

FRIENDS OF RADNOR LAKE

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Friends of Radnor Lake
Nashville, Tennessee

We have audited the accompanying statements of financial position of Friends of Radnor Lake (a not-for-profit corporation) ("FORL") as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of FORL'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 Friends of Radnor Lake as of December 31, 2010 and 2009, 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
September 8, 2011

FRIENDS OF RADNOR LAKE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 265,833	\$ 732,791
Accounts receivable - license plate fees	9,028	9,247
Accounts receivable - other	-	600
Inventory	1,356	3,446
Furniture and equipment, net	2,904	4,709
Land	<u>2,406,261</u>	<u>2,683,475</u>
 TOTAL ASSETS	 <u>\$ 2,685,382</u>	 <u>\$ 3,434,268</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 33,454	\$ 4,542
Grantor advance	-	500,000
Note payable	<u>600,000</u>	<u>300,000</u>
 TOTAL LIABILITIES	 <u>633,454</u>	 <u>804,542</u>
NET ASSETS		
Unrestricted:		
Invested in land	1,806,261	2,383,475
Board designated	2,230	10,000
Undesignated	<u>162,166</u>	<u>229,995</u>
Total unrestricted	1,970,657	2,623,470
Temporarily restricted	<u>81,271</u>	<u>6,256</u>
 TOTAL NET ASSETS	 <u>2,051,928</u>	 <u>2,629,726</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,685,382</u>	 <u>\$ 3,434,268</u>

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

FRIENDS OF RADNOR LAKE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Contributions and public support:						
Individuals, foundations and other						
State of Tennessee grant	\$ 124,434	\$ 922,634	\$ 1,047,068	\$ 100,716	\$ 5,337	\$ 106,053
State of Tennessee grant	500,000	-	500,000	-	-	-
Donated real estate	-	-	-	325,000	-	325,000
Donated goods, services and interest expense	43,784	-	43,784	25,840	-	25,840
License plate fees	38,534	-	38,534	40,877	-	40,877
Fundraising events	36,010	-	36,010	27,765	-	27,765
Calendar sales	16,375	-	16,375	7,491	-	7,491
Less: cost of calendar sales	(8,838)	-	(8,838)	(4,541)	-	(4,541)
Interest income	5,565	3	5,568	1,854	-	1,854
Rental income	4,800	-	4,800	3,600	-	3,600
Net assets released from restrictions:						
Satisfaction of purpose restrictions	847,622	(847,622)	-	12,732	(12,732)	-
TOTAL REVENUES AND SUPPORT	1,608,286	75,015	1,683,301	541,334	(7,395)	533,939
EXPENSES						
Program services						
Land acquisition, grants and other contract costs	6,853	-	6,853	18,531	-	18,531
Land grant to the State of Tennessee	1,987,999	-	1,987,999	-	-	-
Other services	196,592	-	196,592	72,507	-	72,507
Supporting services:						
Management and general	43,885	-	43,885	40,523	-	40,523
Fundraising	25,770	-	25,770	13,490	-	13,490
TOTAL EXPENSES	2,261,099	-	2,261,099	145,051	-	145,051
CHANGE IN NET ASSETS	(652,813)	75,015	(577,798)	396,283	(7,395)	388,888
NET ASSETS - BEGINNING OF YEAR	2,623,470	6,256	2,629,726	2,227,187	13,651	2,240,838
NET ASSETS - END OF YEAR	\$ 1,970,657	\$ 81,271	\$ 2,051,928	\$ 2,623,470	\$ 6,256	\$ 2,629,726

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

FRIENDS OF RADNOR LAKE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (577,798)	\$ 388,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,805	2,951
Noncash contribution of land	-	(325,000)
Land grant to the State of Tennessee	1,987,999	-
Cash paid for purchase of land and related costs	(1,110,785)	(5,044)
(Increase) decrease in:		
Accounts receivable - license plate fees	219	(1,718)
Accounts receivable - other	600	450
Inventory	2,090	(3,055)
Increase (decrease) in:		
Accounts payable and accrued expenses	28,912	(923)
Grantor advance	(500,000)	500,000
TOTAL ADJUSTMENTS	<u>410,840</u>	<u>167,661</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(166,958)</u>	<u>556,549</u>
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(1,943)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(1,943)</u>
NET CASH USED IN FINANCING ACTIVITIES		
Payment on note payable	<u>(300,000)</u>	<u>(100,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(300,000)</u>	<u>(100,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(466,958)	454,606
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>732,791</u>	<u>278,185</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 265,833</u>	<u>\$ 732,791</u>
NONCASH INVESTING AND FINANCING ACTIVITY:		
Note payable issued for financing land purchase	<u>\$ 600,000</u>	<u>\$ -</u>

