

**TENNGREEN LAND CONSERVANCY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2019 AND 2018**

**TENNGREEN LAND CONSERVANCY  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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## Independent Auditor's Report

Board of Directors  
TennGreen Land Conservancy

### Report on the Financial Statements

We have audited the accompanying financial statements of TennGreen Land Conservancy, which comprise the statements of financial position as of September 30, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TennGreen Land Conservancy as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC *Blankenship CPA Group, PLLC*  
Brentwood, Tennessee  
February 11, 2020

**TENNGREEN LAND CONSERVANCY**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

**ASSETS**

	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 2,252,159	\$ 1,442,136
Certificates of deposit	2,684,402	1,248,566
Unconditional promises to give	22,500	8,500
Prepaid expense	15,843	6,091
Investments, short-term	34,705	32,844
Total current assets	<u>5,009,609</u>	<u>2,738,137</u>
Other Assets:		
Cash	-	1,633,000
Deposit held in escrow for building purchase	-	50,000
Investments	35,041	35,041
Note receivable	-	14,947
Land and building inventory	1,484,051	1,620,096
Beneficial interest in trust	20,414	20,531
Property and equipment, net	319,053	297,682
Construction in progress	1,841,995	-
Total other assets	<u>3,700,554</u>	<u>3,671,297</u>
 Total Assets	 <u><u>\$ 8,710,163</u></u>	 <u><u>\$ 6,409,434</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 17,208	\$ 4,984
Accrued vacation	29,346	24,664
Unearned revenue	10,000	-
Total current liabilities	<u>56,554</u>	<u>29,648</u>
Net Assets:		
Net assets without donor restrictions	3,300,982	1,006,426
Net assets without donor restrictions, board-designated	4,967,110	5,020,901
Total net assets without donor restrictions	<u>8,268,092</u>	<u>6,027,327</u>
Net assets with donor restrictions	385,517	352,459
Total net assets	<u>8,653,609</u>	<u>6,379,786</u>
Total Liabilities and Net Assets	<u><u>\$ 8,710,163</u></u>	<u><u>\$ 6,409,434</u></u>

See accompanying notes to financial statements.

**TENNGREEN LAND CONSERVANCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support and Revenue:			
Contributions	\$ 1,738,041	\$ 136,375	\$ 1,874,416
Investment income (loss)	64,070	(117)	63,953
In-kind revenue	667,532	-	667,532
Gain on sale of property	525,379	-	525,379
Rental income	58,500	-	58,500
Net assets released from restrictions	<u>103,200</u>	<u>(103,200)</u>	<u>-</u>
 Total public support and revenue	 <u>3,156,722</u>	 <u>33,058</u>	 <u>3,189,780</u>
 Expenses:			
Program services	737,069	-	737,069
Supporting services:			
Management and general	69,954	-	69,954
Fundraising	<u>108,934</u>	<u>-</u>	<u>108,934</u>
 Total expenses	 <u>915,957</u>	 <u>-</u>	 <u>915,957</u>
 Increase in net assets	 2,240,765	 33,058	 2,273,823
 Net assets - beginning of year	 <u>6,027,327</u>	 <u>352,459</u>	 <u>6,379,786</u>
 Net assets - end of year	 <u><u>\$ 8,268,092</u></u>	 <u><u>\$ 385,517</u></u>	 <u><u>\$ 8,653,609</u></u>

See accompanying notes to financial statements.

**TENNGREEN LAND CONSERVANCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support and Revenue:			
Contributions	\$ 3,587,570	\$ 266,406	\$ 3,853,976
Investment income	28,952	469	29,421
In-kind revenue	19,724	-	19,724
Loss on sale of property	(237,326)	-	(237,326)
Net assets released from restrictions	<u>299,391</u>	<u>(299,391)</u>	<u>-</u>
 Total public support and revenue	 <u>3,698,311</u>	 <u>(32,516)</u>	 <u>3,665,795</u>
 Expenses:			
Program services	952,220	-	952,220
Supporting services:			
Management and general	80,116	-	80,116
Fundraising	<u>108,869</u>	<u>-</u>	<u>108,869</u>
 Total expenses	 <u>1,141,205</u>	 <u>-</u>	 <u>1,141,205</u>
 Increase in net assets	 2,557,106	 (32,516)	 2,524,590
 Net assets - beginning of year	 <u>3,470,221</u>	 <u>384,975</u>	 <u>3,855,196</u>
 Net assets - end of year	 <u>\$ 6,027,327</u>	 <u>\$ 352,459</u>	 <u>\$ 6,379,786</u>

See accompanying notes to financial statements.

