

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2019 AND 2018

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Land Trust for Tennessee, Inc.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Land Trust for Tennessee, Inc., which comprise the statements of financial position as of March 31, 2019 and 2018, and 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 of 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.

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, 2019 and 2018, and the changes 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.

Kraft CPAs PLLC

Nashville, Tennessee
November 6, 2019

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Operating funds without restriction or designation	\$ 314,197	\$ 445,384
Operating funds with donor restrictions	2,136,274	1,844,177
Operating funds with board designations	1,222,220	1,130,797
Contributions receivable:		
Operating receivables without purpose restriction or designation	64,106	144,843
Operating receivables with donor restrictions	116,757	103,873
Operating receivables with board designation	74,500	113,583
Accounts receivable	17,855	9,243
Prepaid expenses and other	67,886	42,172
Investments:		
Investments with donor restrictions	3,238,905	3,672,299
Investments with board designations	3,929,511	3,404,633
Furniture and equipment, net	61,127	31,072
Real estate:		
Glen Leven estate property, net	4,681,628	4,679,257
Protected land	5,614,771	2,814,771
Funds held on behalf of others	<u>1,750</u>	<u>1,750</u>
TOTAL ASSETS	<u>\$ 21,541,487</u>	<u>\$ 18,437,854</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 101,998	\$ 52,101
Accrued expenses	118,542	93,027
Funds held on behalf of others	<u>1,750</u>	<u>1,750</u>
TOTAL LIABILITIES	<u>222,290</u>	<u>146,878</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions:		
Designated for protected land	5,079,771	2,279,771
Board-designated quasi-endowment - Ashby Fund	2,639,597	2,659,525
Board designations - other	2,123,202	1,989,488
Undesignated	<u>1,333,828</u>	<u>1,416,947</u>
Total net assets without donor restrictions	11,176,398	8,345,731
Net assets with donor restrictions	<u>10,142,799</u>	<u>9,945,245</u>
TOTAL NET ASSETS	<u>21,319,197</u>	<u>18,290,976</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,541,487</u>	<u>\$ 18,437,854</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, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions, public support and other:			
Individuals, foundations and other	\$ 840,661	\$ 528,872	\$ 1,369,533
Bequests	2,800,000	-	2,800,000
Easement and land acquisition assistance	-	204,959	204,959
Stewardship contributions	-	167,237	167,237
Donated goods and services	73,541	-	73,541
Special events	298,024	-	298,024
Less: direct benefits to donors	(75,634)	-	(75,634)
Loss on sale of furniture and equipment	(2,397)	-	(2,397)
Interest and dividend income	139,412	-	139,412
Net realized and unrealized gain on investments	161,260	-	161,260
Rental income	-	-	-
Net assets released from restrictions	703,514	(703,514)	-
TOTAL REVENUES AND SUPPORT	4,938,381	197,554	5,135,935
EXPENSES			
Program services	1,625,382	-	1,625,382
Supporting services:			
Administration	134,027	-	134,027
Fundraising	348,305	-	348,305
TOTAL EXPENSES	2,107,714	-	2,107,714
CHANGE IN NET ASSETS	2,830,667	197,554	3,028,221
NET ASSETS - BEGINNING OF YEAR	8,345,731	9,945,245	18,290,976
NET ASSETS - END OF YEAR	\$ 11,176,398	\$ 10,142,799	\$ 21,319,197

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

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,792,699	\$ 321,892	\$ 2,114,591
-	325,000	325,000
-	168,121	168,121
-	202,169	202,169
61,205	-	61,205
281,113	-	281,113
(63,317)	-	(63,317)
-	-	-
45,601	-	45,601
120,769	-	120,769
150	-	150
<u>552,257</u>	<u>(552,257)</u>	<u>-</u>
<u>2,790,477</u>	<u>464,925</u>	<u>3,255,402</u>
1,859,259	-	1,859,259
154,693	-	154,693
<u>192,473</u>	<u>-</u>	<u>192,473</u>
<u>2,206,425</u>	<u>-</u>	<u>2,206,425</u>
584,052	464,925	1,048,977
<u>7,761,679</u>	<u>9,480,320</u>	<u>17,241,999</u>
<u>\$ 8,345,731</u>	<u>\$ 9,945,245</u>	<u>\$ 18,290,976</u>

