\$ 50,036</u></u>	<u><u>\$ 34,456</u></u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 5 - DONOR-DESIGNATED ENDOWMENT FUNDS IN TRUST

A donor-designated endowment fund has 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 2008 or 2007. Total assets held in this fund approximated \$14,000 at March 31, 2008 and 2007.

NOTE 6 - LEASES

The Organization leases its office facilities under a noncancelable operating lease. The lease expires June 30, 2009. Additionally, the Organization leases a satellite office on a month-to-month basis for \$300 a month. Total rent expense paid during the year was \$45,650 (\$32,150 in 2007).

Future minimum lease payments required under all noncancelable operating leases that have remaining terms in excess of one year as of March 31, 2008, are as follows:

Year ending March 31,

2009	\$ 30,875
2010	<u>7,800</u>
	<u>\$ 38,675</u>

NOTE 7 - PENSION PLAN

The Organization sponsors a defined contribution employee benefit plan for eligible employees. At the discretion of the Board, 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 and to receive the Employer discretionary match after two years of service. Total pension plan expense of the Organization amounted to \$5,260 in 2008 (\$6,250 in 2007).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 8 - CONCENTRATION OF CREDIT RISK

Cash deposits at one financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$100,000. Cash deposits at March 31, 2008 exceeded the FDIC limit by approximately \$1,490,000. As of October 7, 2008, cash deposits in excess of the FDIC insured amounts were invested in U.S. Treasury securities.

NOTE 9 - DONATED GOODS AND SERVICES

The accompanying statements of activities include contributed services for legal, engineering, architectural, and various other services. Donated goods include food and beverages used at fundraising events and certain equipment. The equipment and computer software were capitalized and are included in furniture and equipment.

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

	<u>2008</u>	<u>2007</u>
Equipment	\$ -	\$ 11,995
Computer software	13,480	-
Events:		
Goods	11,250	14,400
Printing and publicity	16,550	16,555
Professional services:		
Public relations and branding	27,980	89,590
Biologists, legal, geologists, graphic design, photographers, website	172,470	55,325
Occupancy	<u>10,000</u>	<u>-</u>
	<u>\$ 251,730</u>	<u>\$ 187,865</u>

Donated legal services in the amount of \$120,000 were provided by a law firm of which a Board member is an owner.

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, 2008 AND 2007

NOTE 10 - PROPERTY BEQUEATHED FROM GLEN LEVEN ESTATE

During 2007, the Organization received a testamentary bequest from the Glen Leven estate consisting of approximately 65 acres of land and a historic house with appraised fair values of \$1,500,000 and \$2,200,000, respectively. The decedent's will placed significant restrictions on the use of this property or the proceeds in the event of its sale. Thus, management and the Board are currently evaluating its future use.

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

	<u>2008</u>	<u>2007</u>
Consulting	\$ 4,095	\$ -
Insurance	14,677	5,629
Repairs	217	10,411
Security	722	1,706
Taxes	11,049	24
Yard work	6,541	365
Utilities and other	3,240	157
	<u>\$ 40,541</u>	<u>\$ 18,292</u>

The Organization has filed the necessary applications on this property for exemption from property taxes. Property taxes were paid in 2008, but will be refunded if the Organization's application is approved.

NOTE 11 - PROTECTED LAND

Protected land at March 31, 2008 consists of two tracts of land in Tennessee. 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. The land is being held subject to significant deed restrictions consistent with the Organization's mission.

The Organization received the Wilson County tract in the current year pursuant to a testamentary bequest from an estate, that consists of 12 acres of unimproved land in Wilson County, Tennessee. The Organization will obtain the necessary easements prior to its sale to ensure the appropriate conservation of this property. The property has been recorded at \$210,000, the estimated fair value with the contemplated restrictions. Management and the Board are currently evaluating the future use of this land and anticipate the property will be sold.



THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of March 31:

	<u>2008</u>	<u>2007</u>
Future years' operations	\$ 65,197	\$ 94,449
Stewardship funds for monitoring and enforcement of protected properties	614,669	301,232
Land protection activities in the South Cumberland Plateau and Sequatchie Valley regions	104,903	142,921
Land conservation program in north Davidson county, Robertson county, Sumner county and Northeast Tennessee	12,051	12,155
Glen Leven estate property - Note 10	3,700,000	3,700,000
Maintenance of the Glen Leven estate property	-	28,574
Support from Phase II of the Duck River Highlands Conservation Project	-	38,962
Initial set-up and monitoring of the conservation easement for Shelby Farms	83,438	52,108
Wilson County unimproved land - Note 11	210,000	-
Transaction fees	112,270	85,820
Education, outreach and other land protection programs	<u>11,989</u>	<u>19,672</u>
	<u>\$ 4,914,517</u>	<u>\$ 4,475,893</u>

NOTE 13 - TRANSACTION ASSISTANCE

In cases where important land is at risk because the landowner is not able to pay the costs of a conservation easement transaction, the Organization may provide assistance from its Transaction Assistance Fund, which is supported by restricted grant donations. The Organization may also participate as a partner in raising funds for land purchases. Beginning in 2008, the Organization expended approximately \$53,000 from this fund to assist landowners with transaction costs incurred for conservation easements and raised and expended approximately \$316,000 for the purchase of Lost Cove by the University of the South in Tennessee.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2008 AND 2007

NOTE 14 - COMMITMENTS

In accepting conservation easements, the Organization has agreed to undertake future monitoring and enforcement activities to ensure compliance with the terms and conditions of the 104 easements that the Organization holds. The Organization's stewardship funds will be utilized for this purpose.