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Form **990** Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

B Check if applicable
- Address change
- Name change
- Initial return
- Termination
- Amended return
- Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
34 WALL ST

City or town, state or country, and ZIP + 4
ASHEVILLE, NC 28801

D Employer identification number
62-1098890

E Telephone number
(828) 253-0095

G Gross receipts $ 25,704,220

F Name and address of Principal Officer
CARL SILVERSTEIN
34 WALL ST STE 502
ASHEVILLE,NC 28801

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) **Are all affiliates included?** ☐ Yes ☐ No
(If "No," attach a list See instructions)

H(c) Group Exemption Number ▶

I Tax-exempt status ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Web site:** ▶ www appalachian org

K Type of organization ☑ Corporation ☐ trust ☐ association ☐ other ▶ | L Year of Formation 1974 | M State of legal domicile NC

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
See Additional Data Table

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	18
5	Total number of employees (Part V, line 2a)	5	10
6	Total number of volunteers (estimate if necessary)	6	40
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	7,171,035	25,600,696
	9	Program service revenue (Part VIII, line 2g)	5,501,846	8,949
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	69,662	76,833
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	36,004	15,129
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12,778,547	25,701,607
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	304,563	266,802
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	450,504	539,754
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		57,933
	b	(Total fundraising expenses, Part IX, column (D), line 25 102,051)		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	459,146	940,322
	18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	1,214,213	1,804,811
	19	Revenue less expenses Subtract line 18 from line 12	11,564,334	23,896,796

			Beginning of Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	45,077,301	68,399,602
	21	Total liabilities (Part X, line 26)	2,478,514	2,106,839
	22	Net assets or fund balances Subtract line 21 from line 20	42,598,787	66,292,763

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign Here

****** 2009-11-03
Signature of officer Date

CARL SILVERSTEIN EXECUTIVE DIRECTOR
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ STEPHEN CORLISS CPA | Date 2010-05-13 | Check if self-empolyed ▶ ☐ | Preparer's PTIN (See Gen Inst)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ CORLISS & SOLOMON PLLC
242 CHARLOTTE STREET SUITE 1
ASHEVILLE, NC 28801

EIN ▶

Phone no ▶ (828) 236-0206

May the IRS discuss this return with the preparer shown above? (See instructions) ☐ Yes ☐ No

Part III **Statement of Program Service Accomplishments** (See the instructions.)

1 Briefly describe the organization's mission

THE SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY IS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting or make significant changes in how it conducts any program services? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 1,537,075 including grants of $ 266,802) (Revenue $ 15,377,838)

OVER THE PAST FISCAL YEAR WE COMPLETED 18 MAJOR CONSERVATION TRANSACTIONS DISCUSSED BELOW WHICH PROTECT 2,422 ACRES OF KEY MOUNTAIN LANDS THIS INCLUDES 3 FEE SIMPLE PURCHASES, 1 DONATED LIFE ESTATE, 10 CONSERVATION EASEMENT PURCHASES, 6 CONSERVATION EASEMENT DONATIONS, AND 1 LAND SALE TO THE STATE OF NC THE TOTAL VALUE OF THESE TRANSACTIONS WAS $23 3 MILLION LANDOWNER DONATION OF VALUE WAS $14 9 MILLION THE PURCHASE PRICE OF THESE TRANSACTIONS WAS $8 4 MILLION OF THIS AMOUNT, PUBLIC DOLLARS

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses $ 1,537,075 *Must equal Part IX, Line 25, column (B).*

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? *If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	Yes	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12	Yes	
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20		No
21	Did the organization report more than $5,000 on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	Yes	
22	Did the organization report more than $5,000 on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? *If "Yes," complete Schedule J*	23		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? *If "Yes," complete Schedule L, Part I*	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		No

Part IV Checklist of Required Schedules *(Continued)*

	Question	Line	Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee			
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? *If "Yes," complete Schedule L, Part IV*	28a		No
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	28b	Yes	
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? *If "Yes," complete Schedule L, Part IV*	28c	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30	Yes	
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34		No
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35		No
36	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	25			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	10			
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? **Note:** *If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.*			2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?			3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ______ See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** *Report of Foreign Bank and Financial Accounts.*					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, *Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?*			5c		
6a	Did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	*Organizations that may receive deductible contributions under section 170(c).*					
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of $75 or more?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h		
8	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		No
9	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.*					
a	Did the organization make any taxable distributions under section 4966?			9a		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		No
10	*Section 501(c)(7) organizations.* Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	Section 501(c)(12) organizations Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	*Section 4947(a)(1) non-exempt charitable trusts.* Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				

Part VI Governance, Management, and Disclosure *(Sections A, B, and C request information about policies not required by the Internal Revenue Code.)*

Section A. Governing Body and Management

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

			Yes	No
1a	Enter the number of voting members of the governing body . . (1a) 18			
b	Enter the number of voting members that are independent . . (1b) 18			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	the governing body?	8a	Yes	
b	each committee with authority to act on behalf of the governing body?	8b	Yes	
9a	Does the organization have local chapters, branches, or affiliates?	9a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	9b		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	Yes	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	11		No

Section B. Policies

			Yes	No
12a	Does the organization have a written conflict of interest policy? *If "No", go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision			
a	The organization's CEO, Executive Director, or top management official?	15a	Yes	
b	Other officers or key employees of the organization?	15b	Yes	
	Describe the process in Schedule O			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed NC

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ own website ☐ another's website ☑ upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

S APPALACHIAN HIGHLANDS CONSERVANCY
34 WALL ST SUITE 502
ASHEVILLE, NC 28801
(828) 253-0095

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed
* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

* List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations

* List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if the organization did not compensate any officer, director, trustee or key employee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

Part VII Continued

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply): Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Total . . . . ▶								75,343		20,122

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization▶

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed online 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization . . . . ▶ 0

Part VIII **Statement of Revenue**

Section	Line	Description		(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a					
	b	Membership dues 1b	75,633				
	c	Fundraising events 1c					
	d	Related organizations . . . 1d					
	e	Government grants (contributions) 1e	2,995,095				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	22,529,968				
	g	Noncash contributions included in lines 1a-1f $ 15,380,238					
	h	**Total (Add lines 1a-1f)** . . . . ▶		25,600,696			
Program Service Revenue			Business Code				
	2a	Annual Meeting	999,999	8,949	8,949		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total. Add lines 2a-2f** . . . . ▶ $ 8,949					
Other Revenue	3	Investment income (including dividends, interest other similar amounts) . . . . ▶		76,833			76,833
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross Rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . . ▶					
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . ▶					
	8a	Gross income from fundraising events (not including $ 14,132 of contributions reported on line 1c) See Part IV, line 18 *Attach Schedule G if total exceeds $15,000* . . . . a					
	b	Less direct expenses . . . b	2,245				
	c	Net income or (loss) from fundraising events . . ▶		11,887			11,887
	9a	Gross income from gaming activities See part IV, line 19 *Complete Schedule G if total exceeds $15,000* a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a	2,250				
	b	Less cost of goods sold . . b	368				
	c	Net income or (loss) from sales of inventory . . ▶		1,882			1,882
		Miscellaneous Revenue	Business Code				
	11a	Other Income	999,999	1,360			1,360
	b						
	c						
	d	All other revenue					
	e	**Total. Add lines 11a-11d** . . . . $ 1,360					
	12	**Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e . . . . . ▶		25,701,607	8,949		91,962

Part IX **Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	**(A)** Total expenses	**(B)** Program service expenses	**(C)** Management and general expenses	**(D)** Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	266,802	266,802		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	94,477	67,079	18,503	8,895
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	365,858	280,427		21,435
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,071	6,849	1,626	596
9	Other employee benefits	34,609	26,176	6,222	2,211
10	Payroll taxes	35,739	26,983	6,406	2,350
11	Fees for services (non-employees)				
a	Management				
b	Legal	31,676	31,676	0	0
c	Accounting	10,486	2,251	8,235	0
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .	57,933			57,933
f	Investment management fees				
g	Other	71,805	71,805	0	0
12	Advertising and promotion	9,505	0	9,505	0
13	Office expenses	47,079	24,124	20,601	2,354
14	Information technology	6,151	4,921	1,230	0
15	Royalties . .				
16	Occupancy	44,555	33,639	7,987	2,929
17	Travel	22,823	18,259	2,282	2,282
18	Payments of travel or entertainment expenses for any Federal, state or local public officials				
19	Conferences, conventions and meetings	26,779	17,813	7,937	1,029
20	Interest	53,991	53,991	0	0
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,188	4,313	2,875	0
23	Insurance	7,325	803	6,522	0
24	Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	Dues & Subscriptions	2,223	1,667	556	0
b	Land Transaction Fees	72,516	72,516	0	0
c	License & Fees	1,933	1,450	483	0
d	Miscellaneous	2,145	1,389	719	37
e	Property Taxes	24,855	24,855	0	0
f	All other expenses	497,287	497,287	0	0
25	**Total functional expenses.** Add lines 1 through 24f	1,804,811	1,537,075	165,685	102,051
26	**Joint Costs.** Check ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	153,340	1	41,263
	2	Savings and temporary cash investments	2,881,543	2	3,240,973
	3	Pledges and grants receivable, net	374,412	3	191,978
	4	Accounts receivable, net		4	
	5	Receivables from current and former officers, directors, trustees, key employees or other related parties *Complete Part II of Schedule L*		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) *Complete Part II of Schedule L*		6	
	7	Notes and loans receivable, net		7	90,000
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost basis — 10a 62,931,371			
	b	Less accumulated depreciation *Complete Part VI of Schedule D* — 10b 62,147	40,664,097	10c	62,869,224
	11	Investments—publicly traded securities	397,540	11	
	12	Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D*		12	
	13	Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D*		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11 *Complete Part IX of Schedule D*	606,369	15	1,966,164
	16	**Total assets.** *Add lines 1 through 15 (must equal line 34)*	45,077,301	16	68,399,602
Liabilities	17	Accounts payable and accrued expenses	29,171	17	30,459
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow account liability *Complete Part IV of Schedule D*		21	
	22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties	2,374,343	23	2,001,380
	24	Unsecured notes and loans payable	75,000	24	75,000
	25	Other liabilities *Complete Part X of Schedule D*		25	
	26	**Total liabilities.** *Add lines 17 through 25*	2,478,514	26	2,106,839
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	1,142,176	27	734,948
	28	Temporarily restricted net assets	3,130,950	28	2,647,902
	29	Permanently restricted net assets	38,325,661	29	62,909,913
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	42,598,787	33	66,292,763
	34	Total liabilities and net assets/fund balances	45,077,301	34	68,399,602

