

THE LAND TRUST FOR TENNESSEE, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### OPINION

We have audited the financial statements of The Land Trust for Tennessee, Inc. (the "Organization"), which comprise the statements of financial position as of March 31, 2022 and 2021, and related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Land Trust for Tennessee, Inc. as of March 31, 2022 and 2021, 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.

### BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audits.

*Knight CPAs PLLC*

Nashville, Tennessee  
August 26, 2022

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Operating funds without restriction or designation	\$ 887,709	\$ 802,714
Operating funds with donor restrictions	2,694,069	1,468,159
Operating funds with board designations	1,806,400	1,607,665
Contributions receivable:		
Operating receivables without purpose restriction or designation	10,500	96,213
Operating receivables with donor restrictions	125,622	18,070
Operating receivables with board designation	25,000	50,000
Accounts receivable	2,754	4,724
Prepaid expenses and other	38,519	62,242
Investments:		
Investments without restriction or designation	251,523	-
Investments with donor restrictions	4,601,372	4,569,032
Investments with board designations	4,126,981	4,366,821
Furniture and equipment, net	69,597	74,620
Real estate:		
Glen Leven estate property, net	4,479,775	4,557,399
Protected land	<u>4,925,271</u>	<u>5,698,271</u>
TOTAL ASSETS	<u>\$ 24,045,092</u>	<u>\$ 23,375,930</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 262,024	\$ 242,378
Accrued expenses	8,501	50,509
Paycheck Protection Program note payable	<u>-</u>	<u>249,312</u>
TOTAL LIABILITIES	<u>270,525</u>	<u>542,199</u>
NET ASSETS		
Net assets without donor restrictions:		
Designated for protected land	4,925,271	5,163,271
Board-designated quasi-endowment - Ashby Fund	3,250,691	3,296,200
Board designations - other	3,407,088	2,158,140
Undesignated	<u>2,068,000</u>	<u>2,679,711</u>
Total net assets without donor restrictions	13,651,050	13,297,322
Net assets with donor restrictions	<u>10,123,517</u>	<u>9,536,409</u>
TOTAL NET ASSETS	<u>23,774,567</u>	<u>22,833,731</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,045,092</u>	<u>\$ 23,375,930</u>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions, public support and other:			
Individuals, foundations and other	\$ 807,276	\$ 2,361,498	\$ 3,168,774
Stewardship contributions	-	196,236	196,236
Donated goods and services	139,808	-	139,808
Special events	460,066	-	460,066
Less: direct benefits to donors	(202,842)	-	(202,842)
Loss on sale of furniture and equipment	(3,189)	-	(3,189)
Loss on sale of protected land	(198,432)	-	(198,432)
Interest and dividend income	418,503	-	418,503
Net realized and unrealized loss on investments	(323,509)	-	(323,509)
Paycheck Protection Program loan forgiveness	249,312	-	249,312
Other revenue	53,207	-	53,207
Net assets released from restrictions	<u>1,970,626</u>	<u>(1,970,626)</u>	<u>-</u>
 TOTAL REVENUES AND SUPPORT	 <u>3,370,826</u>	 <u>587,108</u>	 <u>3,957,934</u>
 EXPENSES			
Program services	2,243,437	-	2,243,437
Supporting services:			
Administration	420,152	-	420,152
Fundraising	<u>353,509</u>	<u>-</u>	<u>353,509</u>
 TOTAL EXPENSES	 <u>3,017,098</u>	 <u>-</u>	 <u>3,017,098</u>
 CHANGE IN NET ASSETS	 353,728	 587,108	 940,836
 NET ASSETS - BEGINNING OF YEAR	 <u>13,297,322</u>	 <u>9,536,409</u>	 <u>22,833,731</u>
 NET ASSETS - END OF YEAR	 <u>\$ 13,651,050</u>	 <u>\$ 10,123,517</u>	 <u>\$ 23,774,567</u>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions, public support and other:			
Individuals, foundations and other	\$ 820,083	\$ 612,130	\$ 1,432,213
Easement and land acquisition assistance	-	92,644	92,644
Stewardship contributions	-	261,808	261,808
Donated goods and services	7,230	-	7,230
Special events	267,403	-	267,403
Less: direct benefits to donors	(13,221)	-	(13,221)
Loss on sale of furniture and equipment	(1,215)	-	(1,215)
Interest and dividend income	142,872	-	142,872
Net realized and unrealized gain on investments	2,126,548	-	2,126,548
Paycheck Protection Program loan forgiveness	249,300	-	249,300
Net assets released from restrictions	<u>836,998</u>	<u>(836,998)</u>	<u>-</u>
 TOTAL REVENUES AND SUPPORT	 <u>4,435,998</u>	 <u>129,584</u>	 <u>4,565,582</u>
 EXPENSES			
Program services	1,719,782	-	1,719,782
Supporting services:			
Administration	182,644	-	182,644
Fundraising	<u>253,807</u>	<u>-</u>	<u>253,807</u>
 TOTAL EXPENSES	 <u>2,156,233</u>	 <u>-</u>	 <u>2,156,233</u>
 CHANGE IN NET ASSETS	 2,279,765	 129,584	 2,409,349
 NET ASSETS - BEGINNING OF YEAR	 <u>11,017,557</u>	 <u>9,406,825</u>	 <u>20,424,382</u>
 NET ASSETS - END OF YEAR	 <u>\$ 13,297,322</u>	 <u>\$ 9,536,409</u>	 <u>\$ 22,833,731</u>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 940,836	\$ 2,409,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	4,800	5,600
Depreciation	101,424	102,356
Net realized and unrealized loss (gain) on investments	323,509	(2,126,548)
Loss on sale of furniture and equipment	3,189	1,215
Protected land sold (received)	773,000	(83,500)
Paycheck Protection Program loan forgiveness	(249,312)	(249,300)
(Increase) decrease in:		
Contributions receivable	3,161	43,868
Accounts receivable	(2,830)	(6,650)
Prepaid expenses and other	23,723	(8,173)
Other assets	-	500
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,362)	157,721
TOTAL ADJUSTMENTS	<u>958,302</u>	<u>(2,162,911)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,899,138</u>	<u>246,438</u>
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(25,387)	(13,337)
Proceeds from sale of furniture and equipment	3,421	-
Proceeds from sale of investments	4,296,595	7,397,749
Purchases of investments	<u>(4,664,127)</u>	<u>(7,590,334)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(389,498)</u>	<u>(205,922)</u>
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loans	<u>-</u>	<u>498,612</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,509,640	539,128
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,878,538</u>	<u>3,339,410</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,388,178</u>	<u>\$ 3,878,538</u>

