TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2022

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEX TO FINANCIAL STATEMENTS

Allman & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

2911 TURTLE CREEK BLVD., SUITE 300
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

Opinion
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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Turtle Creek Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Turtle Creek Conservancy's ability to continue as a going concern for a reasonable period of time.

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

Allman & Associates, Inc.

Dallas, Texas
May 26, 2023

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Current Assets:		
Cash and cash equivalents	$	244,893
Investments		1,069,582
Accounts receivable		45,685
Prepaid expenses		5,478
Total Current Assets		1,365,638
Security deposit		2,700
Operating lease right-of-use assets		47,784
Property and equipment, net of accumulated depreciation		36,153
Total Assets	$	1,452,275

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	$	23,712
Payroll liabilities		53,961
Deferred rental income, current portion		182,200
Deposits, current portion		32,500
Operating lease liabilities, current portion		30,252
Total Current Liabilities		322,625
Deferred rental income, non current portion		6,500
Deposits, non current portion		750
Operating lease liabilities, non current portion		18,013
Total Liabilities		347,888
Net Assets:		
Without donor restrictions:		
Undesignated		94,948
Board designated		95,645
Total net assets without donor restrictions		190,593
With donor restrictions		913,794
Total Net Assets		1,104,387
Total Liabilities and Net Assets	$	1,452,275

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

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support and Gains:			
Commissions and fees	$ 285,464	$ -	$ 285,464
Rentals	222,753	-	222,753
Contributions	202,239	59,874	262,113
Grants	26,000	-	26,000
Forgiveness of debt income	60,826	-	60,826
Net investment return	(298,899)	-	(298,899)
Interest income	586	-	586
In-kind donations	74,801	-	74,801
Memberships	161,893	-	161,893
Events, net of direct costs of $68,588	266,340	-	266,340
	1,002,003	59,874	1,061,877
Net assets released from restrictions	115,011	(115,011)	-
Total Revenues, Support and Gains	1,117,014	(55,137)	1,061,877
Expenses:			
Program services			
Membership	190,347	-	190,347
Turtle Creek Park	391,584	-	391,584
Arlington Hall	195,734	-	195,734
Total Program Services	777,665	-	777,665
General operations	259,336	-	259,336
Fundraising	177,796	-	177,796
Total Expenses	1,214,797	-	1,214,797
Change in Net Assets	(97,783)	(55,137)	(152,920)
Net assets, beginning of the year	288,376	968,931	1,257,307
Net assets, end of year	$ 190,593	$ 913,794	$ 1,104,387

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

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services							
Expense Category	**Membership**	**Turtle Creek Park**	**Arlington Hall**	**Total**	**General Operations**	**Fundraising**	**Direct Benefit to Donors**	**Total**
Bank service charges	$ -	$ -	$ -	$ -	$ 4,878	$ 2,237	$ -	$ 7,115
Community relations	-	729	-	729	8,325	1,571	-	10,625
Computer services	-	-	-	-	28,047	-	-	28,047
Depreciation	-	-	9,973	9,973	-	-	-	9,973
Event food and beverage	35,331	-	-	35,331	-	3,463	62,588	101,382
Event services	12,872	-	-	12,872	-	57,386	6,000	76,258
Hall enhancements and preservation	-	182,059	6,276	188,335	-	-	-	188,335
Hospitality	4,671	9	-	4,680	10,902	8,548	-	24,130
Insurance	-	-	27,872	27,872	5,922	-	-	33,794
Landscape	-	93,753	-	93,753	-	-	-	93,753
Maintenance	-	28,570	48,659	77,229	-	-	-	77,229
Miscellaneous	-	-	2,720	2,720	1,164	-	-	3,884
Occupancy	-	-	38,881	38,881	37,290	-	-	76,171
Office supplies	-	-	-	-	12,128	134	-	12,262
Other event expenses	49,002	-	-	49,002	-	60,544	-	109,546
Payroll taxes and insurance	11,956	6,054	4,479	22,489	11,524	3,121	-	37,134
Professional services	-	-	-	-	26,957	-	-	26,957
Salary and wages	76,515	80,410	56,874	213,799	112,199	40,792	-	366,790
Total expenses by function	190,347	391,584	195,734	777,665	259,336	177,796	68,588	1,283,385
Less expenses included with revenues on the statement of financial activities								
Cost of direct benefits to donor	-	-	-	-	-	-	(68,588)	(68,588)
Total expenses included in expense section on the statement of activities	$ 190,347	$ 391,584	$ 195,734	$ 777,665	$ 259,336	$ 177,796	$ -	$ 1,214,797

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

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

Cash Flows From Operating Activities:		
Change in net assets	$	(152,920)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		9,973
Forgiveness of debt income		(60,826)
Net investment return		298,899
Stock donation		(1,284)
Noncash portion of expense for operating lease		29,777
Repayment of operating lease liability		(29,297)
Changes in assets and liabilities		
Accounts receivable		(25,344)
Prepaid expenses		(4,723)
Accounts payable and accrued expenses		(10,254)
Payroll liabilities		21,467
Deposits		(12,650)
Deferred rental income		(10,275)
Net Cash Provided by Operating Activities		52,543
Net Change in Cash and Cash equivalents		52,543
Cash and Cash Equivalents, beginning of the year		192,350
Cash and Cash Equivalents, end of the year	$	244,893
Supplemental information:		
Income taxes paid	$	-
Interest paid	$	-

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

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.

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, equities, bonds, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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.

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, 2022. 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, 2022.