Part XI Financial Statements and Reporting

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ cash ☑ accrual ☐ other			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits?	3b		

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SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only **one** organization)

1 ☐ A church, convention of churches, or association of churches described in **Section 170(b)(1)(A)(i).**

2 ☐ A school described in **Section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **Section 170(b)(1)(A)(iii).** (Attach Schedule H)

4 ☐ A medical research organization operated in conjunction with a hospital described in **Section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **Section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **Section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **Section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **Section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☑ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **Section 509(a)(4).** (See instructions)

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **Section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally Integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?	**11g(i)**		
(ii) a family member of a person described in (i) above?	**11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the organizations the organization supports

(i) Name of Supported Organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(See Instructions)**)	**(iv)** Is the organization in col **(i)** listed in your governing document? Yes	No	**(v)** Did you notify the organization in col **(i)** of your support? Yes	No	**(vi)** Is the organization in col **(i)** organized in the U S ? Yes	No	**(vii)** Amount of support?
Total									

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Public Support

Calendar year (or fiscal year beginning in)	**(a)** 2004	**(b)** 2005	**(c)** 2006	**(d)** 2007	**(e)** 2008	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 **Public Support** subtract line 5 from line 4						0

Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2004	**(b)** 2005	**(c)** 2006	**(d)** 2007	**(e)** 2008	**(f)** Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total Support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) | **12** |

13 **First Five Years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Computation of Public Support Percentage

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f)) | **14** |

15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f | **15** |

16a **33 1/3% Test - 2008.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% Test - 2007.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10% Facts and Circumstances Test - 2008.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10% Facts and Circumstances Test - 2007.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation.** If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	**(a)** 2004	**(b)** 2005	**(c)** 2006	**(d)** 2007	**(e)** 2008	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	2,399,277	2,354,149	2,010,994	7,171,035	25,600,696	39,536,151
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	8,044,602	2,092,141	353,556	5,549,410	25,331	16,065,040
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total** Add lines 1-5	10,443,879	4,446,290	2,364,550	12,720,445	25,626,027	55,601,191
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	1,853,724	1,652,800	557,500	5,577,592	4,075,500	13,717,116
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or $5,000						
c Total of lines 7a and 7b	1,853,724	1,652,800	557,500	5,577,592	4,075,500	13,717,116
8 **Public Support** (Substract line 7c from line 6)						41,884,075

Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2004	**(b)** 2005	**(c)** 2006	**(d)** 2007	**(e)** 2008	**(f)** Total
9 Amounts from line 6	10,443,879	4,446,290	2,364,550	12,720,445	25,626,027	55,601,191
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	19,917	45,889	70,281	69,662		205,749
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b	19,917	45,889	70,281	69,662		205,749
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)			7,048	3,834		10,882
13 **Total Support** (Add lines 9, 10c, 11 and 12)						55,817,822

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Computation of Public Support Percentage

15 Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15	75 040 %
16 Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	16	74 710 %

Computation of Investment Income Percentage

17 Investment Income Percentage for **2008** (line 10c column (f) divided by line 13 column (f))	17	0 370 %
18 Investment Income Percentage from **2007** Schedule A, Part IV-A, line 27h	18	0 760 %

19a **33 1/3% Tests - 2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% Tests - 2007.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

Facts and Circumstances Test
OTHER INCOME PART III, LINE 12 DESCRIPTION MISCELLANEOUS 2004 0 2005 0 2006 7048 2007 3834

Additional Data

Software ID:
Software Version:
EIN: 62-1098890
Name: SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply) Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
CARL SILVERSTEIN , Exec Dir	40 00				X	X		75,343	0	20,122
WITT LANGSTAFF JR , President	2 00	X		X				0	0	0
BILL MAXWELL , Vice President	2 00	X		X				0	0	0
BRUCE CUNNINGHAM , Treasurer	2 00	X		X				0	0	0
JEANETTE BLAZIER , Secretary	2 00	X		X				0	0	0
GARY BARRIGAR , Board Mem	1 00	X						0	0	0
JUDY COKER , At Large	1 00	X						0	0	0
JOE DELOACH , Board Mem	1 00	X						0	0	0
LINDSAY HEARN , Board Mem	1 00	X						0	0	0
JAY LEUTZE , Board Mem	1 00	X						0	0	0
LESLIE CASS , Board Mem	1 00	X						0	0	0
BILL JONES , Board Mem	1 00	X						0	0	0
DAVID RAMSEY , Board Mem	1 00	X						0	0	0
FLORENCE KRUPNICK , Board Mem	1 00	X						0	0	0
TOM LAUGHLIN , Board Mem	1 00	X						0	0	0
BILL LOWNDES , Board Mem	1 00	X						0	0	0
DORIS GOVE , Board Mem	1 00	X						0	0	0
DAVID SMITH , Board Mem	1	X								
LACH ZEMP , Board Mem	1	X								

Form 990, Part I, Line 1 - Briefly describe the Organization's mission or most significant activities:

THE SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY IS ONE OF THE COUNTRYS OLDEST AND MOST RESPECTED LAND TRUSTS. SAHC WORKS TO PROTECT THE WORLDS OLDEST MOUNTAINS FOR THE BENEFIT OF PRESENT AND FUTURE GENERATION. SAHC WORKS TO CONSERVE THE UNIQUE PLANT AND ANIMAL HABITAT, CLEAN WATER, LOCAL FARMLAND AND SCENIC BEAUTY OF THE MOUNTAINS OF NORTH CAROLINA AND EAST TENNESSEE (CONTINUED SEE NOTE.)

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate Contributions to (during year)		
3	Aggregate Grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☑ Preservation of land for public use (e g , recreation or pleasure)
☑ Preservation of an historically importantly land area
☑ Protection of natural habitat
☐ Preservation of certified historic structure
☑ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	81
b	Total acreage restricted by conservation easements	2b	11265 9
c	Number of conservation easements on a certified historic structure included in (a)	2c	1
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	0

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ 0

4 Number of states where property subject to conservation easement is located ▶ 2

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? ☑ Yes ☐ No

6 Staff or volunteer hours devoted to monitoring, inspecting and enforcing easements during the year ▶ 5740

7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ▶ $ 117,420

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☑ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ **Yes** ☐ **No**

Part IV **Trust, Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ **Yes** ☐ **No**

b If "Yes," explain why in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ **Yes** ☐ **No**

b If "Yes," explain the arrangement in Part XIV

Part V **Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	499,869				
b Contributions	300,850				
c Investment earnings or losses	-142,362				
d Grants or scholarships					
e Other expenditures for facilities and programs	14,140				
f Administrative expenses	4,786				
g End of year balance	639,431				

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ▶ 49 000 %

b Permanent endowment ▶ 51 000 %

c Term endowment ▶ 0 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI **Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				
b Buildings		49,560	20,099	29,461
c Leasehold improvements				
d Equipment		57,214	42,048	15,166
e Other		62,824,597		62,824,597
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				62,869,224

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or cateory (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Funds with the Community Foundation of WNC	
-Roan Endowment	44,152
-Land and Conservation Easement Stewardship Endowment	194,516
-Land and Conservation Easement Acquistion Endowment	129,280
-Highlands Fund Operating Endowment	271,482
Investments	306,642
Land Assets Subject to Life Estate, Net	1,011,011
Prepaid Expenses	9,081
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	1,966,164

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	25,701,607
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,804,811
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	23,896,796
4	Net unrealized gains (losses) on investments	4	-249,220
5	Donated services and use of facilities	5	64,550
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-184,670
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	23,712,126

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	25,517,150
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-249,220		
b	Donated services and use of facilities	2b	62,150		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	2,613		
e	Add lines **2a** through **2d**			2e	-184,457
3	Subtract line **2e** from line **1**			3	25,701,607
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	25,701,607

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	1,869,574
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	62,150		
b	Prior year adjustments	2b			
c	Losses reported on Form 990, Part IX, line 25	2c			
d	Other (Describe in Part XIV)	2d	2,613		
e	Add lines **2a** through **2d**			2e	64,763
3	Subtract line **2e** from line **1**			3	1,804,811
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	1,804,811

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part XIV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b

Identifier	Return Reference	Explanation
Pt XII Line 2d		Special Event Expense $2,245 & Merchandise Expense $368
Pt XIII Line 2d		Special Event Expense $2,245 & Merchandise Expense $368
Pt II Line 5		Please see attached policies

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SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

▶ Attach to Form 990 or Form 990-EZ. Must be completed by organizations that answer "Yes" to Form 990, Part IV, lines 17, 18, or 19, and by organizations that enter more than $15,000 on Form 990-EZ, line 6a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

a ☐ Mail solicitations
b ☐ Email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising activities? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions?		**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
		Yes	**No**			
Total			▶			

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross revenue (line 1 minus line 2)				
Direct Expenses	4 Cash Prizes				
	5 Non-cash Prizes				
	6 Rent/Facility costs				
	7 Other direct expenses				
	8 Direct expense summary Add lines 4 through 7 in column (d) ▶				
	9 Net income summary Combine lines 3 and 8 in column (d) ▶				

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities ______			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," Explain			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," Explain			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

				Yes	No
13	Indicate the percentage of gaming activity operated in				
a	The organization's facility	13a			
b	An outside facility	13b			
14	Provide the name and address of the person who prepares the organization's gaming/special events books and records				
	Name ▶				
	Address ▶				
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue?		15a		
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ $ ______ and the amount of gaming revenue retained by the third party ▶ $ ______				
c	If "Yes," enter name and address				
	Name ▶				
	Address ▶				
16	Gaming manager information				
	Name ▶				
	Gaming manager compensation ▶ $ ______				
	Description of services provided ▶				
	☐ Director/officer ☐ Employee ☐ Independent contractor				
17	Mandatory distributions				
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?		17a		
b	Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $				

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.