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,028,221	\$ 1,048,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	80,530	58,707
Net realized and unrealized gain on investments	(161,260)	(120,769)
Loss on sale of furniture and equipment	2,397	-
Protected land received	(2,800,000)	(535,000)
(Increase) decrease in:		
Contributions receivable	106,936	54,038
Accounts receivable	(8,612)	41,693
Prepaid expenses and other	(25,714)	273
Property bequest receivable	-	210,000
Other assets	-	275
Increase (decrease) in:		
Accounts payable and accrued expenses	75,412	73,599
TOTAL ADJUSTMENTS	(2,730,311)	(217,184)
NET CASH PROVIDED BY OPERATING ACTIVITIES	297,910	831,793
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(41,885)	(30,692)
Purchase of protected land	-	(27,300)
Payment for Glen Leven renovations	(73,468)	(232,958)
Proceeds from sale of investments	1,961,680	-
Purchases of investments	(1,891,904)	(3,640,803)
NET CASH USED IN INVESTING ACTIVITIES	(45,577)	(3,931,753)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	252,333	(3,099,960)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,420,358	6,520,318
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,672,691</u>	<u>\$ 3,420,358</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, 2019 AND 2018

	2019				
	Program	Supporting Services			
	Services	Administration	Fundraising	Total	Total
Salaries and related benefits	\$ 1,001,161	\$ 106,548	\$ 206,445	\$ 312,993	\$ 1,314,154
Computer expense	24,558	2,344	4,276	6,620	31,178
Depreciation	78,800	623	1,107	1,730	80,530
Development/fundraising	10,969	875	1,556	2,431	13,400
Dues and subscriptions	4,844	486	863	1,349	6,193
Easement and land acquisition assistance	10,000	-	-	-	10,000
Easement preparation	586	18	31	49	635
Education and outreach	15,858	1,243	2,210	3,453	19,311
Events:					
Related costs	-	-	138,651	138,651	138,651
Donated goods and services	-	-	27,488	27,488	27,488
Office expenses	31,508	2,314	4,113	6,427	37,935
Insurance	69,657	2,472	4,394	6,866	76,523
Marketing and public relations	38,953	567	1,007	1,574	40,527
Occupancy	107,715	8,130	14,453	22,583	130,298
Professional services:					
Donated	14,346	-	-	-	14,346
Other	53,802	4,561	9,570	14,131	67,933
Stewardship	1,808	-	-	-	1,808
Taxes, licenses and fees	7,069	91	163	254	7,323
Telephone and utilities	26,275	2,334	4,149	6,483	32,758
Transaction assistance	86,310	11	19	30	86,340
Travel and entertainment	41,163	1,410	3,444	4,854	46,017
TOTAL EXPENSES	1,625,382	134,027	423,939	557,966	2,183,348
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(75,634)	(75,634)	(75,634)
TOTAL EXPENSES INCLUDED IN EXPENSES SECTION OF STATEMENT OF ACTIVITIES	\$ 1,625,382	\$ 134,027	\$ 348,305	\$ 482,332	\$ 2,107,714

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

2018

Program Services	Supporting Services			Total
	Administration	Fundraising	Total	
\$ 1,148,791	\$ 97,635	\$ 95,336	\$ 192,971	\$ 1,341,762
24,642	2,904	1,507	4,411	29,053
52,933	5,774	-	5,774	58,707
16,918	2,265	1,176	3,441	20,359
5,937	1,271	660	1,931	7,868
113,322	-	-	-	113,322
4,630	172	90	262	4,892
10,455	1,340	696	2,036	12,491
-	-	115,291	115,291	115,291
-	-	17,719	17,719	17,719
30,951	4,026	2,092	6,118	37,069
53,949	3,736	1,939	5,675	59,624
8,517	1,499	778	2,277	10,794
138,228	20,609	10,698	31,307	169,535
27,470	-	-	-	27,470
30,386	6,849	3,555	10,404	40,790
254	-	-	-	254
4,779	1,494	775	2,269	7,048
28,734	3,114	1,617	4,731	33,465
121,633	-	-	-	121,633
36,730	2,005	1,861	3,866	40,596
1,859,259	154,693	255,790	410,483	2,269,742
-	-	(63,317)	(63,317)	(63,317)
<u>\$ 1,859,259</u>	<u>\$ 154,693</u>	<u>\$ 192,473</u>	<u>\$ 347,166</u>	<u>\$ 2,206,425</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 1 - GENERAL

The Land Trust for Tennessee, Inc. (the “Organization”) is a Tennessee not-for-profit organization, incorporated on January 15, 1999, whose mission is to conserve the unique character of Tennessee’s natural and historic landscapes and sites for future generations.