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



THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2022

	Program Services	Supporting Services			Total
		Administration	Fundraising	Total	
Salaries and related benefits	\$ 899,184	\$ 316,273	\$ 251,156	\$ 567,429	\$ 1,466,613
Computer expense	46,346	11,873	9,428	21,301	67,647
Depreciation	69,230	17,492	14,702	32,194	101,424
Development/fundraising	11,643	2,464	52,279	54,743	66,386
Dues and subscriptions	11,333	2,702	2,646	5,348	16,681
Easement preparation	1,171	234	186	420	1,591
Education and outreach	19,655	2,251	206	2,457	22,112
Events:					
Related costs	-	-	167,978	167,978	167,978
Office expenses	12,789	3,342	9,053	12,395	25,184
Insurance	58,799	14,857	12,487	27,344	86,143
Marketing and public relations	5,352	1,013	651	1,664	7,016
Occupancy	78,087	19,730	16,584	36,314	114,401
Professional services:					
Donated	6,540	-	-	-	6,540
Other	53,853	19,841	8,736	28,577	82,430
Stewardship	2,286	-	-	-	2,286
Taxes, licenses and fees	6,039	1,541	1,295	2,836	8,875
Telephone and utilities	16,770	4,237	3,562	7,799	24,569
Transaction assistance	682,681	431	343	774	683,455
Travel and entertainment	28,580	1,871	5,059	6,930	35,510
Bad debt expense	4,800	-	-	-	4,800
Glen Leven Master Plan	228,299	-	-	-	228,299
<b>TOTAL EXPENSES</b>	<b>2,243,437</b>	<b>420,152</b>	<b>556,351</b>	<b>976,503</b>	<b>3,219,940</b>
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(202,842)	(202,842)	(202,842)
<b>TOTAL EXPENSES INCLUDED IN EXPENSES SECTION OF STATEMENT OF ACTIVITIES</b>	<b>\$ 2,243,437</b>	<b>\$ 420,152</b>	<b>\$ 353,509</b>	<b>\$ 773,661</b>	<b>\$ 3,017,098</b>

