

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2020

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

Allman & Associates, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

3333 LEE PARKWAY
SUITE 600
DALLAS, TX 75219
(214) 665-9441
FAX: 888-512-7990
WWW.ALLMANCPAS.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turtle Creek Conservancy
Dallas, Texas

We have audited the accompanying financial statements of Turtle Creek Conservancy (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turtle Creek Conservancy as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Dallas, Texas
October 11, 2021

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 189,066
Investments	1,167,230
Accounts receivable	26,101
Prepaid expenses	<u>2,250</u>

Total Current Assets 1,384,647

Security deposit 2,700

Property and equipment, net of accumulated depreciation 1,049

Total Assets \$ 1,388,396

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 50,781
Deferred rental income, current portion	75,700
Deposits, current portion	45,400
PPP loan	<u>62,397</u>

Total Current Liabilities 234,278

Deferred rental income, non current portion 6,500

Total Liabilities 240,778

Net Assets:

Without donor restrictions:

Undesignated	31,047
Board designated	<u>95,645</u>

Total net assets without donor restrictions 126,692

With donor restrictions 1,020,926

Total Net Assets 1,147,618

Total Liabilities and Net Assets \$ 1,388,396

See accompanying independent auditors' report and notes to financial statements.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support and Gains:			
Commissions and fees	\$ 72,537	\$ -	\$ 72,537
Rentals	87,978	-	87,978
Contributions	99,794	99,456	199,250
Grants	4,000	33,870	37,870
Net investment return	135,246	-	135,246
Interest income	420	-	420
In-kind donations	33,315	-	33,315
Memberships	92,235	-	92,235
Events, net of direct costs of \$7,846	102,262	-	102,262
	627,787	133,326	761,113
Net assets released from restrictions	88,784	(88,784)	-
Total Revenues, Support and Gains	716,571	44,542	761,113
Expenses:			
Program services			
Membership	13,211	-	13,211
Turtle Creek Park	230,258	-	230,258
Arlington Hall	99,902	-	99,902
Total Program Services	343,371	-	343,371
General operations	306,719	-	306,719
Fundraising	71,284	-	71,284
Total Expenses	721,374	-	721,374
Change in Net Assets	(4,803)	44,542	39,739
Net assets, beginning of the year	131,495	976,384	1,107,879
Net assets, end of year	\$ 126,692	\$ 1,020,926	\$ 1,147,618

See accompanying independent auditors' report and notes to financial statements.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

Expense Category	Program Services				General Operations	Fundraising	Direct Benefit to Donors	Total
	Membership	Turtle Creek Park	Arlington Hall	Total				
Bank service charges	\$ -	\$ -	\$ 1	\$ 1	\$ 7,428	\$ -	\$ -	\$ 7,429
Community relations	82	-	-	82	3,829	10,551	-	14,462
Computer services	-	-	-	-	37,248	-	-	37,248
Depreciation	-	-	-	-	699	-	-	699
Event food and beverage	2,206	-	-	2,206	-	-	451	2,657
Event services	-	-	-	-	-	32,360	7,395	39,755
Hall enhancements and preservation	-	56,640	-	56,640	-	-	-	56,640
Hospitality	-	-	-	-	1,747	-	-	1,747
In-kind event expense	620	123	-	743	-	-	-	743
Insurance	-	-	27,165	27,165	5,544	-	-	32,709
Landscape	-	80,840	-	80,840	-	-	-	80,840
Maintenance	-	42,793	28,016	70,809	-	-	-	70,809
Membership campaign	10,303	-	-	10,303	-	-	-	10,303
Miscellaneous	-	-	-	-	496	-	-	496
Occupancy	-	273	23,907	24,180	36,140	-	-	60,320
Office supplies	-	-	-	-	10,699	-	-	10,699
Other events	-	-	-	-	-	28,373	-	28,373
Payroll taxes and insurance	-	2,752	1,479	4,231	14,838	-	-	19,069
Professional services	-	-	-	-	24,150	-	-	24,150
Salary and wages	-	46,837	19,334	66,171	163,901	-	-	230,072
Total expenses by function	13,211	230,258	99,902	343,371	306,719	71,284	7,846	729,220
Less expenses included with revenues on the statement of financial activities								
Cost of direct benefits to donor	-	-	-	-	-	-	(7,846)	(7,846)
Total expenses included in expense section on the statement of activities	\$ 13,211	\$ 230,258	\$ 99,902	\$ 343,371	\$ 306,719	\$ 71,284	\$ -	\$ 721,374