The Organization works with partners at the federal, state and local level to assist landowners, citizen groups and other interested parties to conserve forever the scenic and natural values of land throughout the state. Lands protected include private land, public parks and open spaces. The main tool for ensuring this preservation is a conservation easement. As of March 31, 2019, the Organization has completed conservation transactions protecting 124,430 acres throughout Tennessee.

A conservation easement is a voluntary contract between a landowner and the Organization in which the owner places permanent restrictions on the future uses of some or all of the property to protect scenic, wildlife or agricultural resources. The restrictions usually limit the number of future home sites and can limit other uses as well. The landowner retains ownership of the land, has the right to use it, sell it or leave it to heirs, and is responsible for its ongoing maintenance. The restrictions of the easement remain with the land forever. The Organization holds the conservation easement and accepts responsibility for monitoring compliance with the terms of the easement and for defending the easement should the terms be threatened or violated. The Organization refers to its ongoing responsibility as stewardship and enforcement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with financial institutions and money market funds that can be liquidated without significant penalty or restriction (including accrued interest).

Contributions and Support

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restriction.

Grant revenue related to transaction assistance is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant revenue related to stewardship is considered a contribution and is recognized when the funds are received.

Contributions Receivable

Unconditional promises and bequests 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. In 2019 and 2018, management considered this amount to be immaterial, and it was not recorded. 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.

Bequests

When a will is declared valid, the Organization recognizes the bequest receivable and revenue at the estimated realizable value of its interest in the estate.

Investments

Investments consist of money market accounts, mutual funds, exchange traded funds, equities, options and hedge funds. Money market accounts are carried at cash value plus accrued interest. Mutual funds, exchange traded funds, equities, options and hedge funds are carried at their quoted market value on the last business day of the reporting period. Interest and dividends, as well as changes in unrealized gains and losses, are recognized currently in the Statement of Activities.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture 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 recorded using the straight-line method over the assets' estimated useful lives, except for leasehold improvements, which are depreciated over the shorter of their estimated useful lives or the respective lease term.

Real Estate

Real estate is reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization and includes any additional improvements made by the Organization. Additional improvements are reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization. Depreciation of improvements is recorded using the straight-line method over the assets' estimated useful lives.

Real estate is reviewed for impairment when events or circumstances indicate that the carrying values may not be recoverable. If any such indicators are present and where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is written down to its recoverable amount through the Statement of Activities.

Board-Designated Net Assets

The Board of Directors has established several board-designated funds: the Ashby Fund as a quasi-endowment to generate revenue and capital growth, an Operating Reserve for use in emergencies to sustain financial operations, a Working Capital Fund to meet the ebbs and flows during the year, and a Revolving Fund to assist with the acquisition of land over short periods of approximately 24-36 months. In addition, the proceeds from the sales of donated land are split among the board-designated funds per policy that includes a portion for special projects. Within this structure, funds are invested, used, managed and transferred as set out in policies created by the Board of Directors and in accordance with internal procedures.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board-Designated Net Assets (Continued)

Board-designated funds consisted of the following at March 31:

	<u>2019</u>	<u>2018</u>
Board-designated quasi-endowment - Ashby Fund	<u>\$ 2,639,597</u>	<u>\$ 2,659,525</u>
Operating Reserve Fund	\$ 384,940	\$ 375,073
Working Capital Reserve Fund	300,000	300,000
Revolving Fund	626,756	628,234
Jeanie Nelson Conservation Legacy Fund	755,500	636,840
Proceeds from sale of donated land reserved for special projects	<u>56,006</u>	<u>49,341</u>
Total board designations - other	<u>\$ 2,123,202</u>	<u>\$ 1,989,488</u>