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

THE LAND TRUST FOR TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2021

	Program Services	Supporting Services			Total
		Administration	Fundraising	Total	
Salaries and related benefits	\$ 1,075,239	\$ 131,241	\$ 198,046	\$ 329,287	\$ 1,404,526
Computer expense	42,145	4,276	6,452	10,728	52,873
Depreciation	78,545	14,605	9,206	23,811	102,356
Development/fundraising	9,356	1,143	5,477	6,620	15,976
Dues and subscriptions	12,744	1,227	1,851	3,078	15,822
Easement preparation	502	-	-	-	502
Education and outreach	5,568	74	112	186	5,754
Events:					
Related costs	2,972	-	20,862	20,862	23,834
Office expenses	20,912	872	1,316	2,188	23,100
Insurance	58,172	10,816	6,818	17,634	75,806
Marketing and public relations	8,288	385	581	966	9,254
Occupancy	43,322	8,055	5,078	13,133	56,455
Professional services:					
Donated	502	-	-	-	502
Other	79,735	4,594	6,932	11,526	91,261
Stewardship	17,609	-	-	-	17,609
Taxes, licenses and fees	9,075	1,687	1,064	2,751	11,826
Telephone and utilities	17,507	3,255	2,052	5,307	22,814
Transaction assistance	223,158	102	153	255	223,413
Travel and entertainment	9,183	172	816	988	10,171
Bad debt	5,248	140	212	352	5,600
<b>TOTAL EXPENSES</b>	<b>1,719,782</b>	<b>182,644</b>	<b>267,028</b>	<b>449,672</b>	<b>2,169,454</b>
Less expenses included with revenues on the statement of activities - direct benefits to donors	-	-	(13,221)	(13,221)	(13,221)
<b>TOTAL EXPENSES INCLUDED IN EXPENSES SECTION OF STATEMENT OF ACTIVITIES</b>	<b>\$ 1,719,782</b>	<b>\$ 182,644</b>	<b>\$ 253,807</b>	<b>\$ 436,451</b>	<b>\$ 2,156,233</b>

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

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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 primary tool used to permanently conserve land is the conservation easement, but the Organization also protects land through land donations, bargain sale arrangements, transaction facilitation, and land purchases. As of March 31, 2022, the Organization has completed 436 conservation transactions, protecting 133,400 acres throughout Tennessee.

A conservation easement is a voluntary agreement between a landowner and the Organization in which the owner places permanent restrictions on the future uses and development in order to protect the conservation values of the property. This agreement permanently limits how the land can be developed and subdivided in order to protect its conservation values. Under a conservation easement, the landowner retains ownership and management responsibilities, and the property may be sold, passed to heirs, or otherwise transferred with the conservation easement in place. 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.

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 (“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 (CONTINUED)

MARCH 31, 2022 AND 2021

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).