Complete if the organization answered "Yes," on Form 990, Part IV, lines 21 or 22. Attach to Form 990.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 if additional space is needed . . . . ▶ ☐

1(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BLUE RIDGE RURAL LAND TRUSTPO BOX 669 WEST JEFFERSON,NC 29694	58-2502695		21,750				Land Conservation
CONSERVATION TRUST FOR NCPO BOX 33333 RALEIGH,NC 27636	58-1552188		21,750				Land Conservation
FOOTHILLS CONSERVANCY OF NCPO BOX 3023 MORGANTON,NC 28680	56-1947390		21,750				Land Conservation
HIGH COUNTRY CONSERVANCY290 QUEEN STREET BOONE,NC 28607	56-1932764		21,750				Land Conservation
HIGHLANDS-CASHIERS LAND TRUSTPO BOX 1703 HIGHLANDS,NC 28741	56-1216642		21,750				Land Conservation
LAND TRUST FOR THE LITTLE TENNESSEEPO BOX 1148 FRANKLIN,NC 28744	56-2142199		21,750				Land Conservation
NATIONAL COMMITTEE FOR THE NEW RIVERPO BOX 1480 WEST JEFFERSON,NC 28694	58-1949660		21,750				River Conservation
PACOLET AREA CONSERVANCY850 NORTH TRADE STREET TRYON,NC 28782	56-1657163		21,750				Land Conservation

2 Enter total number of section 501(c)(3) and government organizations . . . . ▶ 8

3 Enter total number of other organizations . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

See Additional Data Table

Identifier	Return Reference	Explanation
Pt I Line 2		SAHC staff and/or board members visit each of the land & river conservation sites to monitor the grantee's progress Each grantee submits a report describing their progress along with financial information outlining how the grant monies were spent

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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38b or 40b.

OMB No 1545-0047
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SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . ▶ $

Part II Loans to and/or From Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Total . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
PLEASE SEE ATTACHED SCHEDULE	Various		Various types and amounts		No

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Non-Cash Contributions

To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 29 or 30.
Attach to Form 990

OMB No 1545-0047

2008

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Name of the organization
SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY INC

Employer identification number
62-1098890

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles	X	1	2,400	
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution (historic structures)				
14 Qualified conservation contribution (other)	X	13	15,377,838	
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other (describe ____________)				
26 Other (describe ____________)				
27 Other (describe ____________)				
28 Other (describe ____________)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, *Part IV, Donee Acknowledgement* . . . . | 29 |

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b If "Yes", describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b If "Yes", describe in Part II			
33 If the organization did not report revenues in Column (c) for a type of property for which Column (a) is checked, describe in Part II			

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	ReturnReference	Explanation

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SCHEDULE O (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

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Employer identification number
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Identifier	Return Reference	Explanation
Pt VI-A, Line 10		The 990 is prepared by independent accountants, reviewed by management, presented to the Finance Committee for review, and once it is approved, presented to the entire Board for final approval or proposed revision

Identifier	Return Reference	Explanation
Pt VI-B, Line 12c		Enforced as necessary Any Board Member with a conflict of interest on any specific issue informs the Board and abstains from voting on the issue

Identifier	Return Reference	Explanation
Pt VI-B, Line 15		In the annual budgeting process, the Board approves a budget line for aggregate salary expense Thereafter, individual salaries and salary increases for employees are determined by the Executive Director The Board of Directors sets the Executive Director salary after a performance review and a check of comparable salary information for nonprofit organizations with similar budgets

Identifier	Return Reference	Explanation
Pt VI-C, Line 19		Upon request and through Guidestar's online database

Identifier	Return Reference	Explanation
Pt XI, Line 2c		Executive Committee

Stewardship Policies and Procedures

Table of Contents

I. Overall Stewardship Philosophy

LTA Standard 11: *Conservation Easement Stewardship*
The land trust has a program of responsible stewardship for its easements.
A land trust that accepts and holds conservation easements commits itself to their annual stewardship in perpetuity, to enforcement of their terms, and to building positive landowner and community relationships to support the land trust's conservation programs and enforcement actions. A land trust that fails to do so may eventually lose its credibility, could cause its easement program to be invalidated, may erode public confidence in easements, and ultimately risk the protection of the land. Not all land trusts have the capacity to hold easements in perpetuity and may achieve their conservation goals through partnerships with other organizations, fee ownership or other conservation methods. These practices will help ensure that the conservation values protected by conservation easements are sustained over time.

LTA Standard 12: *Fee Land Stewardship*
The land trust has a program of responsible stewardship for the land it holds in fee for conservation purposes.
Many land trusts own land in fee for a variety of conservation purposes, and must take care of these properties. Failure to manage and monitor the property could lead to loss of or damage to the property's conservation values, injury to visitors, or even loss of the property itself. A land trust that does not care for its holdings will lose credibility. A land trust should also make contingency provisions for its land in the event it can no longer fulfill its stewardship obligations.

Southern Appalachian Highlands Conservancy is dedicated to upholding its legal and community obligations to safeguard the conservation easements it accepts and fee simple properties it owns for as long as SAHC holds such conservation easements or owns such properties

Following all relevant Land Trust Alliance Standards and Practices, SAHC will consistently administer its conservation easements and fee simple properties and build strong relationships with easement landowners While ensuring the conservation values are preserved, we aim to be viewed as accessible, efficient, and trustworthy by both our landowners and the community We believe that a good relationship with landowners, not enforcement, is the best immediate and long-term method to guarantee the integrity of conservation easements is preserved

Relating to conservation easements, our stewardship program is designed to

1 Work with landowners to ensure that the purposes of the conservation easements are achieved
2 Establish good relationships with owners of conserved land and serve as a source of valuable information to landowners
3 Provide timely, responsive service particularly as it relates to review and approval of landowner requests
4 Ensure that violations do not occur or if they do they are voluntarily corrected
5 Provide foundation for legal enforcement of conservation easement, if necessary

Relating to fee simple preserves, our stewardship program is designed to

1 Ensure protection of each property through regular visits by staff, volunteers, and/or leasers
2 Identify conservation values and apply active management techniques to best protect those values in accordance with a management plan for each property

Overall Stewardship Philosophy adopted by SAHC board June 14, 2009

II. Land Management Committee

Land Management Committee Mission and Responsibilities

Adopted by the Land Management Committee February 25, 2009

Committee: Land Management Committee (LMC)

Mission: To serve primarily in an advisory role to the SAHC Stewardship and Conservation Planning Director and the SAHC Stewardship Program, not including Roan balds management activities. The SAHC Stewardship Program aims to meet and exceed all Land Trust Alliance (LTA) Standards and Practices. The stewardship program will in every way possible insure the promise of protection that is made with each land transaction, and serve as a resource to owners of ecologically important land for advice and assistance on land management challenges. The stewardship program will also incorporate active management of the land that SAHC holds in fee simple. The Land Management Committee will also participate in management and education activities.

Goals:

- Promote responsible land management practices on SAHC fee simple and conservation easement properties
- Educate landowners on responsible land management practices
- Strengthen the SAHC Stewardship Program to assure it is meeting and exceeding all LTA Standards and Practices
- Make recommendations to the Board of Trustees on violation, amendment, and other stewardship issues, as they arise

Chairperson: Kevin Caldwell

Membership and Responsibilities: LMC membership is composed of volunteer members, SAHC board members, and the SAHC Stewardship & Conservation Planning Director. Responsibilities include:

- Act as an advisory resource to staff on specific land management matters
- Advise the activities of the SAHC Stewardship Program to assure that it is achieving the overall organizational stewardship goals, guided by LTA Standards and Practices
- Review and recommend land management policies, guided by LTA Standards and Practices, to the Board of Trustees
- Establish strong resource/educational/outreach component of stewardship program
  - Develop materials and/or events to effectively communicate responsible stewardship practices to landowners and the public, such as stewardship newsletter articles, topic-based resource pages for landowners, on-site stewardship demonstrations, etc.
- Identify and obtain necessary funding for Stewardship Program activities
  - Determine strategy for sustainable funding of SAHC's stewardship program needs
  - Reduce property taxes on SAHC properties to the extent possible
  - Determine varied means to increase SAHC's stewardship endowment
- Evaluate Conservation Easement Program
  - Perform analysis of costs and implications to SAHC of accepting a CE
  - Determine what information SAHC needs to know before doing any CE transaction
  - Examine/evaluate/revise SAHC's model CE from a Stewardship perspective
- Deal with violation and amendment concerns as they arise and make recommendations to the Board on actions to take
- Participate in fee simple lands management, including identifying conservation values, management concerns, goals, and timelines. Review of land management plans. If committee members wish, they may perform or assist with natural resource inventories on properties
- Identify opportunities for further land management on fee simple or conservation easement properties

Committee Meetings: Minimum of four times per year, with additional meetings occurring as necessary. A minimum of one Board member, plus one SAHC staff member and one additional committee member is required for an official meeting to occur and official actions to be taken. Meetings may occur in person, by telephone and/or by internet.

Reporting: All official actions will be reported to the Board at the next scheduled Board Meeting.

Chairperson Activities

- The Land Management Chair will facilitate meetings and will work with staff to set agenda items prior to each meeting.
- The Land Management Chair will work with staff to recruit new committee members, if necessary.

Stewardship Staff Activities

- Responsible for assuring that the LMC meets regularly as planned or as needed in order to carry out the responsibilities outlined above.
- Working with the LMC Chair, the Stewardship & Conservation Planning Director is responsible for preparing an agenda for LMC meetings, which will be circulated to LMC members prior to the meeting.
- Responsible for implementing SAHC's program of managing conservation easements and land owned by SAHC. The Stewardship & Conservation Planning Director is the primary contact for landowners and volunteers.
    - Maintain and develop stewardship program policies, consistent with national LTA Standards and Practices.
    - Implement stewardship of SAHC conservation easements, including preparing baseline documentation reports for all SAHC conservation easements, ensuring annual monitoring of each conservation easement, preparing written monitoring reports, maintaining strong relationships with landowners, and managing stewardship correspondence, files, reports, and archives.
    - Prepare or coordinate the preparation of management plans for land owned by SAHC. Periodically update management plans. Implement or coordinate implementation of management plans on SAHC owned lands.
- Present violation and amendment concerns to the committee as they arise.
- Manage stewardship resources, interns, and volunteers.
- Ensure LMC committee members are familiar with the organization's stewardship program.
- Prepare updates on the organization's stewardship matters and present them to the LMC.