In-kind Contributions

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

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

The Organization identifies land of strategic importance to the overall mission of the Organization. These projects offer unique land protection opportunities and are made up of some of Tennessee's most remarkable intact large landscapes, farmland, timber tracts, wildlife and floral habitats, historic landscapes, scenic viewsheds, pristine waterways and recreational opportunities. To support the Organization's strategic mission, restricted donations are received that allow the Organization to hold conservation easements, tracts in fee, obtain options and perform due diligence.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Supporting Services:

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. Allocated expenses and method of allocation are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Computer expense	Time and effort
Depreciation	Square footage
Development/fundraising	Time and effort
Dues and subscriptions	Time and effort
Easement preparation	Time and effort
Education and outreach	Time and effort
Office expenses	Time and effort
Insurance	Square footage
Marketing and public relations	Time and effort
Occupancy	Square footage
Other professional services	Time and effort
Taxes, licenses and fees	Square footage
Telephone and utilities	Square footage
Transaction assistance	Time and effort
Travel and entertainment	Time and effort

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in accordance 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 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 income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Conservation Easements

Conservation easements held by the Organization are not recognized as assets in the accompanying financial statements. Assets are defined as probable future economic benefits obtained or controlled by an entity; the Organization does not believe that the easements meet the definition criteria. The cost of obtaining conservation easements is expensed when the easement is acquired. When the Organization obtains an easement on property that is acquired or donated, the change in market value of the property is recorded as a program expense.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the results of operations or net assets as previously reported.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Additionally, ASU 2016-14 requires all not-for-profit entities to present expenses by their natural and functional expense classification. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recent Authoritative Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. As the Organization is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after June 15, 2018. The adoption of ASU 2018-08 is not expected to have a material impact on the Organization’s financial statements.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between March 31, 2019 and November 6, 2019, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at March 31, 2019:

Financial assets at year end:

Cash and cash equivalents	\$ 3,672,691
Contributions receivable	255,363
Accounts receivable	17,855
Investments	<u>7,168,416</u>
	11,114,325

Less: amounts not available to be used within one year:

Board-designated amounts	(4,541,291)
Donor-restricted amounts for specified purposes	<u>(5,192,836)</u>

Financial assets available to meet general expenditures
over the next twelve months

\$ 1,380,198

See Note 11 for detail of amounts restricted by donor with time or purpose. Donors provide funding to support conservation activities throughout the year. Revenue and expenses are analyzed monthly to determine the amount of restricted funds to release from restriction. It is estimated that \$299,100 of existing restricted cash and investments will be released from restriction in the upcoming year to cover conservation activities.

The Operating Reserve Fund of \$384,940 consists of short-term investments. It is a board-designated fund that is available to sustain financial operations during unanticipated events or for significant unbudgeted increases in operating expenses and/or decreases in operating revenues. The Board of Directors approves all withdrawals from the fund. The fund cannot be used for non-operating expenses.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

The Working Capital Reserve Fund of \$300,000 consists of cash and is held in the operating cash account. It is a board-designated fund and is used to meet the normal ebbs and flows of revenues and expenses over the course of the fiscal year. The fund may be used to ensure there is sufficient available cash to help cover the operating costs in any given fiscal year. The President & CEO, along with the Senior Director of Finance & Operations, has the authority to access the fund as needed, as long as the disbursement is reported to the Budget & Finance Committee. The fund cannot be used for non-operating expenses and is expected to be replenished at the beginning of the next fiscal year.

Both the Operating Reserve Fund and the Working Capital Reserve Fund are included in financial assets available to meet general expenditures over the next twelve months.

Although the Organization does not intend to spend from its board-designated amounts, the Board of Directors could approve the release of designations, if necessary.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 113,500	\$ 132,540
Due in one to five years	<u>141,863</u>	<u>229,759</u>
	<u>\$ 255,363</u>	<u>\$ 362,299</u>

NOTE 5 - INVESTMENTS

Investments consisted of the following at March 31:

	<u>2019</u>	<u>2018</u>
Money market accounts	\$ 329,874	\$ 2,598,250
Mutual funds	1,189,621	956,161
Exchange traded funds	5,586,344	2,828,766
Equities	62,577	681,350
Put and call options	-	(14,598)
Hedge fund	<u>-</u>	<u>27,003</u>
	<u>\$ 7,168,416</u>	<u>\$ 7,076,932</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices in active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Equities are valued at closing price reported on the active market on which the individual funds are traded.

