TENNESSEE PARKS AND GREENWAYS FOUNDATION

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2016

(With Independent Auditor's Report Thereon)

TENNESSEE PARKS AND GREENWAYS FOUNDATION
FINANCIAL STATEMENTS
FOR THE NINE MONTH ENDED, SEPTEMBER 30, 2016

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PATTERSON, HARDEE & BALLENTINE, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Tennessee Parks and Greenways Foundation

We have audited the accompanying financial statements of the Tennessee Parks and Greenways Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the nine months 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 audit. We conducted our audit 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 the Tennessee Parks and Greenways Foundation as of September 30, 2016, and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Patterson Hardee & Ballentine

January 27, 2017

1889 General George Patton Drive, Suite 200 Franklin, TN 37067 phone: 615-750-5537 fax: 615-750-5543

www.phbcpas.com

TENNESSEE PARKS AND GREENWAYS FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

ASSETS

Current Assets:		
Cash	$ 778,086	
Unconditional promises to give	14,300	
Community Foundation Money Market	29,877	
Total current assets		$ 822,263
Property and Equipment - net		299,440
Other Assets:		
Land held for investment	2,771,477	
Certificates of deposit	269,449	
Total other assets		3,040,926
Assets Whose Use is Limited:		
Cash	283,740	
Certificates of deposit	25,041	
Beneficial interest in agency endowment fund	18,260	
Unconditional promises to give	21,800	
Land held for investment	32,000	
Total assets whose use is limited		380,841
Total Assets		$ 4,543,470

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes payable - current portion	$ 12,269	
Accounts payable and accrued expenses	37,088	
Total current liabilities		$ 49,357
Notes payable, less current portion	1,800,000	
Total liabilities		1,849,357
Net Assets:		
Unrestricted Net Assets:		
Unrestricted	981,376	
Unrestricted board-designated	1,331,896	
Total unrestricted net assets:		2,313,272
Temporarily restricted	300,540	
Permanently restricted	80,301	
Total restricted net assets		380,841
Total net assets		2,694,113
Total Liabilities and Net Assets		$ 4,543,470

See accompanying notes to financial statements.

TENNESSEE PARKS AND GREENWAYS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Contributions	$ 374,174	$ 72,600	$ 5,000	$ 451,774
Community Foundation income - net	1,385	-	(802)	583
In-kind revenue	51,773	-	-	51,773
Donated land	-	-	-	-
Interest income	4,298	-	-	4,298
Loss on sale of property	(24,703)	-	-	(24,703)
Miscellaneous revenue	-	-	-	-
Net assets released from restrictions	108,537	(108,537)	-	-
Total public support and revenue	515,464	(35,937)	4,198	483,725
Expenses:				
Program Services	493,809	-	-	493,809
Supporting services:				
Management and general	61,387	-	-	61,387
Fundraising	87,024	-	-	87,024
Total expenses	642,220	-	-	642,220
Decrease in net assets	(126,756)	(35,937)	4,198	(158,495)
Net assets- beginning of year	2,440,028	336,477	76,103	2,852,608
Net assets - end of year	$ 2,313,272	$ 300,540	$ 80,301	$ 2,694,113

See accompanying notes to financial statements.

TENNESSEE PARKS AND GREENWAYS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2016

	Program Services	Management and General	Fundraising	Total
Administrative	$ 7,248	$ 7,397	$ 148	$ 14,793
Automotive	-	-	29	29
Clothing and merchandise	539	-	633	1,172
Computer and equipment	4,629	1,230	-	5,859
Depreciation expense	3,679	-	-	3,679
Dues and subscriptions	4,937	-	-	4,937
Fundraising event	13,210	-	44,225	57,435
In-kind expense	51,773	-	-	51,773
Insurance	3,711	6,892	-	10,603
Interest	11,550	-	-	11,550
Licenses and fees	17,846	2,462	205	20,513
Meeting expense	442	947	1,768	3,157
Postage and shipping	404	4,848	2,828	8,080
Printing	15,563	-	6,992	22,555
Professional Development	5,147	-	-	5,147
Professional Fees	23,989	4,738	888	29,615
Property tax	7,000	-	-	7,000
Staffing payroll	314,077	29,813	26,087	369,977
Supplies and office supplies	1,390	3,060	1,113	5,563
Travel	6,675	-	2,108	8,783
	$493,809	$ 61,387	$ 87,024	$642,220

See accompanying notes to financial statements.