See accompanying independent auditors' report and notes to financial statements.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

Cash Flows From Operating Activities:

Change in net assets	\$ 39,739
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	699
Net investment return	(135,246)
Changes in assets and liabilities	
Accounts receivable	7,577
Prepaid expenses	(1,198)
Accounts payable and accrued expenses	(22,702)
Deposits	(7,200)
Deferred rental income	13,200

Net Cash Used by Operating Activities (105,131)

Cash Flows From Financing Activities:

Proceeds from PPP loan	<u>62,397</u>
------------------------	---------------

Net Cash Provided by Financing Activities 62,397

Net Change in Cash and Cash equivalents (42,734)

Cash and Cash Equivalents, beginning of the year 231,800

Cash and Cash Equivalents, end of the year \$ 189,066

Supplemental information:

Income taxes paid	<u>\$ -</u>
Interest paid	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding Turtle Creek Conservancy’s financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Activities

Turtle Creek Conservancy (the Conservancy), formerly known as The Lee Park and Arlington Hall Conservancy, is a nonprofit organization established in 1995 and is incorporated under the laws of the state of Texas. The Conservancy was organized to restore, enhance, and conserve Lee Park (subsequently temporarily named Oak Lawn Park in 2017 and then permanently named Turtle Creek Park by the Dallas Park Board in 2019) and Arlington Hall (the Hall), Dallas landmarks through a public/private partnership with the City of Dallas. In 2018, the Conservancy’s name was changed to Turtle Creek Conservancy and it continues to work with the Park & Recreation Department, Office of Cultural Affairs and Dallas Park Board on creating a beautiful, unifying space for all citizens of the community to enjoy.

The Conservancy is primarily funded through contributions, hall rentals, and commissions and fees on the hall and park usage. The Conservancy’s primary programs include:

Membership – Support and engagement of the Conservancy’s members through community events and sharing park news.

Turtle Creek Park – Grounds maintenance, landscaping and improvements to create and maintain green spaces for peaceful public enjoyment, as well as for public and private events.

Arlington Hall – Building maintenance and operations of the Hall built in 1939 and renovated in the late 1990’s.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenue is recognized when earned and expenditures are recorded when incurred. Accordingly, the financial statements reflect all significant receivables, payables, and other assets and liabilities.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those assumed in recording depreciation and the functional allocation of expenses. Actual results could vary from estimates.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor (or certain grantor) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This includes any board designated net assets for specific purposes, as the board of directors may reverse these restrictions at any time in the future. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Conservancy.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Conservancy considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, unless designated for investment purposes.

Investments

Investments are stated at fair value and consist of money market accounts and mutual funds. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Credit Policies

Accounts receivable consist of amounts due the Conservancy for past events held at the Hall. The allowance for uncollectible accounts is determined based on historical experience and a review of subsequent collections. No allowance for doubtful accounts has been recorded in these financial statements as all receivables are considered collectible.

Property and Equipment

The Conservancy records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. Costs of repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently. The City of Dallas owns Arlington Hall and Turtle Creek Park and any costs to maintain or improve these assets are expensed as incurred.

Deposits

A refundable deposit is collected from customers to secure an event date and is expected to be returned by the Conservancy 30 days after the event if no damage was sustained.

Revenue Recognition

Contributions and grants received (including unconditional promises to give) are recorded as support with donor restrictions, or without donor restrictions, in the period received depending on the existence and/or nature of any donor restrictions. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. The Conservancy reports contributions as restricted support if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

Program revenue is recognized when earned. Program service fees and payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses reports the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. Personnel costs have been allocated based on time and effort spent in each area. General operations expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Conservancy.

