

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2023

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

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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, 2023, 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, 2023, 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
June 21, 2024

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 156,417
Investments	1,120,036
Accounts receivable	64,151
Contributions receivable, current portion	5,000
Prepaid expenses	7,956
Total Current Assets	<u>1,353,560</u>
Contributions receivable, net of current portion and discount	13,876
Security deposit	2,700
Operating lease right-of-use assets	17,698
Property and equipment, net of accumulated depreciation	26,054
Total Assets	<u><u>\$ 1,413,888</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 12,561
Payroll liabilities	75,356
Deferred rental income, current portion	138,650
Deposits, current portion	31,750
Operating lease liabilities	18,013
Total Current Liabilities	<u>276,330</u>
Deferred rental income, non current portion	5,350
Deposits, non current portion	750
Total Liabilities	<u>282,430</u>

Net Assets:

Without donor restrictions:	
Undesignated	217,128
Board designated	95,645
Total net assets without donor restrictions	<u>312,773</u>
With donor restrictions	
Time restricted	18,876
Purpose restricted	799,809
Total net assets without donor restrictions	<u>818,685</u>
Total Net Assets	<u>1,131,458</u>
Total Liabilities and Net Assets	<u><u>\$ 1,413,888</u></u>

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

TURTLE CREEK CONSERVANCY
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support and Gains:			
Commissions and fees	\$ 374,344	\$ -	\$ 374,344
Rentals	303,143	-	303,143
Contributions	134,323	73,981	208,304
Grants	32,500	-	32,500
Net investment return	50,453	-	50,453
Interest income	3,672	-	3,672
In-kind donations	43,543	-	43,543
Memberships	201,954	-	201,954
Event revenue	430,893	-	430,893
Less: Cost of direct benefits to donors	(42,883)	-	(42,883)
	<u>1,531,942</u>	<u>73,981</u>	<u>1,605,923</u>
Net assets released from restrictions	169,090	(169,090)	-
	<u>1,701,032</u>	<u>(95,109)</u>	<u>1,605,923</u>
Total Revenues, Support and Gains			
Expenses:			
Program services			
Membership	148,263	-	148,263
Turtle Creek Park	577,029	-	577,029
Arlington Hall	302,870	-	302,870
Total Program Services	<u>1,028,162</u>	<u>-</u>	<u>1,028,162</u>
General operations	351,884	-	351,884
Fundraising	198,806	-	198,806
	<u>1,578,852</u>	<u>-</u>	<u>1,578,852</u>
Total Expenses			
Change in Net Assets	122,180	(95,109)	27,071
Net assets, beginning of the year	<u>190,593</u>	<u>913,794</u>	<u>1,104,387</u>
Net assets, end of year	<u><u>\$ 312,773</u></u>	<u><u>\$ 818,685</u></u>	<u><u>\$ 1,131,458</u></u>

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

TURTLE CREEK CONSERVANCY
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

Expense Category	Program Services				General Operations	Fundraising	Cost of Direct Benefits to Donors	Total
	Membership	Turtle Creek Park	Arlington Hall	Total				
Bank service charges	\$ -	\$ -	\$ -	\$ -	\$ 6,015	\$ 2,555	\$ -	\$ 8,570
Community relations	1,642	-	481	2,123	-	-	-	2,123
Computer services	-	-	-	-	34,388	8,884	-	43,272
Depreciation	-	-	10,099	10,099	-	-	-	10,099
Enhancements and preservation	-	339,604	36,124	375,728	-	-	-	375,728
Event food and beverages	37,441	-	-	37,441	-	1,945	29,359	68,745
Event services	3,449	-	-	3,449	-	48,370	10,971	62,790
Hospitality	-	-	-	-	7,758	2,622	-	10,380
Insurance	-	-	37,243	37,243	9,444	-	-	46,687
Landscaping	-	118,000	-	118,000	-	-	-	118,000
Maintenance	-	15,219	96,102	111,321	-	-	-	111,321
Miscellaneous	4,339	-	-	4,339	820	-	-	5,159
Occupancy	-	135	42,647	42,782	40,973	-	-	83,755
Office supplies	544	-	-	544	14,509	2,741	-	17,794
Other event expenses	28,945	-	-	28,945	-	66,224	2,553	97,722
Payroll taxes and insurance	4,516	6,375	4,894	15,785	30,952	3,926	-	50,663
Professional services	8,382	-	-	8,382	41,312	10,110	-	59,804
Salary and wages	59,005	97,696	75,280	231,981	165,713	51,429	-	449,123
Total expenses by function	148,263	577,029	302,870	1,028,162	351,884	198,806	42,883	1,621,735
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	-	(42,883)	(42,883)
Total expenses included in expense section on the statement of activities	\$ 148,263	\$ 577,029	\$ 302,870	\$ 1,028,162	\$ 351,884	\$ 198,806	\$ -	\$ 1,578,852

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

TURTLE CREEK CONSERVANCY
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STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

Cash Flows From Operating Activities:

Change in net assets	\$ 27,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,099
Net investment return	(50,453)
Noncash portion of expense for operating lease	30,086
Changes in assets and liabilities	
Accounts receivable	(18,466)
Contributions receivable	(18,876)
Prepaid expenses	(2,480)
Accounts payable and accrued expenses	(11,151)
Payroll liabilities	21,395
Deposits	(750)
Deferred rental income	(44,700)
Repayment of operating lease liability	<u>(30,251)</u>
Net Cash Used by Operating Activities	<u>(88,476)</u>
Net Change in Cash and Cash equivalents	(88,476)
Cash and Cash Equivalents, beginning of the year	<u>244,893</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 156,417</u></u>
Supplemental information:	
Income taxes paid	<u><u>\$ -</u></u>
Interest paid	<u><u>\$ -</u></u>

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

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 at times consist of cash and 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.