Committee members shall operate within the guidelines of SAHC's Conflict of Interest Policy. All committee activity will be governed by this document.

III. Land Stewardship Administration

LTA Standard 12.E: *Land Stewardship Administration. The land trust performs administrative duties in a timely and responsible manner. This includes establishing policies and procedures, keeping essential records, filing forms, paying insurance, paying any taxes and or securing appropriate tax exemptions, budgeting, and maintaining files.*

SAHC's Stewardship and Conservation Planning Director and Financial Compliance Specialist will jointly perform administrative duties pertaining to fee simple and conservation easement stewardship The Stewardship and Conservation Planning Director, with the approval of the Land Management Committee and Board of Trustees, will establish administrative policies and procedures The Financial Compliance Specialist will pay insurance and taxes on SAHC's fee simple property Both staff members will keep essential records, file forms, and maintain budgets and files

Land Stewardship Administration adopted by SAHC board June 14, 2009

IV. Easement Drafting

LTA Standard 9.E: *Easement Drafting Every easement is tailored for the property according to project planning (see 8G) and identifies the important conservation values protected and public benefit served, allows only permitted uses and or reserved rights that will not significantly impair the important conservation values, contains only restrictions that the land trust is capable of monitoring, and is enforceable*

Good stewardship begins with the drafting of the easement document and is made possible in perpetuity through allegiance to the original conservation values The easement document should in general be consistent in language, simple to administer, and require few individual landowner contacts, while reasonably meeting resource and landowner needs at a level that can be sustained perpetually When addressing special issues and drafting special provisions, the following guidelines should apply

A Limit the use of new "non-approved" easement clauses and "creative" special provisions to those resources that are truly outstanding and those circumstances that are truly unique
B Minimize the number of potential stewardship contacts by limiting the number of separate ownerships, using pre-approvals, and excluding from the easement area any buildable sites or non-standard activities that the owner wishes to continue
C Provide guidelines (height, location, mass) for an allowed activity rather than subjective standards ("unreasonable" or "undue impact") Use performance standards (state the goal, and allow flexibility to reach the goal) when possible
D Consider discretionary approval provisions (written approval at the holder's sole discretion) in order to prevent easement obsolescence, limit amendments, meet unforeseen circumstances, and adapt to changing conservation practices
E Limit restrictions concerning activities which are outside the holder's "core competency" and require consulting with outside professionals, i e foresters, biologists, etc
F Avoid restrictions of activities that (a) cannot be monitored and enforced, (b) provide marginal resource benefit for significant stewardship commitment, or (c) dictate specific easement management prescriptions rather than broader management requirements

Easement Drafting adopted by SAHC board June 14, 2009

V. Stewardship Endowment, Legal Defense, and Fee Lands Funding

LTA Standard 11.A: *Funding Easement Stewardship The land trust determines the long-term stewardship and enforcement expenses of each easement transaction and secures the dedicated or operating funds to cover current and future expenses If funds are not secured at or before the completion of the transaction, the land trust has a plan to secure these funds and has a policy committing the funds to this purpose*

LTA Standard 12.A *Funding Land Stewardship The land trust determines the immediate and long-term financial and management implications of each land transaction and secures the dedicated and or operating funds needed to manage the property, including funds for liability insurance, maintenance, improvements, monitoring, enforcement and other costs If funds are not secured at or before the completion of the transaction, the land trust has a plan to secure these funds and has a policy committing the funds to this purpose*

A Funding Mechanisms

1 Up-front Contribution (from landowner)
Using the stewardship calculation sheet described below, speculative costs for monitoring, management, maintenance, enforcement, and/or legal defense of an easement or fee property will be calculated and presented to the landowner prior to closing It will be conveyed that SAHC's preference is a donation at the time of closing If the landowner is unable to contribute at that time, other arrangements may be made, including an installment pledge agreement, a bequest, or a transfer of stock Grant sources may also be sought for supplemental funding

2 Transfer Fee
In addition to this initial contribution, an easement document (as applicable) may have a transfer fee agreement clause incorporated into it in order to provide supplemental funds for SAHC's endowment at the time of any future fee simple transfers of conserved properties

3 Special Grants
Grants to fund specific stewardship activities, such as land management on fee simple properties, are occasionally sought by SAHC

B Stewardship Calculation Sheet—The purpose of this sheet is to capture, based on previous organizational experience and the characteristics of the easement or fee property, the costs of monitoring, managing, and defending each easement or fee property in perpetuity The formulas in this sheet will be amended from time to time to reflect contemporary practices as well as current inflation rates and returns on investment

C Fund Titles—SAHC shall maintain the following separate funds, each with a specific purpose

1 Stewardship Fund—Pooled monies from easement and fee simple projects primarily used for legal defense in the necessity of litigation to defend an easement (or in rare cases, fee simple property) This money is also available for stewardship activities relating to conservation easement and fee simple properties, including annual monitoring costs, amendment proceedings, regular landowner contact throughout the year, and fee simple management

2 Interest on Stewardship Fund—Monies available as a primary funding source for regular stewardship activities relating to conservation easement and fee simple properties, including annual monitoring costs, amendment proceedings, regular landowner contact throughout the year, and fee simple management

3 General Operating—The General Operating Budget funds regular stewardship activities relating to conservation easement and fee simple properties not covered by the Interest on Stewardship Fund

D Determined Investment Policy--The Stewardship Fund is to be invested in income-producing accounts in an attempt to earn income at the rate calculated in the Stewardship Calculation sheet At no time should Stewardship Funds be used to cover any other SAHC costs

E Future Plans -- In the near future, SAHC plans to assess in detail the yearly financial needs for stewardship programs and create a plan to raise these funds

Stewardship Endowment, Legal Defense, and Fee Lands Funding adopted by SAHC board June 14, 2009
Updated from 1996 version.

VI. Baseline Documentation

LTA Standard 11.B: *Baseline Documentation Report For every easement, the land trust has a baseline documentation report (that includes a baseline map) prepared prior to closing and signed by the landowner at closing The report documents the important conservation values protected by the easement and the relevant conditions of the property as necessary to monitor and enforce the easement In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulations §1 170A-14(g)(5)(i)] are signed by the landowner at closing*

Baseline Documentation Policy

<u>Introduction</u>
The Southern Appalachian Highlands Conservancy (SAHC) requires a complete and thorough Baseline Documentation Report for each conservation easement it holds Baseline Documentation Reports help SAHC to meet the requirements of the Treasury Regulations for tax-deductible easements and to educate landowners and future land trust staff and volunteers about the conservation values and easement terms applicable to each property Baseline Reports also supply necessary evidence in the event that a conservation easement violation occurs It is therefore imperative that baseline documentation contains all the information necessary to manage and enforce each conservation easement

<u>Time of compilation of baseline documentation</u>
The Southern Appalachian Highlands Conservancy initiates the baseline documentation while the terms of the conservation easement are being negotiated A draft of the baseline documentation will be given to the landowner for review prior to closing The baseline documentation will be completed, signed by the landowner, and notarized at the same time that the conservation easement is signed Any supplements to the Baseline Report will be stored with the original, working copy of the report in the SAHC's offices Amendments or updates to the baseline will be signed by the current landowner and a SAHC staff representative

<u>Content of the baseline documentation</u>
In general The baseline data shall contain enough information to define each right and restriction in the conservation easement, without being more specific than necessary Only the resources that the easement protects will be documented The baseline data will be an objective assessment of the condition of the property, not a prescription for restoration or improvements to be made by the landowner General biological surveys, geological assessments and other specific information may be necessary, but the necessity of such specific information will be determined on a case-by-case basis depending on the resources protected by the conservation easement

Specific information that must be included

- Date of completion
- Ownership information (name, address and phone number of the landowner)
- Directions to the property
- Original landowner acknowledgement of the Baseline Documentation Report (notarized)
- Qualifications of the preparer
- A copy of the conservation easement
- Description/documentation of the conservation values protected by the conservation easement
- A general description of existing conditions, property uses and human modifications that relate to the easement's restrictions and reserved rights
- Photographs taken at appropriate points on the property showing the condition of the property as it relates to the conservation values, rights and restrictions of the conservation easement
- A map documenting the locations of the photographs taken above for use by easement monitors
- A United States Geological Survey topographic map of the property
- An aerial photograph of the property showing the property lines
- A map of the property showing existing man-made improvements (roads, buildings, gravel pits, etc)

Note All photo pages should be signed by an SAHC representative and the landowners In the case of multiple landowners, landowners may choose to designate a photograph signer to represent the group (with all landowners signing a designated photograph signer acknowledgement page) All maps should be signed by the creator

<u>Storage of original baseline documentation</u>
The Southern Appalachian Highlands Conservancy will create a minimum of three original, signed copies of each Baseline Documentation Report One of these copies will be stored in the SAHC's offices and serve as working copy, one will be stored off site to ensure that it is never accidentally destroyed, and one will be provided to the landowner Additional original copies may be needed for the records of funding organizations or other involved organizations, depending on each individual property

BASELINE DOCUMENTATION POLICY ADOPTED by Board of Trustees 03 14 2009
Updated from 1996 version.