**TENNGREEN LAND CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Automotive	\$ 5,512	\$ 19	\$ 120	\$ 5,651
Bad debt	-	-	2,500	2,500
Computer and equipment	10,876	633	8,761	20,270
Contributions	13,700	-	-	13,700
Depreciation	29,376	-	-	29,376
Dues and subscriptions	6,014	113	412	6,539
Events	12,360	-	25,611	37,971
In-kind expense	13,429	-	-	13,429
Insurance	16,310	1,108	1,023	18,441
Licenses and fees	25,155	561	2,874	28,590
Marketing	2,377	-	450	2,827
Meetings	8,462	988	3,579	13,029
Occupancy and utilities	14,612	3,449	863	18,924
Postage and shipping	4,757	222	3,820	8,799
Printing	9,188	181	6,759	16,128
Professional development	350	987	2,717	4,054
Professional fees	90,720	1,475	3,675	95,870
Property tax	10,065	14	10	10,089
Staffing payroll	437,045	59,352	43,165	539,562
Supplies and office supplies	18,163	553	578	19,294
Travel	8,598	299	2,017	10,914
	<u>\$ 737,069</u>	<u>\$ 69,954</u>	<u>\$ 108,934</u>	<u>\$ 915,957</u>

See accompanying notes to financial statements.

**TENNGREEN LAND CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Automotive	\$ 78	\$ 13	\$ 8	\$ 99
Computer and equipment	9,113	785	5,812	15,710
Contributions	161,621	-	-	161,621
Depreciation	4,452	-	-	4,452
Dues and subscriptions	4,439	-	171	4,610
Events	17,227	-	36,275	53,502
In-kind expense	17,657	-	2,067	19,724
Insurance	15,698	1,610	991	18,299
Interest	5,212	-	-	5,212
Licenses and fees	24,477	532	1,596	26,605
Marketing	922	-	22	944
Meetings	5,422	95	2,282	7,799
Occupancy and utilities	9,312	7,619	581	17,512
Postage and shipping	4,860	221	3,639	8,720
Printing	12,521	231	7,862	20,614
Professional development	4,498	-	-	4,498
Professional fees	228,582	2,050	3,193	233,825
Property tax	8,968	-	-	8,968
Staffing payroll	401,764	66,113	40,685	508,562
Supplies and office supplies	6,190	688	1,039	7,917
Travel	9,207	159	2,646	12,012
	<u>\$ 952,220</u>	<u>\$ 80,116</u>	<u>\$ 108,869</u>	<u>\$ 1,141,205</u>

See accompanying notes to financial statements.



**TENNGREEN LAND CONSERVANCY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 2,273,823	\$ 2,524,590
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	29,376	4,452
Bad debts	2,500	-
Unrealized gain on investments	(1,494)	(793)
Donated land inventory	(650,000)	-
Gain on sale of property and equipment	(438,762)	-
(Gain)/loss on sale of land inventory	(86,617)	237,326
Donated securities	(64,171)	(80,794)
Changes in assets and liabilities:		
Unconditional promises to give	(16,500)	9,000
Prepaid expenses	(9,752)	2,366
Beneficial interest in trust	117	(469)
Accounts payable and accrued expenses	12,224	(3,966)
Accrued vacation	4,682	2,170
Sale of donated securities	63,804	80,582
Unearned revenue	10,000	-
Total adjustments	<u>(1,144,593)</u>	<u>249,874</u>
Net cash provided by operating activities	<u>1,129,230</u>	<u>2,774,464</u>
Cash Flows from Investing Activities:		
Certificates of deposit	(1,435,836)	(727,087)
Purchase of property and equipment	(1,662,785)	(1,346)
Proceeds from sale of property and equipment	2,050,800	-
Deposit made to escrow for building purchase	50,000	(50,000)
Purchase of securities	-	(36,998)
Sale of land inventory	1,061,912	3,101,200
Purchase of land inventory	(189,250)	(1,943,795)
Purchases of construction in progress	<u>(1,841,995)</u>	<u>-</u>
Net cash provided by investing activities	<u>(1,967,154)</u>	<u>341,974</u>
Cash Flows from Financing Activities:		
Payment received on note receivable	14,947	10,053
Repayment of note payable	<u>-</u>	<u>(760,588)</u>
Net cash used by financing activities	<u>14,947</u>	<u>(750,535)</u>
Net increase (decrease) in cash and cash equivalents	(822,977)	2,365,903
Cash and cash equivalents - beginning of year	<u>3,075,136</u>	<u>709,233</u>
Cash and cash equivalents - end of year	<u>\$ 2,252,159</u>	<u>\$ 3,075,136</u>
<b>Reconciliation of Cash to Statement of Financial Position:</b>		
Cash and cash equivalents - unrestricted	\$ 2,252,159	\$ 1,442,136
Cash - other asset	<u>-</u>	<u>1,633,000</u>
	<u>\$ 2,252,159</u>	<u>\$ 3,075,136</u>