Federal Income Taxes

The Conservancy is exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and has been classified as an organization that is not a private foundation. However, income generated from unrelated business activities are subject to tax. No provision for federal income taxes has been reflected in the financial statements.

The Conservancy has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Conservancy has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Conservancy believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Conservancy's financial position, changes in net assets, or cash flows. Accordingly, the Conservancy has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020. The Conservancy is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Conservancy to credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are maintained at high credit quality financial institutions. From time to time, bank balances may exceed the FDIC insured limits. The Conservancy's deposits did not exceed the FDIC insured limits as of December 31, 2020.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position. The Conservancy does not believe significant credit risk exists as of December 31, 2020.

The Conservancy generally does not maintain collateral for its accounts receivable, and does not believe significant credit risk exists as of December 31, 2020.

Contributed Goods and Services

Donations of noncash assets are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions in accordance with GAAP if the services (a) create or enhance nonfinancial assets or (b) require and are provided by individuals with specialized skills and if not provided by donation would typically need to be purchased. In-kind contributions consist of meals and catering, event décor and tents, silent and live auction items, and professional services. A substantial number of volunteers contribute significant amounts of time to the Conservancy; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles.

Change in Not-for-Profit Accounting Standards

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”), to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by GAAP that is most important to users of each entity’s financial statements. ASU 2018-13 takes effect for not-for-profit entities for fiscal years beginning after December 15, 2019. ASU 2018-13 has been applied prospectively beginning after December 31, 2019, with no significant impact on the financial statement disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual period beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Conservancy is currently considering the impact of ASU 2020-07.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. This guidance impacts the presentation of an entity's leasing activities and will require the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. ASU 2016-02 was scheduled to become effective for fiscal years beginning after December 15, 2019, but has been delayed until annual periods beginning after December 15, 2021. The Conservancy is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Concentrations

The Conservancy operates entirely within the Dallas, Texas area. Therefore, results of activities are subject to the economic conditions in the area.

The Conservancy derives a significant portion of its revenue from contributions. Continued funding from this source at current level is dependent upon various factors. Such factors include economic conditions, donor satisfaction, ability to market the organization's mission and events, and public perception of mission effectiveness and relative importance. Some residual resentment and anger from past and prospective donors with regard to the 2017 removal of the Robert E. Lee statue, and the 2020 park name change from Oak Lawn Park, is communicated directly to the Conservancy and on social media outlets.

NOTE 2 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued)

active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

- Level 3 Inputs – Unobservable inputs for the asset or liability.

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of December 31, 2020 by level within the fair value measurement hierarchy.

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 21,692	\$ -	\$ 21,692	\$ -
Stocks	135,522	135,522	-	-
Mutual funds	1,010,016	1,010,016	-	-
Total Investments	\$1,167,230	\$1,145,538	\$ 21,692	\$ -

A significant portion of the Conservancy’s investment assets are classified within Level 1 because they comprise of stocks and mutual funds with readily determinable fair values based on daily quoted values. The fair value of the Conservancy’s cash and cash equivalents, receivables, prepaid expenses, accounts payable, deposits and deferred revenue approximates the carrying amounts of such instruments due to their short maturity.

A summary of investment earnings for the year ended December 31, 2020 is as follows:

Interest and dividends	\$ 21,100
Realized and unrealized gains and losses	115,610
Investment fees	(1,464)
Net investment return	\$ 135,246

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2020 consisted of the following:

Furnishings at Arlington Hall	\$ 237,687
Office furniture	20,000
Computer equipment	2,098
Total property and equipment	<u>259,785</u>
Less accumulated depreciation	<u>(258,736)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 1,049</u>

Depreciation expense for the year ended December 31, 2020 was \$699.