The following table provides a reconciliation of cash and cash equivalents reported on the Statements of Financial Position that sum to the total in the Statements of Cash Flows as of March 31:

	<u>2022</u>	<u>2021</u>
Operating funds without restriction or designation	\$ 887,709	\$ 802,714
Operating funds with donor restrictions	2,694,069	1,468,159
Operating funds with board designations	<u>1,806,400</u>	<u>1,607,665</u>
 Total cash and cash equivalents	 <u>\$ 5,388,178</u>	 <u>\$ 3,878,538</u>

Revenues and Support

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation of transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as donor-restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Special events revenue is generated from sponsorships, ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the Organization's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. The Organization records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022 and 2021, 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 and the Organization agrees to accept the terms of the bequest, the Organization recognizes the bequest receivable and revenue at the actual or estimated realizable value of its interest in the estate.

Investments

Investments consist of money market accounts, mutual funds, exchange traded funds, and equities. Money market accounts are carried at cash value plus accrued interest. Mutual funds, exchange traded funds, and equities 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 Statements of Activities.

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.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Statements 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. 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 Glen Leven Reserve Fund is used strictly for necessary capital improvements and unusual or infrequent expenses relating to the upkeep and maintenance of Glen Leven Farm.

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

	<u>2022</u>	<u>2021</u>
Board-designated quasi-endowment - Ashby Fund	<u>\$ 3,250,691</u>	<u>\$ 3,296,200</u>
Operating Reserve Fund	\$ 375,000	\$ 375,000
Working Capital Reserve Fund	300,000	300,000
Revolving Fund	626,756	626,756
Jeanie Nelson Conservation Legacy Fund	878,916	787,930
Glen Leven Reserve Fund	168,000	-
Truist Stewardship earnings	777,273	-
Stewardship Reserve earnings	210,844	-
Proceeds from sale of donated land reserved for special projects	<u>70,299</u>	<u>68,454</u>
Total board designations - other	<u>\$ 3,407,088</u>	<u>\$ 2,158,140</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 permanent conservation of 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 habitats, historic landscapes, scenic viewsheds, pristine waterways and recreational opportunities. To support the Organization's strategic mission, donations are received to allow the Organization to do outreach to landowners and communities, acquire and hold conservation easements, complete necessary due diligence for all land transactions, and own and manage land when appropriate.

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.

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THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.



THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 places a conservation easement on land owned by the Organization as part of a sale of the property, the change in market value due to the conservation easement is recorded as a program expense.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("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 income statement. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, *Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases* (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases* (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

The new standard provides a number of practical expedients. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements. The Organization currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized on the statement of financial position in an amount that will be material. The new standard is effective for the Organization on April 1, 2022.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between March 31, 2022 and August 26, 2022, 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 as of March 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 5,388,178	\$ 3,878,538
Contributions receivable	161,122	164,283
Accounts receivable	2,754	4,724
Investments	<u>8,979,876</u>	<u>8,935,853</u>
	14,531,930	12,983,398
Less: amounts not available to be used within one year:		
Board-designated amounts	(6,657,779)	(5,454,340)
Donor-restricted amounts for specified purposes	<u>(5,955,153)</u>	<u>(4,773,045)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,918,998</u>	<u>\$ 2,756,013</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

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 \$150,000 of existing restricted cash and investments will be released from restriction in the upcoming year to cover conservation activities.

The Operating Reserve Fund of \$375,000 consists of cash and is held in the operating cash account. 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 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 Director of Finance & Operations, has the authority to access the fund as needed, as long as the disbursement is reported to the Finance & Audit 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.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Operating receivables without purpose restriction or designation	\$ 10,500	\$ 96,213
Operating receivables with donor restrictions	125,622	18,070
Operating receivables with board designation	<u>25,000</u>	<u>50,000</u>
	<u>\$ 161,122</u>	<u>\$ 164,283</u>

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 155,056	\$ 137,283
Due in one to five years	<u>6,056</u>	<u>27,000</u>
	<u>\$ 161,112</u>	<u>\$ 164,283</u>

NOTE 5 - INVESTMENTS

Investments consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Money market accounts	\$ 702,391	\$ 319,632
Common stock	-	1,099
Mutual funds	6,490,349	6,787,957
Exchange traded funds	<u>1,787,136</u>	<u>1,827,165</u>
	<u>\$ 8,979,876</u>	<u>\$ 8,935,853</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

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:

Common stock is valued at the closing price reported on the active market on which the individual securities 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.