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

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and wages and related payroll taxes	\$ 32,180	\$ 25,744	\$ 6,435	\$ 64,359
Accounting fees	-	7,400	-	7,400
Bank fees	-	212	1,201	1,413
Calendar expense:				
Cost of sales - actual	-	-	7,338	7,338
Cost of sales - donated	-	-	1,500	1,500
Promotional gifts	-	-	2,765	2,765
Computer maintenance	-	342	-	342
Depreciation	-	1,805	-	1,805
Dues and subscriptions	-	411	-	411
Environmental education	97	-	-	97
Events	3,914	-	3,914	7,828
Donated services - other	1,000	-	1,000	2,000
Fees	-	360	-	360
Flood relief	12,045	-	-	12,045
Forest Hills grant, flood restoration	50,127	-	-	50,127
Forestry grant	14,453	-	-	14,453
Frist technology grant	50	74	-	124
Gifts and awards	1,363	1,362	-	2,725
Hospitality	-	287	1,150	1,437
In-kind interest expense	5,271	-	-	5,271
Insurance	-	1,840	-	1,840
Junior ranger program	10,711	-	-	10,711
Land acquisition costs	6,853	-	-	6,853
Land grant to the State of Tennessee	1,987,999	-	-	1,987,999
Mapp reptile grant	6,945	-	-	6,945
Membership outreach	250	-	250	500
Newsletter	6,792	-	2,911	9,703
Park support	6,621	-	-	6,621
Postage and handling	-	440	439	879
General office printing	-	987	-	987
Property taxes	28,792	-	-	28,792
REI grant	4,109	-	-	4,109
Rent	-	1,200	-	1,200
Public relations:				
Actual	365	-	156	521
Donated	9,635	-	4,129	13,764
Supplies	-	269	268	537
Telephone	881	1,028	1,028	2,937
Web site maintenance	991	124	124	1,239
TOTAL EXPENSES	2,191,444	43,885	34,608	2,269,937
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(8,838)	(8,838)
TOTAL EXPENSES INCLUDED IN EXPENSE				
SECTION OF THE STATEMENT OF ACTIVITIES	<u>\$ 2,191,444</u>	<u>\$ 43,885</u>	<u>\$ 25,770</u>	<u>\$ 2,261,099</u>

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

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and wages and related payroll taxes	\$ 29,929	\$ 23,943	\$ 5,986	\$ 59,858
Accounting fees	-	7,150	-	7,150
Bank fees	-	204	1,159	1,363
Calendar expense:				
Cost of sales - actual	-	-	3,941	3,941
Cost of sales - donated	-	-	600	600
Promotional gifts	-	-	590	590
Computer maintenance	-	445	-	445
Depreciation	-	2,951	-	2,951
Dues and subscriptions	-	58	-	58
Environmental education	29	-	-	29
Events	2,543	-	2,542	5,085
Fees	-	320	-	320
Frist technology grant	140	209	-	349
Gifts and awards	376	376	-	752
Hospitality	-	34	138	172
Insurance	-	1,840	-	1,840
In-kind interest expense	11,040	-	-	11,040
Junior ranger program	5,815	-	-	5,815
Land acquisition costs:				
Actual	4,331	-	-	4,331
Donated	14,200	-	-	14,200
Newsletter	3,305	-	1,417	4,722
Park support	5,863	-	-	5,863
Postage and handling	-	204	204	408
General office printing	-	35	-	35
Property taxes	8,486	-	-	8,486
REI grant	3,546	-	-	3,546
Rent	-	1,300	-	1,300
RLWSI - water quality study	50	-	-	50
Public relations	331	-	-	331
Supplies	-	475	475	950
Telephone	814	949	949	2,712
Web site maintenance	240	30	30	300
TOTAL EXPENSES	91,038	40,523	18,031	149,592
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(4,541)	(4,541)
TOTAL EXPENSES INCLUDED IN EXPENSE				
SECTION OF THE STATEMENT OF ACTIVITIES	<u>\$ 91,038</u>	<u>\$ 40,523</u>	<u>\$ 13,490</u>	<u>\$ 145,051</u>