VII. Monitoring of Easements

LTA Standard 11.C: *Easement Monitoring The land trust monitors its easement properties regularly, at least annually, in a manner appropriate to the size and restrictions of each property, and keeps documentation (such as reports, updated photographs and maps) of each monitoring activity*

The Southern Appalachian Highlands Conservancy

Easement Monitoring Policy

Easement Stewardship Philosophy

Southern Appalachian Highlands Conservancy (SAHC) is dedicated to upholding its legal and community obligations by acting as a responsible steward of the conservation easements it accepts Inasmuch as the easements are intended to be legally binding in perpetuity, one of the keys to preserving these easements is SAHC's commitment to monitor, defend and enforce the terms of each conservation easement on a consistent basis In addition, SAHC is committed to cultivating strong landowner relations as a proactive tool in its efforts to meet this obligation

Monitoring Definition

SAHC defines monitoring as the annual, documented, visual inspection of a conservation easement-protected property, by qualified monitors, to ensure that the terms of the easement are being upheld Furthermore, in accordance with SAHC's desire to be a resource for conservation information, monitors will not only inspect for violations but may also make proactive recommendations to landowners regarding good land management practices that may not be required by the terms of the easement, as the situation warrants

Monitoring Frequency

All conservation easement-protected properties shall be monitored at least once per calendar year to ensure that the restrictive terms of the easement are not violated In certain circumstances, monitoring should be more frequent (examples include the exercise of a reserved right, such as timber harvesting or construction of a dwelling) in order to identify any actions that may violate the terms of the restrictions as soon as practicable, and thus reduce the organization's chances for significant time and expense in correcting a violation

Monitor Qualifications

Easement monitoring will be conducted by stewardship staff, interns, AmeriCorps members, trained volunteers, and qualified professionals Prior to commencing monitoring, SAHC monitors will receive adequate training in the methods and importance of the monitoring process, its relation to SAHC's overall conservation easement management program, and how to conduct the monitoring in a safe and professional manner

Method of Monitoring

SAHC will conduct its annual monitoring with a combination of drive-by visual assessment, on-the-ground monitoring in the majority of cases, and aerial monitoring in the case of large or inaccessible properties

Monitoring Procedure

SAHC monitoring personnel will use a combination of strategies to ensure that easement terms are upheld This will include landowner contact pre- and post-visit, a review of reserved rights and prohibited activities, on-site monitoring using some combination of GPS technology, digital photography, GIS parcel data and aerial photographs, surveys, and map and compass, and documentation of the visit both textual and visual Post-visit, documentation of the visit including photos, a GIS map of the areas monitored, and an assessment of the visit will be filed in SAHC's working conservation easement file A post-visit letter will be mailed to the landowner within 90 days stating the property has been monitored and providing the option to request a full monitoring report

Suspected Violations

In the event of a monitoring visit resulting in a documented or suspected violation, the monitors shall not address the violation with the landowner immediately but will follow the procedure outlined in SAHC's "Conservation Easement Violation Protocol "

Conflict of Interest:

No individual who owns property subject to an SAHC conservation easement, including board members, staff, volunteers, or qualified professionals may monitor an easement on their own property, neighboring properties, or any property in which they have a direct interest, financial or otherwise A monitor shall have no current financial relationship with the landowner(s) However, owning an easement property shall not disqualify an individual from monitoring properties in which they do not have a direct interest

Revision of Monitoring Policy:

From time to time the Monitoring Policy may be revised for the following reasons (1) to correct errors or clarify ambiguities, (2) to comply with the *Land Trust Standards and Practices* and generally accepted practices in the land trust field, (3) to describe current monitoring procedures of the organization, (4) to recognize changes in organizational capacity or types or numbers of easement properties being protected, or (5) other reasons that the organization deems important in order to uphold its stewardship responsibility Any revisions to the Monitoring Policy require the prior vote and adoption by the Board of Trustees of the Southern Appalachian Highlands Conservancy before implementation

MONITORING POLICY ADOPTED by SAHC Board of Trustees on 12/06/2008
Updated from 1996 version.

VIII. Landowner Relations

LTA Standard 11.D: *The land trust maintains regular contact with owners of easement properties When possible, it provides landowners with information on property management and or referrals to resource managers The land trust strives to promptly build a positive working relationship with new owners of easement property and informs them about the easement's existence and restrictions and the land trust's stewardship policies and procedures The land trust establishes and implements systems to track changes in land ownership*

SAHC strives to create and maintain positive relationships with easement owners, both original and subsequent, with regular contact throughout the year Some of the tools used in landowner relations are listed below

A. Monitoring Scheduling & Annual Questionnaire

SAHC will maintain and update when necessary a list of easement landowner contact information Each year prior to a property's annual visit, a "Landowner Questionnaire", or list of questions regarding ownership, reserved rights, neighboring landowner activities, land management activities, etc , is send to the primary contact to get current information about the easement property

B. Post-monitoring letter & management resources

During each annual monitoring visit, SAHC looks for forest health issues and management recommendations in addition to performing conservation easement monitoring After each conservation easement is annually monitored, SAHC details any management recommendations and information within the post-monitoring letter, as well as offers SAHC stewardship staff as a resource for further land management questions

C. "Signatures": stewardship newsletter

1 Purpose is to keep landowners informed about land management issues and SAHC stewardship activities, above and beyond the general SAHC newsletter Articles are frequently written by Land Management Committee members and/or land management professionals from the area
2 Compiled and distributed periodically, usually twice per year

D. Conservation Easement Owner's Manual

1 Purpose is to explain what easement owner may expect from SAHC's stewardship program, including annual monitoring visits and contact with staff
2 Includes contact information for resource management professionals
3 Landowner will receive copy upon signing of easement

E. Successive Landowner Procedure (created 08/16/06)

Introduction

SAHC is responsible for protecting each conservation easement (CE), in perpetuity, as specified in the Internal Revenue Service Regulations and with the CE document itself (within the Recitals) Conservation easements, and SAHC's responsibility for stewardship, run with the land beyond the ownership of the original easement grantor More and more easement protected properties will be sold, passed on to heirs, or transferred to a new generation of landowners as time passes It is vitally important to build strong relationships with these new landowners through early contact Not only does this provide a valuable opportunity to build a positive landowner relationship, answer questions, and dispel any misunderstandings a new landowner may have, it may also help prevent easement violations from happening in the future.

The following Successive Easement Landowner Procedures lay out a process for introducing a new landowner to SAHC and the conservation easement that conserves their land, as well as starting to build a positive landowner relationship. We consider ourselves "Partners for Preservation", and believe that building trust and open communication helps prevent misunderstandings and minimize easement issues throughout the lifetime of the landowner relation.

Procedure

1-Upon learning of a successive easement landowner, SAHC will promptly send the new owner(s) a package containing the following:

- Introductory Letter (tailored to their property)
- New Landowner Information Sheet with SASE
- Primary Contact Letter(s) (if applicable)
- Conservation Easement Document (specific to property)
- Baseline Documentation Report Acknowledgement Page (to be signed)
- Introduction to Conservation Easements
- Easement Owner's Manual (once created)
- Most recent SAHC Stewardship Newsletter
- Most recent SAHC Member Newsletter
- SAHC Membership form
- Stewardship and Conservation Planning Director business card

2-Upon receiving their New Landowner Information Sheet, promptly call them to answer any questions and to set up an Orientation meeting.

- Confirm that the transfer has taken place, and if possible ask for a copy of the Deed
- Confirm the names of all parties who will have an interest in the property

3-At the Orientation meeting, discuss the following with the new landowner:

- Conservation Easements in general
- Conservation Easement Document (specifics for their new property) Review
  - Reserved rights
  - Notice provisions and applicable timelines
- Baseline Documentation Report
  - Review the report, note the Management Issues and Recommendations
  - Ask them to sign an Acknowledgement Page stating that they have received and we have reviewed the CE and BDR
- Annual Monitoring Visits
  - Go over most recent property report and provide them a copy
  - Discuss timeline of notification of visit, etc
  - Discuss stewardship services/info provided and Stewardship Newsletter
  - Discuss marking CE Boundary
- Primary Contact Letter(s) (if applicable)-discuss and ask them to get signed
- Discuss their Complimentary 1-year SAHC Membership
- Mention SAHC Outings Program and Volunteer Opportunities

Landowner Relations adopted by SAHC board June 14, 2009

IX. Community Outreach

LTA Standard 12.F: *Community Outreach. The land trust keeps neighbors and community leaders informed about its ownership and management of conservation properties*

SAHC will work to maintain a constructive relationship with neighbors and community members It will inform them of its ownership of fee simple property and of its management and conservation goals for those properties

After each acquisition or conservation easement close, SAHC distributes press releases announcing the property's conservation status and general location Detailed articles on conserved properties area also included in the SAHC general membership newsletter

SAHC's extensive outreach and hiking program is open to the public The SAHC Outreach Program recruits and retains the membership by improving communications and organization message focused on service and commitment to community through correspondence, social networking, public outreach, membership appreciation, and other benefits

Through local press announcements, the SAHC general membership newsletter, membership emails, and social networking sites, the local community regularly receives invitations to outreach activities, such as guided hikes on properties protected by SAHC that would otherwise be inaccessible to the public During these outreach activities, conserved properties are visited and our intentions and management of these conserved properties, as well as for properties in the surrounding area, are communicated and discussed

For conserved properties that are adjacent to or associated with a homeowners' or property owner's association, SAHC regularly attends association meetings and acts as a resource for general land management questions within these communities

Adopted by SAHC board June 14, 2009

X. Easement Violations

LTA Standard 11.E: *Enforcement of Easements The land trust has a written policy and or procedure detailing how it will respond to a potential violation of an easement, including the role of all parties involved (such as board members, volunteers, staff, and partners) in any enforcement action The land trust takes necessary and consistent steps to see that violations are resolved and has available, or has a strategy to secure, the financial and legal resources for enforcement and defense*

CONSERVATION EASEMENT VIOLATION PROTOCOL

As a holder of conservation easements, the Southern Appalachian Highlands Conservancy (SAHC) must enforce the terms of these easements In addition to protecting the conservation values of the land, enforcement is needed to generate public confidence in SAHC's mission to conserve land, to uphold SAHC's legal authority to enforce the terms of its conservation easements, and to maintain SAHC's ability to accept future donations of easements and its tax-exempt status SAHC's failure to enforce the terms of its conservation easements could jeopardize its 501(c)(3) status if it were shown that SAHC relinquished its enforcement rights to benefit private individuals

Discovery of a Violation
SAHC may discover a violation on a monitoring visit, through a neighbor or other interested party, or during informal observation The landowners are not necessarily assumed as the responsible party It is important to note that the landowners, adjacent property owner, a lessee, or a trespasser may have caused the violation

Landowners should <u>not</u> be notified of potential violations at the time of a monitoring visit Potential violations should be well documented and the easement should be reviewed in order to determine if the observed condition is a violation, and if so, to determine its severity Monitors should be properly trained in recognizing and documenting potential violations and communicating appropriately with landowners regarding potential violations

If a potential violation is discovered, it shall be documented thoroughly with photographs, measurements of damage to the affected resource, dated field notes, and explicit comparison with the baseline data and recent monitoring reports All photographs should be accompanied by accurate descriptions, photo locations, and compass bearings The violation should be documented for an audience that is unfamiliar with the property, as a thorough record will be essential should SAHC need to go to court All conversations and contact regarding potential violations should be fully documented