There have been no changes in the methodologies used at March 31, 2022 and 2021.

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 (CONTINUED)

MARCH 31, 2022 AND 2021

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:

	2022			
	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	\$ 702,391	\$ -	\$ -	\$ 702,391
Mutual funds:				
Mid cap growth	494,275	-	-	494,275
Large cap value	813,545	-	-	813,545
Large cap growth	894,461	-	-	894,461
Indexed equity	779,513	-	-	779,513
Intermediate Core-Plus Bond	1,580,074	-	-	1,580,074
Fixed income	1,219,048	-	-	1,219,048
International developed	709,433	-	-	709,433
Exchange traded funds:				
Small cap value	575,740	-	-	575,740
Mid cap value	289,462	-	-	289,462
Large cap value	747,915	-	-	747,915
Large cap growth	174,019	-	-	174,019
Total investments	<u>\$ 8,979,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,979,876</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2021			
	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	\$ 319,632	\$ -	\$ -	\$ 319,632
Common Stock	1,099	-	-	1,099
Mutual funds:				
Small cap growth	175,879	-	-	175,879
Mid cap growth	481,160	-	-	481,160
Large cap value	711,166	-	-	711,166
Large cap growth	1,304,004	-	-	1,304,004
Indexed equity	662,602	-	-	662,602
Indexed fixed income	1,184,873	-	-	1,184,873
Fixed income	1,263,366	-	-	1,263,366
International developed	1,004,907	-	-	1,004,907
Exchange traded funds:				
Small cap value	373,342	-	-	373,342
Small cap growth	181,544	-	-	181,544
Mid cap value	245,059	-	-	245,059
Large cap value	625,224	-	-	625,224
Fixed income	401,996	-	-	401,996
Total investments	<u>\$ 8,935,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,935,853</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 7 - FURNITURE AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 37,072	\$ 37,072
Buildings	3,460	-
Computers and software	127,489	110,217
Leasehold improvements	<u>4,925</u>	<u>4,925</u>
	172,946	152,214
Less: accumulated depreciation	<u>(103,349)</u>	<u>(77,594)</u>
Furniture and equipment, net	<u>\$ 69,597</u>	<u>\$ 74,620</u>

NOTE 8 - PROPERTY BEQUEATHED FROM GLEN LEVEN FARM

During 2006, the Organization received a testamentary bequest consisting of 59 acres of land and a historic house with 5 acres known as the Glen Leven Farm. The appraised fair values were \$1,500,000 and \$2,200,000, respectively, at the date of the bequest. The decedent placed significant restrictions on the use of this property or the proceeds in the event of its sale.

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

	<u>2022</u>	<u>2021</u>
Glen Leven Farm bequest	\$ 3,700,000	\$ 3,700,000
Property, restorations and improvements	<u>1,279,046</u>	<u>1,286,444</u>
	4,979,046	4,986,444
Less: accumulated depreciation	<u>(499,271)</u>	<u>(429,045)</u>
Glen Leven Farm property, net	<u>\$ 4,479,775</u>	<u>\$ 4,557,399</u>



THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

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

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>2022</u>	<u>2021</u>
Insurance	\$ 5,894	\$ 16,004
Loss on asset disposal	-	1,109
Taxes and fees	1,587	1,609
Repairs and maintenance	53,828	34,733
Utilities and other	4,905	1,142
Professional fees	231,120	12,024
Outreach	5,077	888
Supplies	<u>1,064</u>	<u>2,977</u>
	<u>\$ 303,475</u>	<u>\$ 70,486</u>

Glen Leven Farm hosts a myriad of events and activities 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.