Mutual funds and exchange traded funds are valued using the net asset value per unit as quoted in active markets at the valuation date.

Put and call options are valued on the basis of information provided by pricing services that employ valuation matrices that may incorporate both broker/dealer-supplied valuations, as well as valuation models reflecting such factors as benchmark yields, reported trades, broker/dealer quotes, bid/offer data and other relevant elements.

The hedge fund is valued utilizing the net asset valuations provided by the underlying private investment companies and/or their administrators. Fund management may also consider alternative valuation techniques, if it is probable that an investment will be sold at an amount other than net asset value. Certain investments in the funds, where values are not readily available, are determined in good faith by the investment advisors of those respective funds. Other factors may also be considered, in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in the determination of fair value.

There have been no changes in the methodologies used at March 31, 2019 and 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy as of March 31:

	2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Money market accounts	\$ 329,874	\$ -	\$ -	\$ 329,874
Mutual funds: short-term bond funds	1,189,621	-	-	1,189,621
Equities: energy	62,577	-	-	62,577
Exchange traded funds:				
Diversified emerging markets	165,836	-	-	165,836
Europe stock	207,815	-	-	207,815
Foreign large blend	204,739	-	-	204,739
Commodities	130,068	-	-	130,068
Bank loan	138,281	-	-	138,281
Large blend	3,558,683	-	-	3,558,683
Trading - miscellaneous	1,180,922	-	-	1,180,922
Total investments	<u>\$ 7,168,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,168,416</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Money market accounts	\$ 2,598,250	\$ -	\$ -	\$ 2,598,250
Mutual funds - short-term bond funds	956,161	-	-	956,161
Equities:				
Basic materials	38,683	-	-	38,683
Consumer goods	163,061	-	-	163,061
Financial	120,967	-	-	120,967
Healthcare	59,965	-	-	59,965
Industrial goods	104,488	-	-	104,488
Services	52,181	-	-	52,181
Technology	90,568	-	-	90,568
Utilities	23,179	-	-	23,179
Energy	28,258	-	-	28,258
Put and call options	-	(14,598)	-	(14,598)
Exchange traded funds:				
Diversified emerging markets	184,358	-	-	184,358
Europe stock	161,000	-	-	161,000
Foreign large blend	219,570	-	-	219,570
Commodities	57,464	-	-	57,464
Bank loan	28,757	-	-	28,757
Large blend	1,640,288	-	-	1,640,288
Energy limited partnership	65,955	-	-	65,955
Trading - miscellaneous	471,374	-	-	471,374
Total investments in the fair value hierarchy	<u>\$ 7,064,527</u>	<u>\$ (14,598)</u>	<u>\$ -</u>	7,049,929
Total investments measured at net asset value (a)				<u>27,003</u>
Total investments				<u>\$ 7,076,932</u>

In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or the equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset per share practical expedient:

Investment	Fair Value at March 31, 2019	Fair Value at March 31, 2018	Unfunded Commitment at March 31, 2019	Redemption Frequency	Redemption Notice Period
FEG Absolute Access TEI Fund LLC	\$0	\$27,003	\$0	Semiannually	95 days

The FEG Absolute Access TEI Fund LLC's (the "Fund") objective is to achieve capital appreciation in both rising and falling markets, although there can be no assurance that the Fund will achieve this objective.