TENNESSEE PARKS AND GREENWAYS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2016

Cash Flows From Operating Activities:	
Decrease in net assets	$ (158,495)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	3,679
Realized loss on investments	158
Dividends and interest reinvested	(291)
Unrealized gain on investments	(387)
Gain on sale of land	24,703
Changes in:	
Certificates of deposit	(3,967)
Accounts receivable	104,905
Prepaid expenses	1,397
Unconditional promises to give	19,950
Community Foundation Money Market	98
Assets whose use is limited	32,155
Accounts payable and accrued expenses	(54)
Total adjustments	182,346
Net cash provided by operating activities	23,851
Cash Flows From Investing Activities:	
Purchase of property and equipment	(2,349)
Purchase of land	(1,805,120)
Proceeds from sale of land	25,000
Net cash used in investing activities	(1,782,469)
Cash Flows From Financing Activities:	
Proceeds from issuance of debt	1,800,000
Payments on debt	(1,000)
Net cash provided by financing activities	1,799,000
Net increase in cash	40,382
Cash - beginning of year	737,704
Cash - end of year	$ 778,086

See accompanying notes to financial statements.

TENNESSEE PARKS AND GREENWAYS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2016

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

In these notes, the terms "Organization", "we", "us" or "our" mean Tennessee Parks and Greenways Foundation. We are a nonprofit corporation chartered on July 26, 1994, as the Tennessee State Parks Foundation. The Foundation was reorganized in November 1997 as the Tennessee Parks and Greenways Foundation. Our purpose is to protect Tennessee's natural treasures. We are primarily supported by contributions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. 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:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may, or will be, met by our actions and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by us. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes.

Revenue

We recognize revenue as it is received or promised to us in accordance with generally accepted accounting principles for non-profit organizations.

Cash Equivalents

For the purposes of the Statement of Cash Flows, we consider 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. At September 30, 2016, we had certificates of deposit totaling $294,490. See Note 2.

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 to us in future periods are recorded as increases in temporarily restricted or permanently restricted net assets 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 our analysis of past collection experience and other judgmental factors. At September 30, 2016, 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.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. Our 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, 2016, 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 statement 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 Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising is expensed as incurred.

Donated Services and Goods

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 us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Income Taxes

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and are 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. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for years before 2012.

Use of Estimates

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

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to short maturities of these instruments.

NOTE 2 - Certificates of Deposit

The following is a summary of the certificates of deposit at September 30, 2016:

	Maturity Date	Interest Rate	Balance
Citizens Bank and Trust	5/17/2017	1.90%	$ 268,212
Putnam First Mercantile	11/15/2016	.75%	26,278
			$ 294,490

Certificates of deposit at September 30, 2016, are shown in the financial statements as follows:

Certificates of Deposit	$ 269,449
Asset whose use is limited: Certificates of Deposit	25,041
	$ 294,490

NOTE 3 - Unconditional Promises to Give

Unconditional promises to give consisted of the following at September 30, 2016:

Due in less than one year	$ 36,100
Due in one to five years	-
Unconditional promises to give	$ 36,100

Unconditional promises to give at September 30, 2016, are shown in the financial statements as follows:

Unconditional promises to give	$ 14,300
Asset whose use is limited: Unconditional promises to give	21,800
	$ 36,100

NOTE 4 - Fair Value Measurements

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework 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.

NOTE 4 - Fair Value Measurements (continued)

The following table summarizes our 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 as of September 30, 2016:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in agency endowment fund	$ 48,137	$ 48,137	$ 29,877	$ -	$ 18,260
Land and building held for investment	2,803,477	2,803,477	-	2,803,477	-
	$ 2,851,614	$ 2,851,614	$ 29,877	$ 2,803,477	$ 18,260

As discussed above, we are 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. We used the following ways to determine the fair values of the beneficial interest in agency endowment fund and land held for investment, respectively:

- We directly obtained a summary statement from the Community Foundation of Middle Tennessee with the value of the endowment fund as of September 30, 2016.
- Appraisals were obtained from a certified appraiser at the time of donation or purchase. Upon consideration of inputs that would be required for valuation, land has been transferred from Level 1 to Level 2 as of September 30, 2016.