Procedures for Enforcement
SAHC's response to a violation should depend on the severity of the violation Violations will be determined by the staff to belong to one of three categories Technical Infractions, Minor Violations, and Major Violations A violation can change from one category to another due to changes in landowner relations, considerations of time (such as statutes of limitation), or other relevant factors In such cases, SAHC's response should be adjusted accordingly

In general, SAHC will attempt to resolve violations by starting with education of the landowner and moving into negotiation or mediation if necessary Litigation shall be pursued only if it is absolutely necessary and only after consultation with a legal counsel Legal action should not be taken or threatened unless the Board of Trustees has approved such an action

According to Karen M Ponte ("Violations-Steps to Take" 2003 Land Trust Alliance Rally presentation), litigation is necessary when

A The violation does significant harm to the conservation values
B The easement CLEARLY prohibits the activity
C The landowner will not back down

AND
The land trust is likely to prevail.
OR
The integrity of the land trust is at stake

Technical Infractions
These do not harm conservation values of the property directly They include improper or insufficient paperwork and failures to notify SAHC of actions that require notification

- When it is determined that a Technical Infraction has occurred, a letter shall be sent to the landowner reminding them of their responsibilities and asking them to comply in the future

Minor Violations
These are violations that result in little or no damage to conservation values and are not permanent Examples include roadside trash found in an area where dumping is prohibited and minor cutting of vegetation where it is excluded

- If a Minor Violation is identified, the landowners should be contacted by phone to discuss the issue If the landowners are unaware of the activity, it shall be explained and an offer extended to meet on the property to review the problem Suggestions should be made to correct the minor violation and a timeline established for completion of them Any reasonable assistance should be offered to the landowners toward corrective efforts SAHC staff shall ask landowners to contact SAHC when the problem is corrected and provide summaries of their phone conversations to the landowners A follow-up visit should then take place to document the correction

- Once a follow-up visit has been completed and corrections have been documented, everything should be copied to the working files and a letter should be sent to the landowners thanking them for their efforts in response to the problem

- If the problem is not corrected by the agreed upon time or if the landowners refuse to address the matter, the violation will be considered major and the procedures below should be followed

- **Cc: all communications to the Executive Director and Land Management Committee Chair**

Major Violations
Violations that are categorized as major are those that cause damage to conservation values on a large scope or result in permanent damage or both Timber harvest that is prohibited by the terms of the conservation easement and unpermitted construction projects would both be considered major violations

- If a Major Violation is identified and the violation is ongoing, the SAHC's Executive Director and Stewardship and Conservation Planning Director (SCPD) should be involved promptly

- If the violation is ongoing and conservation values on the protected property are threatened with further harm, the landowner should be contacted as soon as possible and asked to cease the destructive behavior immediately In the event that a landowner refuses to halt destructive activities, SAHC should be prepared to take legal action against the landowner in order to prevent further harm to conservation values while the violation is being resolved

- Whether or not the violation is ongoing, the chair of the Land Management Committee should be notified The violation shall be evaluated, corrective or restorative actions decided on, and an appropriate timeline established If the discovery of the violation is after the fact, it should be documented and discussed at the next Land Management Committee meeting or at the discretion of the committee's chair If the violation is ongoing and response time is of the essence, the Executive Director, SCPD, and the Land Management Committee chair should consult

- The SCPD shall contact the landowner by telephone to explain the situation and SAHC's policy on easement violations. Corrective actions or cessation of the violation activity shall be requested and a deadline for compliance shall be given. The SCPD should follow up the telephone call with a letter reiterating the explanation and request and explaining the need for a compliance inspection.

- If the landowner refuses to comply with requests, the SCPD shall consult with the Executive Director, and the Land Management Committee chair to determine how best to proceed. If the landowner is willing, negotiation should be employed to agree on appropriate corrective measures and timelines. Mediation may also be considered.

- The SCPD shall inspect the property on the deadline that was established for compliance and, if the matter ends with timely compliance, send a written acknowledgment of compliance to the landowner and thank the landowner for a quick response.

- If the landowner does not comply by the set date, the SCPD shall send a second letter citing SAHC's vested interest in the conservation of the property, restating the required corrections, and establishing a second deadline date.

- The SCPD shall inspect the property on the second deadline date for compliance, and if the landowner complies with the required corrections, send a written acknowledgment of compliance to the landowner and thank the landowner for his/her response.

- If the landowner does not comply by the second deadline date, the Land Management Committee shall re-evaluate the situation. The committee has the option to recommend to the Board that SAHC pursue enforcement through legal channels consistent with the resolution language in the easement. Judicial proceedings should be viewed as a means of last resort. If a violation requires court action, SAHC should be certain there are adequate funds to cover legal expenses, hire and prepare qualified legal counsel, actively participate in the formulation of the case, and use SAHC's careful documentation of the violation, baseline and monitoring documentation and experience on the property in order to achieve a positive outcome.

- **CC: all communications to the Executive Director and Land Management Committee Chair**

-REVISED from 01/2006 version
-REVISED VERSION ADOPTED by Board of Trustees 03/14/2009

XI. Amendments to Conservation Easements

SAHC AMENDMENT POLICY

Amendments to Conservation Easements

LTA Standard 11.I: *Amendments The land trust recognizes that amendments are not routine, but can serve to strengthen an easement or improve its enforceability The land trust has a written policy or procedure guiding amendment requests that includes a prohibition against private inurement and impermissible private benefit, requires compliance with the land trust's conflict of interest policy, requires compliance with any funding requirements, addresses the role of the board, and contains a requirement that all amendments result in either a positive or not less than neutral conservation outcome and are consistent with the organization's mission*

A **General Policy on Amendments.**
Because our acquisitions are achieved through voluntary agreements with landowners, the success of our program lies in the confidence of these owners that the Southern Appalachian Highlands Conservancy (SAHC) will uphold its obligation to monitor and enforce the agreements This confidence would be seriously eroded if SAHC were to allow indiscriminate modification of our conservation easements

Furthermore, amendments to conservation easements can raise serious problems with the IRS SAHC's tax-exempt status as an organization is jeopardized if easements are amended gratuitously An easement donor who has claimed a charitable deduction for a gift of an easement may lose that deduction if the easement is amended Any amendment which results in an increase in property value or other benefit to the landowner or other private party may create "private benefit or inurement" (for instance an action by a nonprofit that accrues to the advantage of a private party or to someone affiliated with the organization), which is forbidden by the U S tax code

For these reasons and others, it is the policy of SAHC to hold and enforce our conservation easements as written Amendments to conservation easements will be authorized only in exceptional circumstances and only under the guidelines outlined below Unless specifically waived by the Board of Trustees, the requestor of an easement amendment shall pay all costs, including without limitation, appraisal fees, further baseline studies, staff time and consulting fees for reviewing the request, whether or not the amendment is approved This amendment policy is in compliance with the Land Trust Alliance's Standards and Practices and with the organization's Conflict of Interest Policy Any amendment proposed and granted will be on a case-by-case basis and will not be considered as setting a precedent

B **Exceptions.** SAHC will consider amendments to our conservation easements only under the following circumstances

1 Prior Agreement In a few cases, a conservation easement may have a specific provision allowing modification of the easement at a future date under specified circumstances Such agreements must be set forth in the conservation easement document or in a separate recorded document signed by both parties at the time the conservation easement was executed The amendment must be consistent with the terms and conservation intent of the original agreement

2 Correction of an Error or Ambiguity SAHC may authorize an amendment to correct an obvious error or oversight made at the time the conservation easement was executed This may include correction of a legal description, inclusion of standard language that was unintentionally omitted, or clarification of an ambiguity in the terms of the restrictions in order to avoid litigation over the interpretation of the document in the future

3 Settlement of Condemnation Proceedings Conservation easements and other interests SAHC holds in land may be subject to condemnation for public purposes, such as highways and schools Where it appears that the condemnation power will be properly exercised, SAHC may enter into a settlement agreement with the condemning authority in order to avoid the expense of litigation In reaching such an agreement, SAHC shall attempt to preserve the intent of the original conservation agreement to the

greatest extent possible

4 Amendments Consistent with Conservation Purpose and Enhancing Conservation Values SAHC may authorize other modifications of a conservation easement if the modification is consistent with the intent of the original parties and with the statement of purpose contained in the easement document The modifications must also be consistent with SAHC's mission statement and with IRS and state requirements for easement qualification The modifications must comply with any still applicable, original funding source requirements, and the new level of protection of the conservation values provided by the amended easement must be at least equal to, if not greater than, that provided initially, which is in the sole discretion of SAHC The amendment and procedure must conform to any stipulations in the original conservation easement document Any proposed modifications cannot create private inurement or impermissible private benefit as those terms are defined in the IRS code The modifications must not negatively impact the easement's enforceability

C **Procedure.**

1 General Procedure All amendments of existing conservation easements require the approval of SAHC's Board of Trustees which shall pass with majority affirmative vote (quorum equals 1/3) Unless a landowner withdraws a requested amendment, a member of SAHC's staff will thoroughly review and then present the proposed amendment to the Land Management Committee in person at a duly constituted meeting which occur quarterly, and will describe the conserved property, summarize the pertinent terms of the existing easement, explain the reasons for the amendment, and present the staff's concerns and recommendations If a landowner has submitted written justification and documentation for the amendment, as provided below, SAHC staff will provide copies to the Land Management Committee, before the meeting if practical, and otherwise at the meeting The Committee will then review the materials presented and make a recommendation to SAHC's Board of Trustees At the next scheduled quarterly Board meeting, the Trustees will also receive copies of any pertinent documentation and will consider the materials presented, as well as the Committee and staff's recommendations, and the Trustees will vote on the approval of the proposed amendment

2 SAHC-Initiated Amendments If SAHC staff recognizes the need for an amendment consistent with this policy, it will contact the landowner and recommend the amendment to the existing easement After the staff and the landowner have reached an agreement on the language of the amendment, which must satisfy the guidelines set forth in Section B above, the proposed amendment will be submitted by the staff to SAHC's Land Management Committee (and then on further to the Board of Trustees) for consideration as provided below If the Land Management Committee determines that the amendment is mutually beneficial to the landowner and SAHC, the Committee may recommend to the Trustees that the landowner should be asked to share any expenses If the amendment is important to the organization's mission, SAHC may proceed, whether or not the landowner agrees to share expenses