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 credit losses is an estimate based on historical information, current conditions, and reasonable and supportable forecasts. No allowance for credit losses has been recorded in these financial statements as all receivables were subsequently collected.

Contributions receivable consist of uncollected pledges and are reported at the estimated present value of the future cash flows. Past due amounts are reviewed by management and are written off if deemed uncollectible. The Conservancy believes that all pledges are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary.

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.

Revenue Recognition

Contributions – Contributions, including unconditional pledges and grants, are recorded when received. In accordance with FASB Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities Revenue Recognition*, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. 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 pledges are recognized when the conditions on which they depend are substantially met.

Contracts with Customers – Revenue from contracts with customers are recorded when the underlying performance obligations are met, in accordance with FASB, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). When the Conservancy receives payment in advance, a contract liability is recorded as deferred revenue and then reduced when the revenue is recognized. Revenue streams that are recorded as contracts with customers include rentals, commissions and fees, and event revenue. Deferred revenue is generally recognized within one year from the statement of financial position date.

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Conservancy to credit risk consist primarily of cash and cash equivalents, investments and receivables. 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, 2023.

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 receivables and does not believe significant credit risk exists as of December 31, 2023.

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023. 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.

Change in Not-for-Profit Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. ASU 2016-13 is effective for non-profit organizations for fiscal years beginning after December 15, 2022. Financial assets held by the Conservancy that are subject to this guidance include trade accounts receivable. ASU 2016-13 has been adopted with no material effect on the financial statements or disclosures.

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 2023.

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

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued)

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, 2023 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	\$1,120,036	\$ -	\$ 1,120,036	\$ -
Total Investments	\$1,120,036	\$ -	\$ 1,120,036	\$ -

At December 31, 2023, all investment funds were held in cash and cash equivalents in a brokerage account. In January 2024, the funds were transferred to another brokerage firm. 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, 2023 is as follows:

Interest and dividends	\$ 42,227
Realized and unrealized gains and losses	10,374
Investment fees	(2,148)
Net investment return	<u>\$ 50,453</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31, 2023:

	Gross Contribution	Time Value Discount	Net Pledges Receivable
Contributions receivable expected to be collected in:			
One year or less	\$ 5,000	\$ -	\$ 5,000
One year to five years	15,000	(1,124)	13,876
	<hr/>	<hr/>	<hr/>
Net contributions receivable	<u>\$ 20,000</u>	<u>\$ (1,124)</u>	<u>\$ 18,876</u>

Contributions receivable have been discounted using a 4% annual rate of interest and it is estimated that 100% of undiscounted pledges will be collected.

NOTE 4 – PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2023 consisted of the following:

Furnishings at Arlington Hall	\$ 287,865
Office furniture	<u>20,000</u>
Total property and equipment	307,865
Less accumulated depreciation	<u>(281,811)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 26,054</u>

Depreciation expense for the year ended December 31, 2023 was \$10,099.

NOTE 5 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Park rentals – In 1998, the Conservancy entered into an agreement with the City of Dallas that was renewed in 2018 and again in 2023, for the contract term ending in September 2028. 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, 2023 was \$303,143.

TURTLE CREEK CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5 – REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

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, 2023:

	<u>Rentals</u>
Deferred revenue, beginning of year	\$ 188,700
Revenue recognized that was included in deferred revenue at the beginning of year	(182,200)
Increase in deferred revenue due to cash received during the year	<u>137,500</u>
Deferred revenue, end of year	<u><u>\$ 144,000</u></u>

Commissions – 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, 2023, the Conservancy received \$358,444 in commission income.

NOTE 6 – DONATED GOODS AND SERVICES

During the year ended December 31, 2023, the Conservancy received various donated goods and services in support of fundraising efforts, valued by the donor. 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, 2023. In-kind donations reported in the statement of activities consist of the following donations:

<u>Description</u>	<u>Fundraising</u>
Silent and live auction items	\$ 37,076
Decorations	607
Event food and beverage	2,500
Event rentals	3,000
Marketing	<u>360</u>
Total In-kind Donations	<u><u>\$ 43,543</u></u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7 – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at December 31, 2023:

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

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023, net assets with donor restrictions in the amount of \$799,809 are restricted for Park and Hall maintenance and beautification, and \$18,876 is time restricted for collection in future periods. Net assets in the amount of \$169,090 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, 2023.

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	\$ 156,417
Investments	1,120,036
Accounts receivable	64,151
Contributions receivable, net of discount	<u>18,876</u>
Total Financial Assets	1,359,480
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	<u>(818,685)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 445,150</u>

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December 31, 2023

NOTE 9 – LIQUIDITY AND AVAILABILITY (continued)

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 10 – 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, 2023 was \$36,591.

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, 2023 were as follows:

Year ending December 31:	
2024	\$ 18,060
Total lease payments	<u>18,060</u>
Less: interest	<u>(47)</u>
Present value of lease liabilities	<u><u>\$ 18,013</u></u>

NOTE 11 – RETIREMENT PLAN

In 2023, the Conservancy established a 401(k) retirement plan (Plan). The Conservancy provides a matching contribution of up to 4% of eligible employees' compensation. For the year ended December 31, 2023, the Conservancy contributed \$5,733 to the Plan.

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, June 21, 2024. In January 2024, the office lease was amended and extended through July 2029. There were no other subsequent events to disclose.