Except as otherwise noted, there were no transfers between Level 1, Level 2, and Level 3 investments during the year ended September 30, 2016. A reconciliation of changes in the amounts reported for the assets valued using Level 1 and Level 3 inputs are included in Note 12.

Beneficial interest in agency endowment fund at September 30, 2016, are shown in the financial statements as follows:

Community Foundation	$ 29,877
Asset whose use is limited: beneficial interest in agency endowment fund	18,260
	$ 48,137

NOTE 5 - Property and Equipment

Property and equipment consisted of the following at September 30, 2016:

Land	$ 231,124
Building	64,134
Furniture and equipment	29,104
Land improvements	6,943
Vehicles	3,410
	334,715
Less accumulated depreciation	(35,275)
Property and equipment - net	$ 299,440

NOTE 6 - Land and building held for investment

Land and building held for investment consists of the following at September 30, 2016:

Tipton County – Randolph Bluff (land)	$ 70,000
Tipton County – Randolph Bluff (building)	210,432
Fentress County – White Oak Creek (land)	265,000
Cumberland County – Grassy Cove (land)	1,932,498
Franklin County – Tursky Tract (land)	75,750
Putnam County – Mill Creek (land)	99,678
Davidson County – Hill's Island (land)	40,000
Cheatham County – Eagle Pass Trail (land)	36,500
Cumberland County – Braun (land)	32,000
Davidson County – Belle Forest Cave (land)	24,119
Cheatham County – Eagle Pass Trail Addition (land)	12,000
Polk County – 2 Lots Map 116 Parcels 174 & 175 (land)	5,500
	$ 2,803,477

Land held for investment at September 30, 2016, is shown in the financial statements as follows:

Land held for investment	$ 2,771,477
Asset whose use is limited: Land held for investment	32,000
Total land and building held for investment	$ 2,803,477

We expect to sell the Grassy Cove land during fiscal 2017, the proceeds of which will be used to repay the associated debt (see Note 8).

NOTE 7 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses to give consisted of the following at September 30, 2016:

Accounts payable	$ 2,846
Accrued interest	2,250
Accrued retirement contribution	12,418
Accrued vacation	19,574
Accounts payable and accrued expenses	$ 37,088

NOTE 8 - Notes Payable

Notes payable consisted of the following at September 30, 2016:

Note payable to First National Bank of Tennessee for $1,800,000 due on January 28, 2018, with the interest rate of 3%. Note is secured by land.	$ 1,800,000
Note payable to related party due once a fundraising goal of $25,000 is achieved by the organization. The note is interest free and is not collateralized.	12,269
Less: current portion	(12,269)
Notes payable, less current portion	$ 1,800,000

NOTE 9 - Board Designated Net Assets

Board designated net assets consisted of the following at September 30, 2016:

Easement stewardships	$ 130,000
Emergency Land Fund – Note 19	740,191
Forever Green	76,802
Grassy Cove	59,918
Operating Reserve	324,985
	$ 1,331,896

NOTE 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30, 2016:

Belle Forest Cave	$ 33,559
Devil's Race Track / National Coal Settlement	40,000
Easement Stewardships	121,150
Hills Island	479
Land Protection / Apollo Fuels	10,805
White's Creek	9,726
Natchez Trace	300
Premium Coal – East TN Land	83,700
Tech Grant	721
TN Central Heritage Greenway	100
	$ 300,540

NOTE 11 - Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at September 30, 2016:

Land	$ 32,000
Lucy B Finch Conservation Endowment	30,041
Beneficial interest in agency endowment fund	18,260
	$ 80,301

NOTE 12 - Beneficial Interest in Agency Endowment Fund

For the nine months ended, September 30, 2016, the Community Foundation of Middle Tennessee, (the Foundation) a non-profit organization, is in control of an endowment fund for us. The endowment has been recorded as permanently restricted. The 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 our Statement of Financial Position.

We also have a money market pool with the Community Foundation of West Tennessee. We own and manage the funds held by the Community Foundation of West Tennessee. This money market pool has been recorded as unrestricted.

NOTE 12 - Beneficial Interest in Agency Endowment Fund (continued)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (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.