3 Landowner-Initiated Amendments

a) A landowner seeking modification of an existing conservation easement must submit the request in writing to SAHC stating the nature of the desired change and the specific reasons why the change is needed and warranted This letter must include any necessary measurements, specifications, and where appropriate, or if SAHC staff so requires, a map or survey depicting the proposed modification(s) Unless waived by the board, the landowner will be required to agree in writing to reimburse SAHC for all staff time and expenses, including legal fees and costs associated with the requested amendment

c) SAHC staff will review each request for amendment to determine whether the request is properly documented and satisfies the guidelines set forth in Section B above Throughout such review SAHC staff will strive to promote good relations with the landowner and use the opportunity to meet and educate the landowner regarding the purpose and conservation benefits of the existing easement SAHC staff may, but are not required to, consult with the original donor, governmental officials, and others who might have an interest in the eased property or the conservation easement The staff will review the materials submitted, and if necessary will request in writing further documentation The written notice to the landowner will include statements giving the landowner at least 30 days to provide further written justification and documentation and that the landowner's failure to do so will be deemed a waiver of this right After affording the landowner the stated period to provide further written justification and documentation or after such earlier time that the landowner has either submitted written justification and documentation or waived such right, SAHC staff will present the requested amendment and the landowner's written justification and documentation, if any, together with the staff's recommendation, at the next scheduled meeting of SAHC's Land Management Committee for its review as provided above

4 Review Process The review of the proposed amendment by the staff, Land Management Committee, and by the Board of Trustees will entail examination of the guidelines set forth in Section B above as well as address the following questions

Further Questions
- Are there conservation values that are lost or diminished with the proposed modifications?
- Are the proposed modifications consistent with the original Grantor's intent?
- Do the changes result in more overall land conservation, but at the expense of certain restrictions in the original easement?
  - If so, does weakening these specific restrictions compromise the goals/purposes of the original easement?
- What are the likely financial benefits to the landowners (in regards to the IRS code)?
  - Are there significant cash flow benefits?
  - Are there significant property value appreciation benefits?
- Do the proposed modifications eliminate or reduce ambiguities or arcane language in the original easement, thereby enhancing enforceability?
- Are the proposed modifications generally acceptable on any other property with similar conservation values and a similar conservation easement?
- How are the conservation benefits to the public affected by the amendment?
- Are there other feasible alternatives available that will achieve a similar result?
- Will denial of the amendment cause undue hardship over which the landowner had no control?
- Will the proposed modifications affect SAHC's ability to steward or defend the conservation easement?
- Will any co-holders of the easement approve of the modifications?
- Does the amendment positively impact the conservation value of neighboring lands?

5 Necessary Parties The approval of any amendment by the Board of Trustees will be subject to the condition that the identification of the necessary parties and obtaining assurances that such parties will sign the amendment will be undertaken by SAHC staff before such amendment is considered fully approved by SAHC SAHC staff may seek legal counsel and obtain a written title opinion as to the necessary parties

6 Endowment If an amendment requested by a landowner is approved by the Board of Trustees, and it will increase the administrative burden on SAHC for future monitoring of compliance and/or enforcement of the conservation easement, SAHC staff will request an additional endowment contribution from the landowner

7 Notification The Trustees decision regarding a requested amendment will be sent to the landowner in writing within 10 days of the decision

If the trustees approve the amendment, it will be set forth in a document reviewed and approved by legal counsel to SAHC, signed by all necessary parties, and recorded in the county registry where the existing easement is recorded During this process the staff may decide whether a restated and amended conservation easement is preferable to record in lieu of a separate easement agreement

8 Further Review In the event that the Board of Trustees does not approve the proposed amendment there will be no further review

Amendment Policy adopted by SAHC board December 6, 2008

XII. Easement Management and Reserved Rights

LTA Standard 11.F. *Reserved Rights and Permitted Rights and Approvals The land trust has an established procedure for responding to landowner required notices or requests for approvals in a timely and consistent manner, and has a system to track notices, approvals and the exercise of any significant reserved or permitted rights*

Reserved Rights Policy

Southern Appalachian Highlands Conservancy (SAHC) holds conservation easements in perpetuity as a result of voluntary agreements with landowners It is the policy of SAHC to ensure that each easement is properly drafted and monitored on a yearly basis Each easement is drafted individually for each landowner but is drafted under the same fundamental principles, with a purpose and conservation value(s) specific to the land being protected The property owner may reserve the right within the easement document to conduct specific practices that do not degrade or hinder the conservation values of the property If certain reserved rights have the possibility of affecting the conservation values, SAHC can require approval of those reserved rights The requirement for approval of certain reserved rights is noted in the conservation easement document Building a house, conducting timber harvests, or wetland and/or pond building are examples of reserved rights of which SAHC may require approval This policy only applies to reserved rights that require SAHC approval If and when a landowner wishes to exercise a reserved right needing SAHC approval, SAHC will follow the following procedure

Consideration of Request

A request must meet the following guidelines

- The request must relate to the original easement, the documented conservation values, and the stated purpose of the conservation easement
- No request shall jeopardize the obligations of SAHC to monitor and enforce the easement, shall not terminate the easement, or cause the easement to fail under IRS tax codes or any other applicable law
- Any request must not increase the net value of the property which could be seen as a violation of private benefit/inurement provisions under IRS tax code regulations
- SAHC will follow the guidelines and time constraints as written in the original conservation easement document

SAHC Reserved Rights Committee

SAHC Reserved Rights Committee will review and decide on all reserved rights requests The SAHC Reserved Rights Committee should include the SAHC Stewardship & Conservation Planning Director and at least two other members, who can be staff, board, or Land Management Committee members One of these two additional members must not be staff

Approval Procedure

1) The initial request must be made in writing (including email) to all parties involved with the request This must include the intent and nature of the action, the specific reason(s) why the action is needed, and how the request does not impede on the original easement When appropriate, the request must be accompanied by a map, written plans drafted by proper professionals, blue prints, picture(s) and/or other documentation

2) SAHC Reserved Rights Committee will review each request to determine whether the request is properly documented and satisfies the guidelines and purposes stated in this policy The request must be consistent with the original easement document, the baseline documentation report, and monitoring

reports Evaluations of all requests may include reasonable efforts to contact parties involved with the original transaction, including the landowner who donated/sold the easement or his/her heirs Other staff, board members, Land Management Committee Members, legal counsel, or natural resource professionals may be asked to also review the request

3) If the Reserved Rights Committee concludes that the request is permissible under the conservation easement, consistent with the terms of the policy statement, and clearly warranted by circumstances, the committee may approve, approve with modification, or reject the request If the full committee consists of the minimum three members, approval shall require a unanimous vote of the committee If the full committee consists of more than three members, approval shall require a majority vote of the full committee Notification of the SAHC decision will be forwarded in writing to the party proposing the request

4) If a proposed request is rejected by the Reserved Rights Committee, SAHC staff will by certified return receipt mail, inform the party of the committee's decision and advise the landowner of his/her right to resubmit the proposal for reconsideration by the full SAHC Land Management Committee The party resubmitting the request shall have thirty (30) days from the date he/she received notification to resubmit the request along with additional written documentation to justify the request Failure to resubmit the request with accompanying documentation within the required time period shall be deemed a waiver of this right for reconsideration

If the party resubmits the request and additional written documentation within the required time period, SAHC staff will review the resubmitted documents and present the material along with staff recommendation to the SAHC Land Management Committee at the next convenient regularly scheduled meeting Following a decision of the SAHC Land Management Committee, SAHC will notify the party in writing of the committee's decision

RESERVED RIGHTS POLICY ADOPTED by Board of Trustees 03 14 2009

XIII. Fee Simple Properties

LTA Standard 12.B: *Stewardship Principles The land trust establishes general principles to guide the stewardship of its fee-owned properties, including determining what uses are and are not appropriate on its properties, the types of improvements it might make and any land management practices it will follow*

LTA Standard 12.C: *Land Management.* *The land trust inventories the natural and cultural features of each property prior to developing a management plan that identifies its conservation goals for the property and how it plans to achieve them Permitted activities are compatible with the conservation goals, stewardship principles and public benefit mission of the organization Permitted activities occur only when the activity poses no significant threat to the important conservation values, reduces threats or restores ecological processes, and or advances learning and demonstration opportunities*

LTA Standard 12.D: *Monitoring Land Trust Properties. The land trust marks its boundaries and regularly monitors its properties for potential management problems (such as trespass, misuse or overuse, vandalism or safety hazards) and takes action to rectify such problems*

Fee Simple Property Guidelines

<u>Fee Simple Management Philosophy</u>
Southern Appalachian Highlands Conservancy owns properties under two categories 1) non-conservation trade lands donated to the land trust to be sold in order to generate money to promote its conservation program, and 2) those intended as preserves Management non-conservation trade lands will involve simple maintenance and upkeep until time of sale Management on (SAHC) preserves will be guided by two principles 1) what is appropriate for conservation purposes on a given site, and, 2) what is feasible given the human and financial resources available Some of these preserves may transfer to a government entity

<u>Management Plans</u>
Southern Appalachian Highlands Conservancy writes management plans for each property that it owns in fee simple The purposes of SAHC management plans are to identify the resources on each preserve and to communicate management goals and associated actions to protect those resources

A management plan will be drafted for each preserve by SAHC staff, contracted individuals, or qualified volunteers Each plan should consist of, at minimum

- directions to the property
- map(s) of the property
- a description of conservation values/attributes and information about the important natural and anthropomorphic features on the property
- a summary of any restrictions that came with the property or that were placed on the property
- a description of potential threats to the conservation values or areas of special concern
- management goals for the property
- a plan for implementing those goals

Management plans must be reviewed by the Land Management Committee prior to being implemented and should be completed within one year from the time the property is purchased or donated