See accompanying notes to financial statements.

**TENNGREEN LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 – Summary of Significant Accounting Policies**

**Nature of Activities**

TennGreen Land Conservancy (formerly Tennessee Parks and Greenways Foundation) is a not-for-profit corporation chartered on July 26, 1994, as the Tennessee State Parks Foundation. The Foundation was reorganized in November 1997 as Tennessee Parks and Greenways Foundation. In 2019 it was renamed TennGreen Land Conservancy (Organization) and its purpose is to conserve land where people and nature can thrive. The Organization is primarily supported by contributions.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may, or will be, met by the Organization's actions and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

**Revenue**

Revenue is recognized as it is received or promised in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

**Cash and Cash Equivalents**

For the purposes of the Statements of Cash Flows, the Organization considers all unrestricted cash and investment instruments purchased with an original maturity date of ninety days or less from the date of issuance to be cash equivalents.

**Unconditional Promises to Give**

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received. Pledges with payments due in future periods are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Allowance is made for uncollectible contributions receivable based upon the Organization's analysis of past collection experience and other judgmental factors. At September 30, 2019 and 2018, an allowance was not considered necessary. In contrast to unconditional promises as described above, conditional promises are not recorded until donor contingencies are substantially met.

See independent auditor's report

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at fair value (see Note 5). To the extent available, fair value is based on quoted prices for securities traded on public exchanges. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities, or other reasonable valuation methodologies, such as market values estimated by investment advisors or other qualified sources. Investments acquired by gift or bequest are initially recorded at market or appraised value at the date so acquired. All investment gains or losses are included in the Statements of Activities.

At September 30, 2019, investments consist of fixed income and equity securities.

Property and Equipment and Depreciation

Property and equipment is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. The Organization's capitalization policy is to capitalize any expenditure over \$500 for property and equipment. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At September 30, 2019 and 2018, no assets were considered to be impaired.

Collections

The collections are conservation easements which were acquired through contributions. These collections are not recognized as assets on the Statements of Financial Position.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All of the Organization's functional expenses are allocated based on time and effort.

Advertising

Advertising is expensed as incurred.

In-kind Revenues and Expenses

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at estimated fair value as support and expense in the period the services are performed.

See independent auditor's report

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a tax-exempt organization under Section 501c(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. The Organization does not believe there are any uncertain tax positions. Further, the Organization does not believe they have any unrelated business income, which would be subject to federal income taxes. The Organization is not subject to examination by U.S. federal or state taxing authorities for years before 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, which is intended to improve financial reporting relating to liquidity, financial performance and cash flows.

More specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one “without donor-imposed restrictions” and one “with donor-imposed restrictions,” which differ from the traditional classifications of unrestricted, temporarily restricted and permanently restricted. In addition, reporting of expenses by both natural and functional classification is required and investment returns must be reflected net of related investment expenses. The cash flow statement is also allowed to be restructured by using the direct method of reporting and there are further disclosures required regarding and organization’s liquidity. The Organization has adopted this ASU as of and for the year ended September 30, 2019.