NOTE 9 - PROTECTED LAND

Protected land consists of tracts of land purchased by or donated to the Organization that are being held 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. At March 31, 2022, two other tracts of land totaling \$110,800 (five other tracts of land totaling \$883,800 at March 31, 2021) comprise the remaining balance of protected land. At March 31, 2022, one of these tracts of \$83,500 is included in net assets with donor restrictions (three tracts totaling \$618,500 at March 31, 2021).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 10 - PROGRAM ACCOMPLISHMENTS

Conservation Success: During fiscal year 2022, the Organization completed 18 projects, protecting 2,455 acres of land in Tennessee. Seventeen of these properties were protected with conservation easements, the Organization's primary tool for conserving land. In addition, the Organization assisted a private landowner and the State of Tennessee with a donation of 144 acres as an addition to T.O. Fuller State Park in Memphis. Nine of these 15 projects are located in one of the Organization's 10 Conservation Opportunity Regions (CORs), which are the priority areas established through the Organization's strategic conservation plan Forever Tennessee. Seven projects are located in one of the top ten fastest growing counties in Tennessee. The permanent protection of these properties resulted in the preservation of 6.6 miles of public road frontage and 8.5 miles of Tennessee's rivers and streams.

Stewardship: Despite challenges due to COVID-19, the Organization completed 100% of its annual monitoring of 394 properties through both in-person visits and through satellite imagery. Monitoring is a critical part of the Organization's commitment to uphold its promise of protecting land in perpetuity. Due to people being at home and on their lands more (combined with a booming real estate market), the Organization's stewardship staff saw a significant increase in other stewardship activities such as activity requests, approvals, easement interpretations, and property transfers.

Fundraising Success: The Organization had a strong fundraising year and was able to meet its annual fundraising goals. The Organization debuted a new Music on the Farm fundraising event in May 2021, which provided an additional revenue source and donor cultivation opportunity. The Organization hosted its annual Once in a Blue Moon fundraising event at Glen Leven Farm and achieved the event's highest sponsorship revenue to date. In addition, the Organization raised \$950,000 for Walden's Ridge Park, a multi-use park located just outside of Chattanooga. Park partners have worked together to complete 11 miles of trails on the property, four mountain-bike specific trails, and 31 boulders for climbing. The Park is nearing completion and will be transferred to Hamilton County in late 2022.

Outreach and Engagement: In addition to utilizing outreach methods through social media, and other virtual platforms, the Organization has engaged in-person audiences by attending tabling events and hosting programs and volunteer events at Glen Leven Farm. This includes virtual STEAM Expeditions with Metro Nashville Public School 6th graders, in-person Field Studies with kindergarten through second graders, monthly Nature Hikes for Middle Tennessee families, monthly volunteer opportunities, and STEAM Education Kits that were distributed to teachers and students across the state.

Glen Leven Farm: The Organization worked in partnership with Nelson Byrd Woltz Landscape Architects to complete a Cultural Landscape Synthesis and Comprehensive Landscape Plan for Glen Leven Farm, the 64-acre historic farm owned by the Organization since 2006. The plans will allow us to tell a fuller history, expand educational, outreach, and revenue opportunities, and transform Glen Leven Farm into one of the most inspiring, relevant cultural landscapes in the Southeast. With this plan in hand, the Organization poised to take Glen Leven Farm to the next level.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Contributions receivable for future years' operations	\$ 9,463	\$ 10,000
Land protection activities:		
South Cumberland Plateau and Sequatchie Valley regions	-	6,646
North Davidson County, Robertson County, Sumner County		
and Northeast Tennessee	30,427	2,696
Southeast General	111,668	-
Williamson County	-	13,463
Humphreys County	-	126,574
Rhea County Greenway	-	403
Shelby Farms	24,012	24,901
Wildlife	2,195	5,000
Duck River	45,894	38,031
West Tennessee	25,836	12,138
Southeast McKee Fund	946,197	-
Lynchburg	197,650	165,162
Stewardship and protection:		
Stewardship funds for monitoring and enforcement		
of protected properties	3,983,916	3,294,071
Transaction assistance funds for landowners	31,425	11,425
Easement and land acquisition funds	696,470	1,272,535
Real estate:		
Glen Leven property	3,700,000	3,700,000
Glen Leven stabilization, operations, maintenance		
and capital campaign funds	318,364	318,364
Westrick property	-	325,000
Wilson County unimproved land	-	210,000
	<u>\$ 10,123,517</u>	<u>\$ 9,536,409</u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

