

**TRINITY PARK CONSERVANCY**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2018**

**TRINITY PARK CONSERVANCY  
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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Trinity Park Conservancy  
Dallas, Texas

We have audited the accompanying financial statements of Trinity Park Conservancy, which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, cash flows and functional expenses 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 from 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 auditor's 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.

The Board of Directors  
Trinity Park Conservancy

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Park Conservancy as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, TX  
March 26, 2019

**TRINITY PARK CONSERVANCY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

**ASSETS**

**ASSETS**

Cash and Cash Equivalents	\$ 9,253,150
Promises to Give, Net of Discount	541,296
Prepaid Expenses	59,809
Property and Equipment, Net	89,886
Escrowed Deposits	<u>1,584,461</u>

Total Assets \$ 11,528,602

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 28,761
Accrued Expenses	<u>710,742</u>

Total Liabilities 739,503

**NET ASSETS**

Without Donor Restrictions	1,957,199
With Donor Restrictions	<u>8,831,900</u>

Total Net Assets 10,789,099

Total Liabilities and Net Assets \$ 11,528,602

*See accompanying Notes to Financial Statements.*

**TRINITY PARK CONSERVANCY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>TOTAL</u>
<b>REVENUES AND SUPPORT</b>			
Contributions and Grants	\$ 393,924	\$ 1,232,415	\$ 1,626,339
Interest	172,975	-	172,975
Net Assets Released from Restrictions:			
Satisfaction of Purpose Restriction	2,757,549	(2,757,549)	-
	<u>3,324,448</u>	<u>(1,525,134)</u>	<u>1,799,314</u>
Total Revenues and Support			
	<u>3,324,448</u>	<u>(1,525,134)</u>	<u>1,799,314</u>
<b>EXPENSES</b>			
Program	2,820,084	-	2,820,084
General and Administrative	467,681	-	467,681
Fundraising	49,879	-	49,879
	<u>3,337,644</u>	<u>-</u>	<u>3,337,644</u>
Total Expenses			
	<u>3,337,644</u>	<u>-</u>	<u>3,337,644</u>
<b>CHANGE IN NET ASSETS</b>	(13,196)	(1,525,134)	(1,538,330)
Net Assets - Beginning of Year	<u>1,970,395</u>	<u>10,357,034</u>	<u>12,327,429</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,957,199</u>	<u>\$ 8,831,900</u>	<u>\$ 10,789,099</u>

See accompanying Notes to Financial Statements.

**TRINITY PARK CONSERVANCY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (1,538,330)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	26,682
Accretion of Discount to Present Value for Promises to Give	30,558
(Increase) Decrease in Operating Assets:	
Promises to Give	310,047
Prepaid Expenses	(41,819)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(40,314)
Accrued Expenses	678,242
Net Cash Used by Operating Activities	(574,934)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(26,804)
Escrow Deposits	(1,584,461)
Net Cash Used by Investing Activities	(1,611,265)

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(2,186,199)

Cash and Cash Equivalents - Beginning of Year

11,439,349

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 9,253,150

*See accompanying Notes to Financial Statements.*

**TRINITY PARK CONSERVANCY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Occupancy	\$ 33,667	\$ 49,458	\$ -	\$ 83,125
Personnel	762,315	205,050	215	967,580
Board	4,135	1,520	-	5,655
Operations	79,922	117,587	28,619	226,128
Programs	130,676	579	220	131,475
Travel	15,619	638	8	16,265
Professional Services	1,793,750	92,849	20,817	1,907,416
 Total Expenses	 <u>\$ 2,820,084</u>	 <u>\$ 467,681</u>	 <u>\$ 49,879</u>	 <u>\$ 3,337,644</u>

See accompanying Notes to Financial Statements.



**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 ORGANIZATION AND PURPOSE**

Trinity Park Conservancy is a nonprofit, 501(c)3 organization, founded in 2004 under the name of The Trinity Trust Foundation, to support and implement the recreational, economic development, and environmental stewardship components within the City of Dallas' Trinity River Corridor Project. The purpose of Trinity Park Conservancy is to fulfill the promise of the Trinity River as the natural gathering place for Dallas.