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

FRIENDS OF RADNOR LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Friends of Radnor Lake ("FORL") is a Tennessee not-for-profit corporation. Its purpose is to protect, preserve and promote the natural environment, habitat, facilities and equipment of Radnor Lake State Natural Area and to educate the general public on the importance of the area.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of FORL on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Resources are classified as unrestricted, temporarily restricted or 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. FORL had no permanently restricted net assets as of December 31, 2010 or 2009.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and savings account balances with financial institutions.

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.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (continued)

FORL reports any gifts of property, equipment, or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

FORL receives grant revenue from the State of Tennessee. Grant revenue is recognized in the period a liability is incurred for eligible expenditures or transfers of property under the terms of the grant.

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. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no contributions receivable at December 31, 2010 or 2009.

License Plate Fees

License plate fees are collected on behalf of FORL by the State of Tennessee when individuals purchase or renew specialty license plates. These fees are recognized by FORL as revenue in the month collected by the State.

Income Taxes

FORL 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.

FORL files a U.S. Federal Form 990 for organizations exempt from income tax. FORL's returns for years prior to fiscal year 2007 are closed.

Inventory

Inventory is reported at the lower of cost (first-in, first-out method) or market.

Furniture, Equipment and Land

Furniture, equipment and land are reported at cost at the date of purchase or at estimated fair value at date of gift to the FORL. FORL's policy is to capitalize items with a cost of \$500 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, which range from five to fifteen years.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 1 - 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 - consists of programs to acquire land to be donated to the natural area, protect and maintain the environment, improve the natural area and educate the general public about the Radnor Lake State Natural Area.

Management and General - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of FORL'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 and calendar sales. 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. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Property, Goods, Services and Interest Expense

Property, professional services, and goods received as donations are reflected as support in the accompanying financial statements at their estimated or appraised fair value in the period received. For the year ended December 31, 2010, \$43,784 in donated services (legal, real estate, marketing and graphic design services) and interest expense was recorded in the accompanying Statement of Activities (\$25,840 in donated legal and graphic design services and interest expense for the year ended December 31, 2009).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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 during the reporting period. Actual results could differ from those estimates.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

FORL has evaluated events and transactions that occurred between December 31, 2010 and September 8, 2011, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - FURNITURE AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 41,303	\$ 41,303
Less accumulated depreciation	<u>(38,399)</u>	<u>(36,594)</u>
Furniture and equipment - net	<u><u>\$ 2,904</u></u>	<u><u>\$ 4,709</u></u>

NOTE 3 - LAND

Land tracts acquired surround the Radnor Lake State Natural Area. FORL intends either to sell or donate the land to the State of Tennessee for future expansion of the Radnor Lake State Natural Area.

Land consisted of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Cheek property, and related costs	\$ 365,432	\$ 550,241
Campbell donated property	-	831,723
Yarbrough property, and related costs	-	710,547
Beck property, and related costs	-	260,920
Ansley donated property	325,000	325,000
Foster property, and related costs	5,044	5,044
Harris Property, and related cost	937,785	-
Civic Bank property, and related costs	<u>773,000</u>	<u>-</u>
Total	<u><u>\$ 2,406,261</u></u>	<u><u>\$ 2,683,475</u></u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 3 - LAND (CONTINUED)

During 2009, FORL entered into an agreement in which FORL leased a certain parcel of land and related improvements and had the option to accept this property as a donation, pending various factors. In December 2009, FORL exercised the option, and this land and related improvement were donated to FORL and recorded at the estimated fair value of \$325,000. FORL leased the improvement to an individual for monthly payments of \$400. This lease expired April 1, 2010, and has subsequently been continued on a month-to-month basis at the same terms.

During 2010, FORL transferred the Campbell, Yarbrough, and Beck properties and part of the Cheek property to the State of Tennessee in accordance with a grant agreement under which FORL received \$500,000. The \$1,987,999 carrying value of these properties was recognized in the 2010 Statement of Functional Expenses as a land grant to the State of Tennessee.

In July 2010, FORL purchased 10 acres of land for \$750,000 from Civic Bank. This purchase was funded by a grant from the City of Oak Hill, Tennessee.