NOTE 4 –REVENUE FROM CONTRACTS WITH CUSTOMERS

In 1998, the Conservancy entered into an agreement with the City of Dallas that was renewed in 2018 and has the option for another five-year extension in September 2023. The Conservancy agreed to raise funds to restore Arlington Hall in Lee Park (now called Turtle Creek Park) and is responsible for the oversight and maintenance of Turtle Creek Park. The Conservancy is entitled to rent facilities for events. The Conservancy books park rentals used for weddings, photography/video sessions, walks, and various events that do not use catering. Rental income for the year ended December 31, 2020 was \$87,978.

It is the Conservancy’s policy to collect refundable deposits and rental income in advance for the Arlington Hall and Turtle Creek Park events. Therefore, substantial sums are collected in the year preceding the year of the event. The deposits, which are refundable after the event, are not recognized as revenue by the Conservancy. The rental income is deferred until the date of the event, when it is recognized as revenue. The liabilities for the refundable deposits of \$45,400 and the deferred rental income of \$82,200 are reflected in the statement of financial position as of December 31, 2020.

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2020:

Deferred revenue, beginning of year	\$ 69,000
Revenue recognized that was included in deferred revenue at the beginning of year	(67,500)
Increase in deferred revenue due to cash received during the year	<u>80,700</u>
Deferred revenue, end of year	<u>\$ 82,200</u>

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – COMMISSION INCOME

The Conservancy contracts with Food Glorious Food (FGF) to provide venue sales and catering services. FGF books the Hall, with 100% of the rental income going to the Conservancy. FGF books other services and provides food and beverage, of which the Conservancy receives 15%. For the year ended December 31, 2020, the Conservancy received \$72,537 in commission income.

NOTE 6 – DONATED GOODS AND SERVICES

During the year ended December 31, 2020, the Conservancy received donated goods and services, comprised of \$4,374 of event support and \$28,941 in silent and live auction items, in support of its fundraising efforts.

NOTE 7 – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at December 31, 2020:

Operating reserve	\$ 4,000
Capital reserve	89,390
Lecture series	<u>2,255</u>
Total Board Designated Net Assets	<u><u>\$ 95,645</u></u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, net assets with donor restrictions are restricted for the following purposes:

Park and Hall - maintenance and beautification	<u>\$ 1,020,926</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 1,020,926</u></u>

Net assets in the amount of \$88,784 were released from donor restrictions by incurring expenses satisfying the restricted purpose of maintenance and beautification during the year ended December 31, 2020.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 189,066
Investments	1,167,230
Accounts receivable	<u>26,101</u>
Total Financial Assets	1,382,397
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Subject to satisfaction of donor time or purpose restrictions	<u>(1,020,926)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 361,471</u>

The Conservancy is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Conservancy must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 10 – LEASES

The Conservancy leases office space. The lease agreement was renewed in July 2016 and expires on July 31, 2021. The lease calls for escalating rent annually, with monthly rent ranging from \$2,150 to \$2,365.

The future minimum lease payments related to this office space are approximately as follows:

2021	<u>\$ 16,555</u>
Total future minimum payments	<u>\$ 16,555</u>

Total lease expense for the year ended December 31, 2020 was \$28,004.

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 – PPP LOAN

On May 3, 2020, the Conservancy was approved for a Paycheck Protection Program (PPP) promissory note in the amount of \$62,397, with an interest rate of 1% per annum based on a year of 365 days until maturity, with 24 monthly payments. The Conservancy recorded a note payable and will record forgiveness of debt income upon being legally released from the loan obligation. The Conservancy used the proceeds of the loan only for purposes authorized by the PPP and applied for and received loan forgiveness in whole in September 2021. The PPP loan is reported as a current liability on the statement of financial position as it was subsequently forgiven within one year of the statement of financial position date.

NOTE 12 – RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact future activities of this organization. The continuing disruption is having a broad and negative impact on the US economy and in-person gatherings continue to be limited as the COVID-19 crisis continues past December 31, 2020. The related financial impact of this and other business disruptions cannot be reasonably estimated at this time.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the date the audit report was available for issuance, October 11, 2021, and besides the PPP loan forgiveness discussed in Note 11, there were no events to disclose.