The Trinity Park Conservancy champions the transformation of the Trinity River to become the heart of Dallas. With the community, the Conservancy will design public spaces that unite, enrich people's lives through access to nature, create economic development opportunities, and inspire protection for the river ecosystems in this shared natural treasure.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Statement Presentation**

The Conservancy presents the financial statements in accordance with U.S. GAAP. As such, the Conservancy is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. In addition, the Conservancy is required to present a statement of functional expenses and a statement of cash flows. Accordingly, net assets and changes therein are classified as follows:

*Net Assets without Donor Restrictions* – Those funds are available for support of the Conservancy and its programs.

*Net Assets with Donor Restrictions* – Those funds are limited by the donor(s) for later periods or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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. Actual results could differ from those estimates.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Conservancy is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts the Conservancy from taxes on income. Accordingly, no provision for income taxes has been made in the financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the year ended December 31, 2018.

The Conservancy's tax returns are subject to review and examination by federal and state authorities.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Conservancy considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent. The Conservancy places its cash with high-credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

**Promises to Give**

The Conservancy's promises to give consist primarily of contributions and grants from various donors. The Conservancy utilizes the allowance method for recognition of bad debts. Management periodically reviews receivables on an account-by-account basis. Accounts are written off when it appears collection efforts will not be successful. Based on management's assessment of the credit history of donors, no allowance for doubtful accounts was deemed necessary as of December 31, 2018. Bad debt expense was \$-0- for the year ended December 31, 2018.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-adjusted interest rates (if significant) applicable to the year in which the promises are expected to be received. For 2018, a discount rate of 2.52% was utilized for various pledges.

**Revenue Recognition**

Contributions and grants are recognized when unconditional commitments are received and recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. Contributions and grants for which the restriction is met in the same period the contribution or grant is received are recorded as unrestricted in the Statement of Activities.

When a donor restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Expenditures for property and equipment in excess of \$5,000 and having a useful life of one year or more are capitalized and recorded on the Conservancy's books at cost. Depreciation is computed on the on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 15 years. Depreciation expense was \$26,682 for the year ended December 31, 2018.

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value. There was no such impairment loss for the year ended December 31, 2018.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or disposed of, their cost and related accumulated depreciation are removed from the accounts. Gains or losses are included in income.

Donations of significant property and equipment are recorded as support at estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Restricted assets and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Conservancy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Conservancy reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Functional Allocation of Expenses**

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

The Conservancy's methods for allocating costs on a functional basis are as follows. Direct costs are recorded directly to the specific category or categories to which the expense relates. Indirect costs are recorded to a specific category separate from direct costs. Indirect costs are allocated to all categories monthly via journal entry based on the salary allocation percentage put in place by doing a time study on the different departments' time spent on program, fundraising, and management/general. The time study allocation is performed monthly using the month to date salary information and percent of time per project per the annual budget. At the end of each month, the percentage of time per project is reviewed by management for accuracy.

**Compensated Absences**

Employees of the Conservancy are entitled to paid vacation, paid sick days and paid personal days off depending on length of service and other factors. The Conservancy's policy is to recognize the costs of compensated absences when actually paid to employees, and certain compensated absences benefits expire at year end when not used.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Standards**

For the year ended December 31, 2018, Trinity Park Conservancy adopted Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*, which modified information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The guidance is required to be applied by the Organization for the year ended December 31, 2018; the Conservancy has fully implemented the guidance as suggested in the ASU.

**NOTE 3 PROMISES TO GIVE**

The following is a schedule of estimated collections of promises to give as of December 31, 2018:

	2019	\$	156,666
	2020		50,000
	2021		50,000
	2022		50,000
	2023		50,000
	Thereafter		237,412
			594,078
Discount to Estimated Present Value			(52,782)
Total		\$	541,296

The promises to give at December 31, 2018 consist of 82% due from one donor and 13% due from another donor.