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

The following is the balance and activity reported in our financial statements for the nine months ended, September 30, 2016:

	Middle Tennessee	West Tennessee
Balance - beginning of period	$ 18,905	$ 29,871
Change in value of beneficial interest in agency endowment fund:		
Contributions	-	-
Investment income	415	104
Withdrawals	(1,000)	-
Administrative expenses	(60)	(98)
	(645)	6
Balance - end of period	$ 18,260	$ 29,877

NOTE 13 - Endowment Funds

Our 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. Our 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).

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. Financial accounting standards also require additional disclosures about our endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not we are 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, we classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 13 - Endowment Funds (continued)

Spending policy – We have 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, we expect the current spending policy to allow our general endowment to grow at least 1% annually. In establishing the policy, we considered the long-term expected return on the general endowment. This is consistent with our 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 – We have 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 we must hold 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. We expect our 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, we rely on a total return strategy in which investment returns are achieved through current yield (interest). We target cash-based investments to achieve long-term corpus protection objectives.

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 us to retain as a fund of perpetual duration. There were no such deficiencies at September 30, 2016

A schedule of endowment net asset composition by type of fund as of September 30, 2016, is as follows:

	Unrestricted (Deficit)	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ -	$ -	$ 25,041	$ 25,041

NOTE 14 - Changes in Endowment Fund Net Assets

The following is a schedule of changes in endowment net assets for the nine months ended, September 30, 2016:

	Unrestricted (Deficit)	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2016	$ 1,080	$ -	$ 25,041	$ 26,121
Contributions	-	-	-	-
Investment income	157	-	-	157
Administrative expenses	-	-	-	-
Endowment net assets, September 30, 2016	$ 1,237	$ -	$ 25,041	$ 26,278

NOTE 15 - Leases

Expenses incurred under our operating lease for a postage machine and storage unit for the nine months ended, September 30, 2016, were $1,800 which is include in postage and shipping and administrative on the Statement of Functional Expenses.

The following is a schedule of future minimum lease payments:

Year Ending September 30,		
2017	$	1,200
2018		1,200
2019		900
	$	3,300

NOTE 16 - Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, and various grant, contract and contributions receivables. Grant, contract and contributions receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

Two donors represent 30% of total unconditional promises to give at September 30, 2016.

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe this exposes us to any significant credit risk on our cash.

NOTE 17 - Collections

We receive 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. We have not capitalized these conservation easements as we have determined they meet the definition of a collection in accordance with GAAP. Approximately 5,438.19 acres are currently protected with an appraised value at the date of donation of $20,151,208.

NOTE 18 - Defined Contribution Plan

We have a defined contribution plan ("the Plan") covering all employees with at least two years of service who are over twenty-one years of age. We make contributions to the Plan each year equal to 3% of all the participant's compensation received during the Plan year. Additionally, we contribute a 100% match of participant deferrals, not to exceed 2.5% of compensation received during the Plan year. For the nine months ended, September 30, 2016, contribution expense related to this plan was $20,223, which is included in Staffing Payroll on the Statement of Functional Expenses. Of this, $12,418 is included in accrued expenses at September 30, 2016.

NOTE 19 - Emergency Land Fund

We established an internal fund called the Emergency Land Fund in 2002 (named the Emergency Land Bank prior to 2015). We use the money from this internal fund to provide working capital for time sensitive critical land and water conservation projects throughout Tennessee. The money borrowed from the fund must be repaid. At September 30, 2016, we had restricted amounts of $740,191 for this purpose. Current borrowings against the Emergency Land Fund as of September 30, 2016, were $316,911 with $423,280 remaining available for use.

NOTE 20 - Solar Contract

In 2010, we entered into a lease and license agreement with Good Earth Energy, LLC (Good Earth) to lease space on a roof of a building we own 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 we entered into with Good Earth, we also entered into an agreement with TVA to sell the energy to TVA. During the term of the lease, we must pay Good Earth the gross proceeds related to the energy produced by the solar array equipment. During the nine months ended, September 30, 2016, the solar array generated $1,598 in electricity 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 21 - Related Party Transactions

From time to time, we enter into debt agreements with board members or other stakeholders (eg. conservation buyers) of the Organization. As of September 30, 2016, $12,269 is due to one stakeholder. See Note 8.

NOTE 22 - Subsequent Events

We have evaluated events subsequent to the nine months ended, September 30, 2016. As of January 27, 2017, the date the financial statements were available to be issued, no events subsequent to the Statement of Financial Position date are considered necessary to be included in the financial statements for the year ended September 30, 2016