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 2 – Liquidity and Availability of Resources**

The following represents the Organization's financial assets as of September 30, 2019:

Financial assets:	2019
Cash and cash equivalents, short-term	\$ 2,252,159
Certificates of deposit	2,684,402
Unconditional promises to give	22,500
Investments, short-term	34,705
Investments, long-term	35,041
Total financial assets at year end	<u>5,028,807</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>385,517</u>
Financial assets available to meet cash needs prior to net assets without donor restrictions, board designated	<u>4,643,290</u>
Net assets without donor restrictions, board designated	<u>4,967,110</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (323,820)</u>

The Board has the option to release board designated funds to be used for operational purposes when needed.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures and other obligations come due. The Organization's strategic goal is to build a cash balance that will support three months of operating expenses. The Organization's primary income is from individual donors and bequests. The Organization's Board of Directors, Executive Director and financial management closely monitor cash flows and invest excess funds in certificates of deposit with staggered maturity dates so that funds are available as needed. The Organization does not have any long-term debt and has not pledged any assets as collateral.

**NOTE 3 – Certificates of Deposit**

The Organization has various certificates of deposit with interest rates between 1.75% and 2.55% and mature in 2020.

**NOTE 4 – Unconditional Promises to Give**

Unconditional promises to give as of September 30, 2019 and 2018, were \$22,500 and \$8,500, respectively, and were due within one year.

See independent auditor's report

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 5 – Fair Value Measurements**

The Organization uses a framework for measuring fair value and disclosing fair values. The Organization defines fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. This framework is used for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs corroborated by market data.

Level 3 – Unobservable inputs not corroborated by market data.

The following tables summarize the Organization’s financial assets measured at fair value on a recurring basis segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value.

Fair values were as follows for September 30, 2019:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in trust	\$ 20,414	\$ 20,414	\$ -	\$ -	\$ 20,414
Money market	30,337	30,337	30,337		
Equities	24,136	24,136	24,136	-	-
Fixed income	15,273	15,273	15,273	-	-
	<u>\$ 90,160</u>	<u>\$ 90,160</u>	<u>\$ 69,746</u>	<u>\$ -</u>	<u>\$ 20,414</u>

Fair values were as follows for September 30, 2018:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in trust	\$ 20,531	\$ 20,531	\$ -	\$ -	\$ 20,531
Money market	30,094	30,094	30,094	-	-
Equities	23,310	23,310	23,310	-	-
Fixed income	14,481	14,481	14,481	-	-
	<u>\$ 88,416</u>	<u>\$ 88,416</u>	<u>\$ 67,885</u>	<u>\$ -</u>	<u>\$ 20,531</u>

As discussed above, the Organization is required to report fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the valuation techniques. The fair values of the beneficial interest in agency funds are based directly from summary statements from the Community Foundation of Middle Tennessee and the Community Foundation of Greater Memphis with the value of the funds as of September 30, 2019 and 2018.

See independent auditor’s report

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 5 – Fair Value Measurements (continued)**

There were no transfers between Level 1, Level 2, and Level 3 investments during the years ended September 30, 2019 and 2018. A reconciliation of changes in the amounts reported for the assets valued using Level 1 and Level 3 inputs are included in Note 15.

Beneficial interest in agency endowment fund at September 30, 2019 and 2018, are shown in the financial statements as follows:

	2019	2018
Money market	\$ 30,337	\$ 30,094
Beneficial interest in trust	20,414	20,531
	<u>\$ 50,751</u>	<u>\$ 50,625</u>

**NOTE 6 – Property and Equipment**

Property and equipment consists of the following at September 30:

	2019	2018
Land	\$ 231,124	\$ 231,124
Building	64,134	64,134
Furniture and equipment	23,475	19,396
Land improvements	6,943	6,943
Vehicles	25,706	3,410
	<u>351,382</u>	<u>325,007</u>
Less accumulated depreciation	<u>(32,329)</u>	<u>(27,325)</u>
Property and equipment - net	<u>\$ 319,053</u>	<u>\$ 297,682</u>

**NOTE 7 – Note Receivable**

During the year ended September 30, 2017, the Organization issued a note receivable in the amount of \$25,000 to another organization. Interest was stated at 3.25% per annum and required three annual interest only payments and collateralized by land. This note was paid off in full during the year ended September 30, 2019.