NOTE 7 - FURNITURE AND EQUIPMENT

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

	2019	2018
Furniture, fixtures and equipment	\$ 35,710	\$ 43,361
Computers and software	72,727	72,230
Leasehold improvements	4,925	-
	113,362	115,591
Less: accumulated depreciation	(52,235)	(84,519)
Furniture and equipment, net	<u>\$ 61,127</u>	<u>\$ 31,072</u>

NOTE 8 - PROPERTY BEQUEATHED FROM GLEN LEVEN ESTATE

During 2007, the Organization received a testamentary bequest consisting of 59 acres of land and a historic house with 5 acres known as the Glen Leven estate. The appraised fair values were \$1,500,000 and \$2,200,000, respectively, at the date of the bequest. The decedents will place significant restrictions on the use of this property or the proceeds in the event of its sale.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 8 - PROPERTY BEQUEATHED FROM GLEN LEVEN ESTATE (CONTINUED)

The Glen Leven estate property consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Glen Leven estate bequest	\$ 3,700,000	\$ 3,700,000
Property, restorations, and improvements	<u>1,262,733</u>	<u>1,189,265</u>
	4,962,733	4,889,265
Less: accumulated depreciation	<u>(281,105)</u>	<u>(210,008)</u>
Glen Leven estate property, net	<u>\$ 4,681,628</u>	<u>\$ 4,679,257</u>

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

	<u>2019</u>	<u>2018</u>
Insurance	\$ 17,309	\$ 12,966
Taxes	910	910
Repairs and maintenance	19,515	37,925
Utilities and other	2,183	12,000
Professional fees	1,131	12,600
Outreach	681	2,032
Supplies	1,566	1,735
Computer and technology	<u>255</u>	<u>1,399</u>
	<u>\$ 43,550</u>	<u>\$ 81,567</u>

Glen Leven Farm hosted a myriad of events and activities during 2018 and 2019 that support the mission of the Organization. The facility is now a center for both internal and external programs including board, staff and committee meetings; volunteer workshops for the stewardship program; educational programs about agriculture, land conservation and wildlife; and other events that are open to the public. As discussed in Note 15, the Nashville office moved to Glen Leven Farm in April 2018.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 9 - PROTECTED LAND

Protected land consists of tracts of land purchased by and donated to the Organization that are being held subject to significant deed restrictions consistent with the Organization's mission. 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. During fiscal year 2019, the Organization received a bequest of land with an appraised value of \$2,800,000. Four other tracts of land totaling \$800,300 comprise the remaining balance of protected land, of which two tracts totaling \$535,000 are included in net assets with donor restrictions.

NOTE 10 - PROGRAM ACCOMPLISHMENTS

The Organization utilizes its revolving fund and donations from individuals, foundations and government sources to facilitate land purchases for and by third parties and to provide transaction assistance for donated conservation easements. Listed below is a summary of the impact of those various program services.

Easements and Land Acquisition Expenses - Conservation Transactions

In fiscal year 2019, the Organization expended \$10,000 (\$113,322 in 2018) toward the completion of conservation easements and land acquisition projects. In addition, the Organization recorded \$86,340 costs in 2019 (\$121,633 in 2018) related to the purchase and/or facilitation of these land projects, including surveys, closing or other settlement costs, as transaction assistance expenses. These costs are either reimbursed to the Organization at closing or are prepaid by a partner organization or agency.

Facilitated Projects: During fiscal years 2018 and 2019, the Organization assisted with the acquisition of 357 acres of forestland near Fiery Gizzard, in partnership with the State of Tennessee through the Department of Environment and Conservation and The Conservation Fund. The Organization also purchased, held temporarily, and then transferred to the State a 5-acre historic homestead that is now part of Dog Cove State Natural Area. Additional acreage protected included the donation of 98 acres of forestland that is currently owned by a partner organization but will be transferred to the Hamilton County Parks Department for public use.

Purchased Easements: During fiscal year 2018, the Organization partnered with the Department of Defense at Ft. Campbell through their Army Compatible Use Buffer Program (ACUB) to purchase conservation easements to protect two properties, including 241 acres of farmland in Montgomery County. These conservation easements will protect in perpetuity: significant prime agricultural soils, water resources, habitat for rare and endangered species, and open space in one of the most rapidly developing areas in Tennessee. According to the Department of Defense, the ACUB program maximizes military readiness while efficiently conserving valuable ecosystems around military bases.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 10 - PROGRAM ACCOMPLISHMENTS (CONTINUED)

Easements and Land Acquisition Expenses - Conservation Transactions (Continued)

Donated Easements: The Organization's primary tool for protecting land is the donated conservation easement, a voluntary legal agreement that limits development in order to protect the property's conservation values. Using this tool, the Organization worked with willing landowners to permanently protect 26 properties totaling 5,095 acres throughout Tennessee, including 3,086 acres in farmland, 1,688 acres of forestland, and 321 acres of open space. The Organization also helped protect 611 acres of farmland in Kentucky during fiscal year 2018. In addition, the Organization added 230 acres to six existing conservation easements.