<u>Leases</u>
SAHC may choose to lease the property for caretaking, hunting, grazing, selective timber cutting, or other reasons deemed appropriate These leases should enhance, not compromise, the conservation values and must be in accordance with the specific property's management plan SAHC acknowledges

that responsible hunting, grazing, and selective timber cutting can be an appropriate management techniques and the presence of a caretaker or other lessee's regular visits to a property can reduce management problems, such as trespassing and other third-party violations, as well as improve a property's condition SAHC may terminate leases on fee simple properties at its discretion at anytime Leases should be in accordance with SAHC's Conflict of Interest Policy

Fee Simple Monitoring

All SAHC-owned preserves should be monitored at least annually to identify possible sources of encroachment and safety hazards and to update management plans The frequency of monitoring visits should be determined based on the circumstances surrounding each property Preserves that are used intensively by the public or that are undergoing timber harvesting, for instance, may need to be visited more frequently than once a year

SAHC will heavily rely on its Adopt-A-SAHC-Property Program to assist in annual monitoring As part of this program, SAHC recruits and coordinates volunteers from the community to adopt a specific preserve Reporting to SAHC staff, these volunteers agree to visit and monitor their properties regularly, as well as possibly participate in management activities as needed Volunteers are trained by SAHC staff

Posting Fee Simple Boundaries

To the best of their ability, Southern Appalachian Highlands Conservancy will ensure that the boundaries of every property it owns are clearly marked to indicate properties' locations and discourage encroachment SAHC staff may walk the boundary lines and re-mark existing survey lines, or SAHC may choose to hire a surveyor to survey and post any given property Property boundaries may be marked by blazing, by painting trees, or by posting boundary signs As posting boundaries can take a considerable amount of time, SAHC recognizes that posting properties may take years to complete, but will make good effort to post boundaries in a timely manner

Fee Simple Property Guidelines ADOPTED by Board of Trustees 03 14 2009
Updated from 1996 version.

XIV. Transfer Properties

LTA Standard 12.H: *Nonpermanent Holdings. When a land trust holds fee land with the intention to sell or transfer the land, the land trust is open about its plans with the public and manages and maintains the property in a manner that retains the land trust's public credibility (See 8L)*

SAHC will monitor transfer or nonpermanent holdings in such a manner as to either (1) further its traditional use, or (2) maintain conservation uses in a manner that coincides with surrounding use The management goal for transfer property is to maintain property value while ensuring responsible use of the land Real property accepted for donation will be reported to SAHC's liability insurance carrier to assure appropriate insurance coverage during the period of SAHC ownership

Transfer Properties adopted by SAHC board June 14, 2009

XV. Contingency Plans

LTA Standard 11.G: *The land trust has a contingency plan for all of its easements in the event the land trust ceases to exist or can no longer steward and administer them If a backup is listed in the easement, the land trust secures prior consent of the backup grantee to accept the easement To ensure that a backup or contingency holder will accept an easement, the land trust has complete and accurate files and stewardship and enforcement funds available for transfer*

LTA Standard 11.H: *If a land trust regularly consents to being named as a backup or contingency holder, it has a policy or procedure for accepting easements from other land trusts and has a plan for how it will obtain the financial resources and organizational capacity for easements it may receive at a future date*

LTA Standard 12.G: *Contingency Backup. The land trust has a contingency plan for all of its conservation land in the event the land trust ceases to exist or can no longer manage the property To ensure that a contingency holder will accept the land, the land trust has complete and accurate files and stewardship funds available for transfer*

SAHC may choose to list a qualified backup grantee organization in an easement document In any event, if SAHC can no longer fulfill stewardship and administration duties for the easements and fee simple property it holds, it will transfer them to a qualified organization or organizations working in the region, along with all necessary project documentation and funding attached to the easement or property

Similarly, SAHC may agree to be listed or to serve as a qualified backup grantee organization for another land trust operating in the region, complete project files and the necessary funds (or a plan to obtain these funds) will be required before the easement or property will be accepted by SAHC

Contingency Plans adopted by SAHC board June 14, 2009

XVI. Condemnation or Extinguishment

LTA Standard 11.J: *The land trust is aware of the potential for condemnation, understands its rights and obligations under condemnation and the IRC, and has appropriate documentation of the important conservation values and of the percentage of the full value of the property represented by the easement The land trust works diligently to prevent a net loss of conservation values*

LTA Standard 11.K: *In rare cases, it may be necessary to extinguish, or a court may order the extinguishment of, an easement in whole or in part In these cases, the land trust notifies any project partners and works diligently to see that the extinguishment will not result in private inurement or impermissible private benefit and to prevent a net loss of important conservation values or impairment of public confidence in the land trust or in easements*

LTA Standard 12.I *Condemnation The land trust is aware of the potential for condemnation, understands its rights and obligations under condemnation, and works diligently to prevent a net loss in conservation values*

In the rare case that an easement or fee property (in whole or in part) is ever condemned or extinguished due to court order or an unfavorable change in external conditions affecting the easement or property, SAHC will work to the best of its ability to prevent a net loss of conservation values or any impermissible private benefit

Condemnation or Extinguishment adopted by SAHC board June 14, 2009

XVII. Stewardship Records

LTA Standard 9.G: *Recordkeeping Pursuant to its records policy (see 2D), the land trust keeps originals of all irreplaceable documents essential to the defense of each transaction (such as legal agreements, critical correspondence and appraisals) in one location, and copies in a separate location Original documents are protected from daily use and are secure from fire, floods and other damage*

As outlined in SAHC's Records Policy, SAHC will create and maintain files for each conservation project in both digital and physical form for storage both on and off-site These files will be created, maintained, and stored according to the guidelines of SAHC's Records Policy and according to the terms of this Stewardship Policies & Procedures document

Stewardship Records adopted by SAHC board June 14, 2009

b. 1. SAHC staff member, Kristy Urquhart's spouse, Andrew Stevenson, updates the SAHC website. June 2007 - ongoing. Total amount to-date $870 Staff member was not involved in the decision making process to use Andrew's services and disclosed this information to the organization. SAHC Public Relations staff member received bids from other web designing firms. Andrew provided the services at a discount rate.
b.2. Hickory Nut Gap Farm is a 400-acre historic working family farm owned by the James McClure Clarke & Elspeth McClure Clarke Family Limited Partnership. Conservation values: Scenic byway protection on US Hwy 74; water quality protection; wildlife habitat, mostly forested; preservation of a working farm and Historic Sherrills Inn.
Type of transaction: Bargain sale purchase of conservation easement using state funds, county funds, federal farmland preservation funds, and private philanthropic donations. SAHC's Farmland Program Director, William Hamilton is one of grandchildren of James & Elspeth Clarke. SAHC Board authorized staff to begin working with the family in the late 1990's under the leadership of SAHC's former Executive Director Lynn Cox. The discussions continued with Lands Program Director David Ray in 2004 and under the leadership of SAHC's current Executive Director Carl Silverstein. William Hamilton began working with SAHC in October in 2006 and disclosed his relationship to staff, Board, and the funding agencies SAHC was working with in securing grants. William formerly signed the revised Conflict of Interest Policy and disclosure statement when the conservation easement purchase was adopted by the board in June, 2009
c. 1. SAHC Board member Lach Zemp, a professional litigation attorney, represented SAHC in a legal dispute involving enforcement of a conservation easement. From September 2007-December 2008, SAHC paid $22,780 from the stewardship endowment fund. These funds had been awarded to SAHC previously through a NC Clean Water Management Trust Fund grant to cover stewardship costs associated with this easement. Lach and his law firm discounted the legal fees for SAHC, and the amount we paid represents half the total cost. The landowner paid the other half. Lach recused himself from the decision-making process at the board meeting. His skills and knowledge of the transaction were key to the organization winning the litigation.
s 2. SAHC Board member Jay Leutze is under contract to provide landowner outreach in specific geographic focus areas. The SAHC HR Committee & Planning Committee discussed the potential arrangement, and recommended it to the full Board. The Board then evaluated and approved the contract. The Board determined that Jay's work under the contract was for specific purposes that furthered the organizations land protection efforts in a high priority focus area. Jay's skills and relationships were unique to the situation. The contract total payment is $10,000 paid out in quarterly payments from August 2008-June 2009.

Southern Appalachian Highlands Conservancy, Inc 62-1098890

Form 990 p 10 Part IX Statement of Functional Expenses
Line 24f - All Other Expenses Smart Worksheet
The total of the following items carry to line 24f below

Description		*(B) Program services*	*(C) Management and general*	*(D) Fundraising*
Surveys & Appraisals		**221,724.**	**0.**	**0.**
Land Transfers to State		**275,563.**	**0.**	**0.**
Total All Other Expenses		***497,287.***	***0.***	***0.***

13. *Notes Payable*

Notes payable consisted of the following at June 30, 2009

A 15- year note payable to two individuals for the purchase of land, with an adjustable interest rate tied to the one-year Treasury bill rate, due on May 1, 2010, secured by a deed of trust on a parcel of land	$ 759
A non-interest bearing, unsecured personal loan from a member of the organization, payable in one sum on May 10, 2012 Under the terms of the loan, upon the lender's death, the loan is forgiven and becomes a charitable gift of the lender's estate	75,000
Note payable Dated August 1, 2007 to the Conservation Fund used to purchase the Wesser Bald property The term is two years with interest at 1% per annum	254,820
Note payable dated April 30, 2008 to the Conservation Fund used to purchase the Mollies Branch property The term is two years with interest at 3 975% per annum	350,707
Note payable dated April 30, 2008 to the Conservation Fund used to purchase the Allesco/White Oak property The term is two years with interest at 3 975% per annum	640,249
Note payable dated August 12, 2008 to the Conservation Fund used to purchase the Rumpf property The term is two years with interest at 3 8% per annum	175,922
Note payable dated October 21, 2008 to the Conservation Fund used to purchase the Beck property The term is two years with interest at 3 8% per annum	167,760
A non-interest bearing note payable dated October 21, 2008 to the Conservation Fund used to purchase the Beck property The term is two years	258,000
Note payable dated October 20, 2008 to the Conservation Trust of NC (CTNC) used to purchase the Beck/Elk Hollow property Funds were made available through the William Henry Stevens Revolving Loan Fund held by the CTNC The term is one year with interest at 3 0% per annum	153,163
Total Notes Payable	$ 2,076,380

The following is a summary of maturities for the years ending June 30

2010	$ 1,399,698
2011	601,682
2012	75,000
Total	$ 2,076,380