**NOTE 8 – Land and Building Inventory**

Land and building inventory represent land and buildings that have either been contributed by a donor or purchased by the Organization to protect the rights and use of the land. The land and building inventory may be sold at any point to the right buyer. As of September 30, 2019 and 2018, no inventory was held for sale and it is not being used for operational purposes

See independent auditor's report

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 8 – Land and Building Inventory (continued)**

Land and building inventory is valued based on the appraisal obtained from a certified appraiser at the time of donation or purchase. The carrying value approximates fair value. Land and building inventory consists of the following at September 30, 2019 and 2018:

	2019	2018
Tipton Co. - Randolph Bluff (land)	\$ 70,000	\$ 70,000
Tipton Co. - Randolph Bluff (building)	210,432	210,432
Fentress Co. - White Oak Creek (land)	265,000	265,000
Davidson Co. - Hill's Island (land)	40,000	40,000
Cheatham Co. - Eagle Pass (land)	36,500	36,500
Cheatham Co. - Eagle Pass Trial Addition (land)	12,000	12,000
Cumberland Co. - Braun (land)	32,000	32,000
Davidson Co. - Belle Forest Cave (land)	24,119	24,119
Shelby Co. - Felt Tract (land)	2,600	2,600
Warren Co. - Rock Island Tolbert (land)	-	250,000
Coffee Co. - Bark Camp Barrens (land)	-	444,870
Cumberland Co. - Hinch Mountain - Warner (land)	-	232,575
Davison Co. - Branstetter Gift	650,000	-
Crittendon Co. - Big River - Shirley	141,400	-
	<u>\$ 1,484,051</u>	<u>\$ 1,620,096</u>

**NOTE 9 – Board Designated Net Assets**

Board designated net assets consist of the following at September 30:

	2019	2018
Stewardship and Legal Defense Fund	\$ 128,375	\$ 128,375
Revolving Land Fund - Note 18	2,500,870	2,099,370
Advocacy	-	40,000
Wildlife Habitat Conservation Assistance Fund (WHCAF)	25,000	25,000
Staff Position	27,333	59,937
Strategic plan	115,365	-
Future endowment	1,000,000	-
Non-revolving land fund	100,000	-
Building purchase	-	1,633,000
Operating Reserve	1,070,167	1,035,219
	<u>\$ 4,967,110</u>	<u>\$ 5,020,901</u>

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**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at September 30:

	2019	2018
Belle Forest Cave	\$ 9,163	\$ 9,825
Stewardship and Legal Defense Fund	169,009	151,009
Hills Island	479	479
Lonestar	59,060	-
White's Creek	8,908	8,908
Nonconnah Creek Conservancy	513	-
Natchez Trace	300	300
TN Central Heritage Greenway	100	100
Batey Farm - FOILP Funds	-	9,631
Solomon Hollow Grant	530	1,000
Prichard Project	-	298
Maddox Grant	30,000	30,000
Wildlife Habitat Conservation Assistance Fund (WHCAF)	5,000	5,000
Mitchell Cove	-	20,014
NFWF Grant	-	20
Rock Island	-	10,803
Mill Creek	5,000	5,000
Dry Creek Trail	10,000	12,500
Dr. and Mrs. Braun Land Contribution	32,000	32,000
Lucy B. Finch Conservation Endowment	35,041	35,041
Community Foundation of Middle Tennessee	20,414	20,531
	<u>\$ 385,517</u>	<u>\$ 352,459</u>

**NOTE 11 – Construction in Progress**

During the year ended September 30, 2019, the Organization purchased a building and made various improvements to the property prior to moving operations in October 2019. The costs related to the building and improvements are recorded as construction in progress on the statement of financial position at September 30, 2019.

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**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 12 – Beneficial Interest in Trust**

For the years ended September 30, 2019 and 2018, the Community Foundation of Middle Tennessee (the Community Foundation) a not-for-profit organization, is in control of an endowment fund for the Organization. The endowment has been recorded as net assets with donor restrictions. The Community Foundation has ultimate authority and control over all property of the fund and the income derived therefrom. The endowment is considered a reciprocal transfer and is therefore recorded as an asset on the Organization's Statements of Financial Position.