In December 2010, FORL purchased 37 acres of land for \$900,000, referred to as the Harris property. FORL paid \$300,000 in cash for the property and funded the remainder with a note payable to the sellers of the property.

NOTE 4 - PROGRAM ACCOMPLISHMENTS

Total program accomplishments by FORL consist of program services and land acquisitions, as follows for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Program Services:		
Costs related to land acquisition, grants and other contracts	\$ 6,853	\$ 18,531
Land grant to the State of Tennessee	1,987,999	-
Other services	196,592	72,507
Land acquisitions (including donated and financed amount)	<u>1,710,785</u>	<u>330,044</u>
Total	<u>\$ 3,902,229</u>	<u>\$ 421,082</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 5 - NOTE PAYABLE

In connection with the purchase of the Yarbrough property during 2008, FORL issued a note payable to the sellers in the amount of \$400,000. The note was non-interest bearing and required four annual installments of \$100,000 each, beginning in 2009 and continuing through 2012. In October 2010, the note was paid in full. Imputed interest in the amount of \$5,271 is reported as contribution revenue and interest expense for the year ended December 31, 2010 (\$11,040 for the year ended December 31, 2009).

On December 30, 2010, FORL issued a note payable to the sellers of the Harris property in the amount of \$600,000. The note requires six annual installments of \$100,000 each payable on December 30, 2011 through 2016. Interest on the loan is payable annually with the principal installment at an interest rate equal to the prime rate as published in the Wall Street Journal, adjusted on December 30 each year. There is no interest expense for the year ended December 31, 2010 related to this note.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets for the year ended December 31, 2010 were as follows:

	2010			
	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Grants and contributions restricted for specific purposes:				
City of Oak Hill, land acquisition	\$ -	\$ 750,000	\$(750,000)	\$ -
City of Forest Hills, flood restoration	-	100,000	(50,127)	49,873
Other land acquisitions	-	7,483	(7,483)	-
Technology equipment and training	84	-	(84)	-
Trail signage	2,000	-	-	2,000
Junior ranger program	441	2,500	(2,941)	-
Environmental education	2,258	-	(97)	2,161
REI grant	1,473	14,000	(4,109)	11,364
Flood relief	-	11,383	(11,383)	-
Forestry grant	-	14,453	(14,453)	-
Mapp reptile grant	-	12,818	(6,945)	5,873
Maddox waterfowl ID grant	-	10,000	-	10,000
	<u>\$ 6,256</u>	<u>\$ 922,637</u>	<u>\$(847,622)</u>	<u>\$ 81,271</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Changes in temporarily restricted net assets for the year ended December 31, 2009 were as follows:

	2009			
	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Contributions restricted for specific purposes:				
Other land acquisitions	\$ -	\$ 1,050	\$ (1,050)	\$ -
Technology equipment and training	433	-	(349)	84
Trail signage	-	2,000	-	2,000
Junior ranger program	6,256	-	(5,815)	441
Environmental education	-	2,287	(29)	2,258
REI grant	<u>6,962</u>	<u>-</u>	<u>(5,489)</u>	<u>1,473</u>
	<u>\$ 13,651</u>	<u>\$ 5,337</u>	<u>\$ (12,732)</u>	<u>\$ 6,256</u>

NOTE 7 - CONCENTRATION OF CREDIT RISK

During 2010, FORL received approximately 30% of its total revenues and support from the State of Tennessee related to a grant for the transfer of certain tracts of land. In addition, during 2010, the City of Oak Hill made a grant for the purchase of a parcel of land, which accounted for 44% of total revenue and support. There was no concentration of revenue and support in 2009.

FORL maintains cash balances in bank deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of December 31, 2010, FORL's accounts were fully insured.

NOTE 8 - RELATED PARTY TRANSACTIONS

Donated services included in contribution income in 2010 include in-kind contributions by Board members as follows: \$1,500 for graphic design for the 2011 calendar, \$2,000 for costs relating to a fundraising event, \$2,500 for brokerage services for real estate acquisitions, \$18,750 for attorney fees, and approximately \$13,750 for public relation services. Donated services included in contribution income in 2009 include in-kind contributions by Board members as follows: \$600 for graphic design for the 2010 calendar and approximately \$14,200 for attorney fees. In addition, one Board member is employed by FORL's financial institution.