During 2016, The Conservancy received a pledge of \$50,000,000. One installment of \$10,000,000 was paid during 2016, and the remaining pledge of \$40,000,000 was contingent on several factors being met no later than the third anniversary of the date of the donation letter (September 15, 2016). Contingencies include naming rights for the park to be built with the funds, funding commitments sufficient for the construction, maintenance and operation of the park, and an organization for the governance, management and operations for the park. The Conservancy believes the contingencies will be met within the required time frame or within an extended timeframe that might be agreed upon with the donor. This contribution has not yet been recorded and recognized by the Conservancy, pending completion of the aforementioned contingencies.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2018 consisted of the following:

Furniture, Fixtures, and Equipment	\$	68,834
Leasehold Improvements		251,271
Software and Website Development		37,000
Total Cost		357,105
Less: Accumulated Depreciation		(267,219)
Net Property and Equipment	\$	89,886

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with Donor Restrictions at December 31, 2018 consisted of the following:

	Balance at December 31, 2017	Additions	Released from Restrictions	Balance at December 31, 2018
Clean-ups	\$ 75,525	\$ -	\$ (54,443)	\$ 21,082
Trails	775,000	-	-	775,000
Lakes	25,000	-	-	25,000
Simmons Park	9,431,509	1,000,000	(2,667,025)	7,764,484
McDermott Flags (Mary Kay, Inc.)	25,000	-	-	25,000
Bob Gillikin Memorial Gift	25,000	-	-	25,000
Techology Initiative	-	232,415	(36,081)	196,334
Totals	\$ 10,357,034	\$ 1,232,415	\$ (2,757,549)	\$ 8,831,900

**NOTE 6 OPERATING LEASES**

The Conservancy is contractually bound by operating leases for its administrative offices and various office equipment used by the staff. The following is a schedule of minimum lease payments due in the subsequent years:

<u>Year Ending December 31,</u>	
2019	\$ 78,605
2020	76,192
	\$ 154,797

**NOTE 7 CONCENTRATIONS**

Donors with total gifts exceeding 10% of the value of total contributions during the year are considered concentrated donors to the Conservancy. Two donors comprised 82% of the total balance of contribution revenue for the year ended December 31, 2018.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 LIQUIDITY**

The organization receives significant contributions and promises to give as unrestricted or as restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2018, the level of liquidity and reserves was managed within the policy requirements.

Trinity Park Conservancy's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 9,253,150
Promises to Give, due within one year	156,666
Less Amounts Restricted by Donors	<u>(8,831,900)</u>
Cash available for general expenditures	<u>\$ 577,916</u>

**NOTE 9 TRANSACTIONS WITH RELATED PARTIES**

Contributions from related individuals of Trinity Park Conservancy totaled \$1,271,936 for the year ended December 31, 2018.

**NOTE 10 SIGNIFICANT AGREEMENT**

In April 2018, Trinity Park Conservancy entered into a Development Agreement with the Trinity River Local Government Corporation (LGC), an entity formed with members selected by the Dallas City Council in August of 2017 to oversee projects along the Trinity Corridor. Through the Development Agreement, the LGC contracted the Conservancy to design, build, raise the funds, operate and maintain approximately 200 acres within the Trinity River Corridor spanning the Dallas Floodway from the Margaret McDermott Bridge in the South to the Ron Kirk Bridge in the north, the Phase I Premises, also known as Harold Simmons Park. The Conservancy will act under the authority and with the approvals of the LGC as defined in the Development Agreement, which has the right to approve final designs for the Park. The Agreement remains in place for an initial period of forty years with three successive ten year options to extend the term.

**TRINITY PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 11 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 26, 2019, the date on which the financial statements were available to be issued.

On December 28, 2018, the organization deposited into escrow \$1,584,461, for the purpose of making a financial investment. The investment was to acquire a note secured by real property. The investment closed on January 2, 2019, upon which date the funds in escrow were applied.