Since the Community Foundation has control over the fund and the earnings, the Organization has not established an investment policy for the fund nor have they established policies for expenditures from the fund. The Organization is not aware of any deficiencies in the fair value of assets in the fund as compared to the required amounts by the donors. The Organization recognizes contribution income when the Community Foundation makes a distribution to the Organization. The Organization recognizes investment earnings and fees in the Statements of Activities, as they are reported to the Organization by the Community Foundation.

The following is the balance and activity reported in the Organization's financial statements for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Balances - beginning of year	\$ 20,531	\$ 20,062
Changes in value of beneficial interests:		
Contributions	400	-
Investment income	621	1,569
Withdrawals	(1,000)	(1,000)
Administrative expenses	(138)	(100)
	<u>(117)</u>	<u>469</u>
Balance - end of year	<u>\$ 20,414</u>	<u>\$ 20,531</u>

**NOTE 13 – Endowment Funds**

The endowment (Community Foundation, see Note 12) consists of one individual fund, one donor-restricted fund and no funds designated by the Board of Directors to function as endowments. The endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA).

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**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 13 – Endowment Funds (continued)**

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. Financial accounting standards also require additional disclosures about the endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the Organization is subject to UPMIFA.

*Interpretation of applicable law* – The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated and (b) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

*Spending policy* – The Organization has a policy of appropriating for annual distribution a maximum of 1.5% of the general endowment fund's average fair value over the preceding 12 quarters. Accordingly, over the long-term, the Organization expects the current spending policy to allow the general endowment to grow at least 1% annually. In establishing the policy, the Organization considered the long-term expected return on the general endowment. This is consistent with the objective to maintain the purchasing power of the general endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

*Investment return objective, risk parameters and strategies* – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the corpus of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that maintain the corpus of the endowment. The Organization expects the endowment funds, over time, to provide an average rate of return of approximately 2% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest). The Organization targets cash-based investments to achieve long-term corpus protection objectives.

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 13 – Endowment Funds (continued)**

*Endowment and Other Funds with Deficiencies* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2019 and 2018.

A schedule of endowment net asset composition by type of fund as of September 30, 2019, is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Lucy B. Finch Conservation Endowment Community Foundation of Middle Tennessee	\$ 4,368	\$ 35,041	\$ 39,409
	-	20,414	20,414
	<u>\$ 4,368</u>	<u>\$ 55,455</u>	<u>\$ 59,823</u>

A schedule of endowment net asset composition by type of fund as of September 30, 2018, is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Lucy B. Finch Conservation Endowment Community Foundation of Middle Tennessee	\$ 2,750	\$ 35,041	\$ 37,791
	-	20,531	20,531
	<u>\$ 2,750</u>	<u>\$ 55,572</u>	<u>\$ 58,322</u>

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**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 14 – Changes in Endowment Fund Net Assets**

The following is a schedule of changes in endowment net assets for the year ended September 30, 2019:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, October 1, 2018	\$ 2,750	\$ 55,572	\$ 58,322
Investment income (loss)	<u>1,618</u>	<u>(117)</u>	<u>1,501</u>
Endowment net assets, September 30, 2019	<u>\$ 4,368</u>	<u>\$ 55,455</u>	<u>\$ 59,823</u>

The following is a schedule of changes in endowment net assets for the year ended September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2017	\$ 1,395	\$ 50,103	\$ 51,498
Contributions	-	5,000	5,000
Investment income	<u>1,355</u>	<u>469</u>	<u>1,824</u>
Endowment net assets, September 30, 2018	<u>\$ 2,750</u>	<u>\$ 55,572</u>	<u>\$ 58,322</u>

**NOTE 15 – Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents, and unconditional promises to give. Unconditional promises to give represent concentrations of credit risk to the extent they are receivable from concentrated sources.

One donor represents 44% and 59% of total unconditional promises to give as of September 30, 2019 and 2018, respectively.

Two donors contributed 54% and one donor contributed 81% of total revenue for the years ended September 30, 2019 and 2018, respectively.