Bequests: In 2008, pursuant to a testamentary bequest from an estate, the Organization received 12 acres of unimproved land in Wilson County, Tennessee. The property title was ultimately transferred to the Organization in fiscal year 2018. The property bequest receivable was recorded at \$210,000, the estimated fair value without the contemplated restrictions. The Organization plans to sell the property with a conservation easement in place. Also, in fiscal year 2018, the Organization received 149 acres by will with restrictions. This forestland is located in both Clay and Overton Counties and will be protected with a conservation easement before resale. In fiscal year 2019, the Organization received 852 acres by will with no restrictions. Primarily forestland, the property borders the Duck River for almost six miles and provides unique and highly significant habitat for local wildlife. Approximately 240 acres of the property are currently under the Conservation Reserve Program (CRP) through USDA-NRCS.

Other Fee Title / Donated Property: The Organization received .4 acres of open space in Hamilton County from the Chattanooga Regional History Museum. Located on Signal Mountain, the property includes a historic log building and is listed in the National Register of Historic Places. Funding was committed to cover due diligence and improvements to the property. The Organization plans to continue to own the property as a model project and gathering place for the Southeast Region.

Transactions Assistance

In cases where important land is at risk and resources are not available to complete the conservation transaction, the Organization may provide assistance from its transaction assistance funds, which are supported by restricted grant donations. The Organization may also participate as a partner in raising funds for land purchases. During fiscal years 2018 and 2019, the Organization expended approximately \$208,000 from this fund to assist with transaction costs incurred for conservation transactions (easements or other methods).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 10 - PROGRAM ACCOMPLISHMENTS (CONTINUED)

Stewardship and Enforcement of Easements

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 350 easements it currently holds, representing a total of 93,377 acres. The Organization also annually monitors its property currently owned. Monitoring visits are completed annually by staff and a group of trained volunteers. Other stewardship activities include responding to landowner questions, easement interpretation, review and approval of reserved right activities, observing and addressing violations, condemnations of conserved land, and maintaining positive working relationships with landowners.

The Board of Directors has established a spending policy that allows up to 3% of the value of the restricted stewardship and enforcement fund (as of the end of the prior fiscal year) to be spent annually to meet ongoing stewardship needs and obligations. With the approval of the Board of Directors, additional funds may be transferred to net assets without donor restrictions and used to meet extraordinary expenses associated with upholding or defending an easement or other interest in land held by the Organization.

The Organization is a member of Terrafirma RRG, LLC that was formed by The Land Trust Alliance providing an insurance program to defend threatened conservation values of easements and conserved lands from legal challenges.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Contributions receivable for future years' operations	\$ 47,606	\$ 79,000
Land protection activities:		
South Cumberland Plateau and Sequatchie Valley regions	170,829	266,425
North Davidson County, Robertson County, Sumner County		
and Northeast Tennessee	66,782	78,466
Williamson County	-	68,833
Humphreys County	148,955	156,692
Shelby Farms	30,078	33,439
Wildlife	4,500	4,000
Duck River	110,643	99,921
Tennessee Department of Agriculture	-	1,370
Ft. Campbell ACUB program	-	8,339
Tennessee Farmland	-	15,736
Bonnaroo	9,653	6,424
Lynchburg	137,997	91,554
Stewardship and protection:		
Stewardship funds for monitoring and enforcement		
of protected properties	3,036,589	2,872,515
Transaction assistance funds for landowners	35,120	52,516
Easement and land acquisition funds	1,993,087	1,782,566
Real estate:		
Conner Toll House funds	11,637	15,390
Glen Leven estate property	3,700,000	3,700,000
Glen Leven estate stabilization, operations, maintenance		
and capital campaign funds	104,323	77,059
Westrick property	325,000	325,000
Wilson County unimproved land	<u>210,000</u>	<u>210,000</u>
	<u>\$ 10,142,799</u>	<u>\$ 9,945,245</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 12 - BOARD-DESIGNATED QUASI-ENDOWMENT FUND

The board-designated quasi-endowment fund (“Ashby Fund”) consists of funds that were transferred to the quasi-endowment by the Board of Directors. The Board of Directors anticipates these funds will remain in the quasi-endowment in perpetuity but may withdraw them for other uses. For investment purposes, the Ashby Fund is considered perpetual in nature. The Budget & Finance Committee will have the responsibility for developing and recommending policies and guidelines for the investment of the Ashby Fund.