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 Finance & Audit 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 31<sup>st</sup> 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 Finance & Audit Committee and approved by the Board of Directors.

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 3,296,200	\$ 2,437,136
Rebalancing	(61,043)	-
Investment income	144,406	48,755
Investment fees	(16,157)	(13,978)
Net appreciation (depreciation) (realized and unrealized)	(112,715)	824,287
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>\$ 3,250,691</u></u>	<u><u>\$ 3,296,200</u></u>

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 13 - LEASES

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 Organization extended the lease through February 2022 with monthly payments in the amount of \$1,366. Rent expense totaled \$16,393 in 2022 (\$16,393 in 2021).

Subsequent to year-end, the Organization signed a lease for its Chattanooga office facilities under an operating lease through May 2027. Monthly payments are \$2,175 with a 3% increase each year.

Future minimum lease payments required under the lease obligations are as follows:

Year ending March 31,

2023	\$ 23,116
2024	26,818
2025	27,622
2026	28,451
2027	29,304
Thereafter	<u>2,449</u>
	<u>\$ 137,760</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 \$23,986 in 2022 (\$23,919 in 2021).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

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>2022</u>	<u>2021</u>
Events:		
Goods	\$ 27,856	\$ 1,039
Printing and publicity	-	2,045
Professional services:		
Legal	6,540	502
Other	104,512	-
Other	<u>-</u>	<u>3,644</u>
	<u>\$ 138,908</u>	<u>\$ 7,230</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 2022 or 2021. Total assets held in these funds approximated \$208,731 at March 31, 2022 (\$205,000 at March 31, 2021).

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

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, 2022, a contribution receivable from three sources comprised 47% of total contributions receivable. A contribution receivable from one source comprised 30% of total receivables at March 31, 2021.

A contribution from two sources was 34% of total revenues for the year ended March 31, 2022. There were no revenue concentrations for the year ended March 31, 2021.

NOTE 18 - RELATED PARTY TRANSACTIONS

Pledges totaling \$500 are due from one member of the Organization's Board of Directors as of March 31, 2022 (\$1,000 was due from one member as of March 31, 2021).

NOTE 19 - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the Paycheck Protection Program ("PPP") was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds were fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, would qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Organization. In April 2020, the Organization received a loan totaling \$249,300 under the PPP. The loan bore interest at 1.0%. In March 2021, the Organization received notification that the full balance of the PPP loan had been forgiven. As such, the Organization recognized \$249,300 of loan forgiveness on the Statements of Activities and recorded no interest expense relating to this loan.

THE LAND TRUST FOR TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2022 AND 2021

NOTE 19 - PAYCHECK PROTECTION PROGRAM (CONTINUED)

Additionally, the Consolidated Appropriations Act of 2021, which was enacted on December 27, 2020, revised the original PPP to include additional funds for loans and the ability for eligible companies to receive a second draw from the PPP (known as “PPP2”). The terms and conditions under PPP2 are substantially the same as the PPP and could allow for full loan forgiveness if the funds are utilized to pay for qualified expenses, while maintaining employment and compensation levels as required under the original PPP. In March 2021, the Organization received a second loan of \$249,312 under PPP2. In January 2022, the Organization received notification that the full balance of the PPP2 loan had been forgiven. As such, the Organization recognized \$249,312 of loan forgiveness on the Statements of Activities and recorded no interest expense relating to this loan.