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 15 – Concentrations of Credit Risk (continued)**

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe this exposes them to any significant credit risk related to cash. As of September 30, 2019, the Organization had cash of approximately \$1,053,000 in excess of federally insured limits.

**NOTE 16 – Collections**

The Organization receives donations of conservation easements. A qualified conservation easement is a restriction (that is granted in perpetuity) on the use of land granted to a charity exclusively for conservation purposes. The Organization has not capitalized these conservation easements as they have determined they meet the definition of a collection in accordance with accounting principles generally accepted in the United States of America. Approximately 9,691.54 acres are currently protected with an appraised value at the date of donation of \$35,502,083. The Organization has elected to not recognize conservation easements acquired through contributions.

**NOTE 17 – Defined Contribution Plan**

The Organization has a defined contribution plan (the Plan) covering all employees with at least two years of service who are over twenty-one years of age. The Organization makes contributions to the Plan each year equal to 3% of all the participant's compensation received during the Plan year. Additionally, the Organization contributes a 100% match of participant deferrals, not to exceed 2.5% of compensation received during the Plan year. For the years ended September 30, 2019 and 2018, contribution expense related to this plan was \$18,374 and \$17,374, respectively, which is included in Staffing Payroll on the Statements of Functional Expenses.

**NOTE 18 – Revolving Land Fund**

The Organization has established an internal fund called the Revolving Land Fund in 2002. The money is used in this internal fund to provide working capital for time sensitive critical land and water conservation projects throughout Tennessee. The money borrowed from the internal fund must be repaid back to the fund by the Organization. The Organization had \$2,500,870 and \$2,099,370 designated by the board for this purpose as of September 30, 2019 and 2018, respectively. Current internal borrowings against the Revolving Land Fund were \$183,952 with \$2,316,918 remaining available as of September 30, 2019, and \$993,326 with \$1,106,044 remaining available for use by the Organization as of September 30, 2018. Repayments to the internal fund are repaid through unrestricted contributions and fundraisers.

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**NOTE 19– Solar Contract**

In 2010, the Organization entered into a lease and license agreement with Good Earth Energy, LLC (Good Earth) to lease space on a roof of a building the Organization owns for one dollar a year for 12 years. Good Earth installed and will maintain a solar array on the roof of the building in order to benefit the environment, increase public awareness of the benefits of solar power, and distribute the power for eventual use by customers of the Tennessee Valley Authority (TVA). Under the terms of the license agreement the Organization entered into an agreement with TVA to sell the energy to TVA. During the term of the lease, the Organization must pay Good Earth the gross proceeds related to the energy produced by the solar array equipment. During the years ended September 30, 2019 and 2018, the solar array generated \$2,982 and \$3,448, respectively, which was paid to Good Earth Energy. At the conclusion of the agreement, Good Earth will convey title to the solar array equipment to the current property owner.

**NOTE 20 – Supplemental Cash Flow Disclosure**

Interest paid during the years ended September 30, 2019 and 2018, respectively, was \$-0- and \$5,212.

**NOTE 21 – Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, along with the subsequent amendments, supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. In addition, ASU 2014-09 requires expanded quantitative and qualitative disclosures, including disclosure about the nature, amount, timing and uncertainty of revenue. ASU 2014-09 was deferred by one year by ASU 2015-14 and will become effective for annual reporting periods beginning after December 15, 2018. The Organization will adopt the provisions of ASU 2014-09 in fiscal year 2020.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 affects all entities that hold financial assets or owe financial liabilities and primarily affects the account for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The standard is effective for non-public business entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements in subsequent years.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the statement of financial position. ASU 2016-02 is effective for annual reporting period beginning after December 15, 2020. The Organization will adopt the provisions of ASU 2016-02 in fiscal year 2021.

**TENNGREEN LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

NOTE 21 – Recently Issued Accounting Pronouncements (continued)

In August 2018, the FASB issued ASU 2018-08, clarifying the Scope and the *Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 will result in treatment of most federal grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluation whether contributions are unconditional or conditional. The Organization will adopt the provisions of ASU 2018-08 in fiscal year 2020.

NOTE 22 – Subsequent Events

Management has evaluated subsequent events through February 11, 2020, the date the financial statements were available to be issued.