Investment return objective, risk parameters and strategies - The Organization has adopted investment policies, approved by the Board of Directors, to establish asset allocation targets, investment objectives and guidelines, and the degree of investment risk the Board of Directors deems acceptable. The purpose of the quasi-endowment fund is to generate revenue and capital growth.

Spending policy - The Organization may annually withdraw funds from the Ashby Fund provided that such withdrawals do not exceed the quasi-endowment fund’s market value earnings over the prior twelve quarters calculated as of March 31st each year less prior earning withdrawals. One-fourth of the annual spending rule amount may be withdrawn each quarter; the exact dates for which shall be determined by the Budget & Finance Committee and approved by the Board of Directors.

A schedule of changes in the Ashby Fund follows for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 2,659,525	\$ 2,568,065
Investment income	8,020	37,180
Investment fees	(6,620)	(13,901)
Net (depreciation) appreciation (realized and unrealized)	<u>(21,328)</u>	<u>68,181</u>
Balance, end of year	<u>\$ 2,639,597</u>	<u>\$ 2,659,525</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 13 - LEASES

In August 2014, the Organization signed a lease for its Nashville office facilities under an operating lease through August 2019 with monthly payments ranging from \$4,238 to \$7,428. The lease was noncancelable through August 2017 and could be cancelled with a 180-day notice thereafter. Rent expense on this lease was recognized on a straight-line basis. The excess rent expense recognized over the amount paid was included in accrued expenses.

In February 2018, the Organization signed a lease for its Chattanooga office facilities under an operating lease through February 2021 with monthly payments in the amount of \$1,366.

The Nashville office relocated to Glen Leven Farm in April 2018. The Organization received grants to fund the extensive renovations needed. The last lease payment for the Nashville office was April 2018 for \$7,212.

Rent expense totaled \$30,579 in 2019 (\$136,687 in 2018).

Future minimum lease payments under the lease obligation as of March 31, 2019 is as follows:

Year ending March 31,

2020	\$ 16,393
2021	<u>15,027</u>
	<u>\$ 31,420</u>

NOTE 14 - PENSION PLAN

The Organization sponsors a defined contribution employee benefit plan for eligible employees. At the discretion of the Board of Directors, 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 upon employment and to receive the employer discretionary match after two years of service. Total pension plan expense of the Organization was \$20,604 in 2019 (\$13,770 in 2018).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 15 - DONATED GOODS AND SERVICES

The accompanying Statements of Activities include contributed services for legal, occupancy and various other services. Donated goods include food and beverages used at fundraising events and certain equipment.

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

	<u>2019</u>	<u>2018</u>
Education and outreach	\$ 1,839	\$ 2,287
Events:		
Goods	20,757	17,719
Printing and publicity	6,731	-
Professional services:		
Legal	14,346	27,470
Other	28,681	-
Other	<u>1,187</u>	<u>13,729</u>
	<u>\$ 73,541</u>	<u>\$ 61,205</u>

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.

NOTE 16 - DONOR-DESIGNATED ENDOWMENT FUNDS IN TRUST

Two donor-designated endowment funds have 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 2019 or 2018. Total assets held in these funds approximated \$155,000 at March 31, 2019 (\$153,000 at March 31, 2018).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

NOTE 17 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

At March 31, 2019, a contribution receivable from one source comprised 39% of total contributions receivable. A contribution receivable from one source comprised 35% of total receivables at March 31, 2018.

A contribution from one source was 55% of total revenues for the year ended March 31, 2019 (contributions from one source totaled 14% in 2018).

NOTE 18 - RELATED PARTY TRANSACTIONS

Pledges totaling \$8,000 are due from two members of the Organization's Board of Directors as of March 31, 2019 (\$30,250 was due from five members as of March 31, 2018).