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 generally does not maintain collateral for its accounts receivable and does not believe significant credit risk exists as of December 31, 2022.

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 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. ASU 2020-07 was implemented with no significant changes in presentation or disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842;* ASU 2018-10, *Codification Improvements to Topic 842, Leases;* ASU 2018-11, *Leases (Topic 842): Targeted Improvements;* ASU 2018-20, *Narrow-scope Improvements for Lessors;* and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Conservancy elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Conservancy's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Conservancy to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of $77,561, an increase in operating lease liabilities of $29,297, and an increase in other non-current liabilities of $48,264.

Leases

The Conservancy leases office space and at times certain equipment. The Conservancy has elected to apply the short-term lease exception to all leases with a term of one year or less. These leases are not recorded on the statement of financial position and lease expense is recognized on a straight-line basis over the lease term. There were no short-term leases in 2022.

For leases entered into after the January 1, 2022 transition date, the determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the statement of financial position. The Conservancy has no finance leases.

ROU assets represent the Conservancy's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Conservancy uses the implicit rate when it is readily determinable. Since most of the Conservancy's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Conservancy's incremental borrowing rate based on the information available at lease commencement or a risk-free rate based on U.S. Treasury rates for periods comparable with that of the remaining lease term. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Conservancy's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Conservancy has lease agreements with lease and non-lease components, these components are generally accounted for as a single lease.

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.

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 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, 2022 by level within the fair value measurement hierarchy.

NOTE 2 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued)

		Fair Value Measurements at Reporting Date Using		
Description	Amount	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	$ 18,203	$ -	$ 18,203	$ -
Stocks	1,169	1,169	-	-
Bonds	1,050,210	1,050,210	-	-
Total Investments	$ 1,069,582	$ 1,051,379	$ 18,203	$ -

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, 2022 is as follows:

Interest and dividends	$ 21,496
Realized and unrealized gains and losses	(317,570)
Investment fees	(2,825)
Net investment return	$ (298,899)

NOTE 3 – PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2022 consisted of the following:

Furnishings at Arlington Hall	$ 287,865
Office furniture	20,000
Total property and equipment	307,865
Less accumulated depreciation	(271,712)
Property and equipment, net of accumulated depreciation	$ 36,153

Depreciation expense for the year ended December 31, 2022 was $9,973.

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, 2022 was $222,753.

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 following table provides information about significant changes in deferred revenue for the year ended December 31, 2022:

	Rentals	Sponsorships
Deferred revenue, beginning of year	$ 168,975	$ 30,000
Revenue recognized that was included in deferred revenue at the beginning of year	(149,300)	(30,000)
Increase in deferred revenue due to cash received during the year	169,025	-
Deferred revenue, end of year	$ 188,700	$ -

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, 2022, the Conservancy received $273,214 in commission income.

NOTE 6 – DONATED GOODS AND SERVICES

During the year ended December 31, 2022, the Conservancy received various donated goods and services in support of program and fundraising efforts. Silent and live auction items were sold at the Day at the Races fundraising event and other goods and services were utilized during the year ended December 31, 2022. In-kind donations reported in the statement of activities consist of the following donations:

Description	Membership	Arlington Hall	General Operations	Fundraising	Total
Silent and live auction items	$ -	$ -	$ -	$ 52,312	$ 52,312
Decorations	3,249	-	-	7,747	10,996
Supplies and equipment	5,107	2,720	-	393	8,220
Marketing	1,452	-	-	-	1,452
Board relations	457	-	400	-	857
Event rentals	-	-	-	838	838
Fundraising expense	-	-	-	125	125
Total In-kind Donations	$ 10,265	$ 2,720	$ 400	$ 61,416	$ 74,801

NOTE 7 – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at December 31, 2022:

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

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022, net assets with donor restrictions in the amount of $913,794 are restricted for Park and Hall maintenance and beautification. Net assets in the amount of $115,011 were released from donor restrictions by incurring expenses satisfying the restricted purpose of Park and Hall maintenance and beautification during the year ended December 31, 2022.

NOTE 9 – FORGIVENESS OF DEBT INCOME

In April, 2021, the Conservancy was approved for a second Paycheck Protection Program (PPP) promissory note in the amount of $60,826, with an interest rate of 1% per annum based on a year of 365 days until maturity, with 24 monthly payments. 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 February 2022 at which time forgiveness of debt income was recognized.

NOTE 10 – 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	$ 244,893
Investments	1,069,582
Accounts receivable	45,685
Total Financial Assets	1,360,160
Less those unavailable for general expenditures within one year, due to:	
Board designated	(95,645)
Donor-imposed restrictions:	
Subject to satisfaction of donor time or purpose restrictions	(913,794)
Financial assets available to meet cash needs for general expenditures within one year	$ 350,721

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. The board designated funds could be made available if necessary.

NOTE 11 – LEASES

The Conservancy leases office space. The lease agreement was renewed in July 2016 and amended in July 2021 to extend the term for three years through July 31, 2024. The lease calls for rent escalating annually, with monthly rent ranging from $2,473 to $2,580. Total lease expense for the year ended December 31, 2022 was $33,508.

The operating lease assets and liabilities were calculated using the risk-free discount rate of 1.04% for the office lease. The maturities of lease liabilities as of December 31, 2022 were as follows:

Year ending December 31:	
2023	$ 30,584
2024	18,060
Total lease payments	48,644
Less: interest	(379)
Present value of lease liabilities	$ 48,265

NOTE 12 – 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, May 26, 2023, and there were no events to disclose.