Trinity Park Conservancy and Subsidiaries

Independent Auditor's Report And Consolidated Financial Statements

December 31, 2022 and 2021

Trinity Park Conservancy and Subsidiaries
December 31, 2022 and 2021

Contents

FORVIS

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Independent Auditor's Report

Board of Directors
Trinity Park Conservancy
Dallas, Texas

Opinion

We have audited the consolidated financial statements of Trinity Park Conservancy and subsidiaries (the Conservancy), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flow for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Conservancy as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As described in *Note 10* to the consolidated financial statements, in 2022, the Conservancy adopted Accounting Standards Update 2016-02, *Leases (Topic 842).* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued or within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

FORVIS, LLP

Fort Worth, Texas
March 29, 2022

Trinity Park Conservancy and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	$ 18,295,029	$ 18,036,327
Promises to give, net of discount and allowance		
2022 - $921,755, 2021 - $503,896	10,129,074	13,936,933
Other receivables	7,000	10,800
Prepaid expenses	65,935	59,124
Cash restricted for purchase of long-lived assets	3,871,542	400,000
Right-of-use assets - operating lease	108,116	-
Right-of-use assets - finance lease	5,035	-
Other assets held for future construction	37,868,253	7,025,692
Total assets	$ 70,349,984	$ 39,468,876

Liabilities and Net Assets

	2022	2021
Liabilities		
Accounts payable	$ 108,233	$ 554,314
Accrued expenses	420,945	229,189
Refundable advances	26,871,542	-
Notes payable	163,000	150,000
Operating lease liability, net	101,850	-
Finance lease liability, net	5,061	-
Total liabilities	27,670,631	933,503
Net Assets		
Without donor restrictions	5,353,975	4,923,321
With donor restrictions	37,325,378	33,612,052
Total net assets	42,679,353	38,535,373
Total liabilities and net assets	$ 70,349,984	$ 39,468,876

Trinity Park Conservancy and Subsidiaries

Consolidated Statements of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 732,864	$ 8,657,003	$ 9,389,867
Interest	161,507	-	161,507
Rent revenue	201,279	-	201,279
Loss on uncollectible promises to give	-	(600,000)	(600,000)
Net assets released from restrictions	4,343,677	(4,343,677)	-
Total revenues, gains and other support	5,439,327	3,713,326	9,152,653
Expenses			
Program	4,068,798	-	4,068,798
General and administrative	646,674	-	646,674
Fundraising	293,201	-	293,201
Total expenses	5,008,673	-	5,008,673
Change in Net Assets	430,654	3,713,326	4,143,980
Net Assets, Beginning of Year	4,923,321	33,612,052	38,535,373
Net Assets, End of Year	$ 5,353,975	$ 37,325,378	$ 42,679,353

Trinity Park Conservancy and Subsidiaries

Consolidated Statements of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 779,309	$ 11,186,141	$ 11,965,450
Interest	52,285	-	52,285
Rent revenue	29,600	-	29,600
Other income	150	-	150
Gain on repayment of note receivable	307,764	-	307,764
Net assets released from restrictions	4,398,963	(4,398,963)	-
Total revenues, gains and other support	5,568,071	6,787,178	12,355,249
Expenses			
Program	4,321,563	-	4,321,563
General and administrative	655,393	-	655,393
Fundraising	235,159	-	235,159
Total expenses	5,212,115	-	5,212,115
Change in Net Assets	355,956	6,787,178	7,143,134
Net Assets, Beginning of Year	4,567,365	26,824,874	31,392,239
Net Assets, End of Year	$ 4,923,321	$ 33,612,052	$ 38,535,373

Trinity Park Conservancy and Subsidiaries

Consolidated Statements of Functional Expenses

Years Ended December 31, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total
Occupancy	$ 458,757	$ 10,891	$ 15,775	$ 485,423
Personnel	1,043,112	296,662	196,124	1,535,898
Operations	114,733	75,143	35,775	225,651
Programs	228,176	3,276	4,033	235,485
Travel	8,029	10,666	-	18,695
Professional services	2,215,991	249,036	41,494	2,506,521
Board	-	1,000	-	1,000
Total expenses	$ 4,068,798	$ 646,674	$ 293,201	$ 5,008,673

	2021			
	Program Services	Management and General	Fundraising	Total
Occupancy	$ 60,777	$ 20,417	$ 12,653	$ 93,847
Personnel	1,413,064	229,853	173,803	1,816,720
Operations	88,975	130,007	14,641	233,623
Programs	217,283	8,854	729	226,866
Travel	13,528	15,019	-	28,547
Professional services	2,527,936	251,118	33,333	2,812,387
Board	-	125	-	125
Total expenses	$ 4,321,563	$ 655,393	$ 235,159	$ 5,212,115

Trinity Park Conservancy and Subsidiaries

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	$ 4,143,980	$ 7,143,134
Items not requiring (providing) operating cash flows		
Depreciation	-	19,072
Contributions restricted for purchase of long-lived assets	(7,216,156)	(400,000)
Amortization of discount on contributions receivable	(182,141)	(349,585)
Noncash operating lease expense	(6,266)	-
Noncash financing lease expense	26	-
Changes in		
Other receivables	3,800	(8,800)
Prepaid expenses	(6,811)	(16,244)
Promises to give	3,990,000	4,825,500
Accounts payable	(446,081)	435,806
Accrued expenses	191,756	165,981
Net cash provided by operating activities	472,107	11,814,864
Investing Activities		
Purchase of assets held for future construction	(31,020,579)	(160,000)
Expenditures for assets held for future construction	(71,982)	(71,513)
Principal payments received on notes receivable	-	1,580,930
Net cash provided by (used in) investing activities	(31,092,561)	1,349,417
Financing Activities		
Proceeds from issuance of note payable	413,000	150,000
Principal payments on note payable	(150,000)	-
Proceeds from contributions restricted for purchase of long-lived assets	34,087,698	400,000
Net cash provided by financing activities	34,350,698	550,000
Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	3,730,244	13,714,281
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year	18,436,327	4,722,046
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year	$ 22,166,571	$ 18,436,327

Trinity Park Conservancy and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2022 and 2021

	2022	2021
Supplemental Cash Flows Information		
Interest in property assigned to related party for paydown of note payable	$ 250,000	$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 192,326	$ -
Right-of-use assets obtained in exchange for new financing lease liabilities	$ 8,056	$ -

	2022	2021
Cash and cash equivalents	$ 18,295,029	$ 18,036,327
Cash restricted for purchase of long-lived assets	3,871,542	400,000
Total cash, cash equivalents and restricted cash and cash equivalents shown on the consolidated statements of cash flows	$ 22,166,571	$ 18,436,327

Trinity Park Conservancy and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations

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.

Riverfront Acquisitions, LLC is a nonprofit, 501(c)(3) organization, formed in 2019, with its right, title and interest in the company assigned to Trinity Park Conservancy. As Trinity Park Conservancy is the sole member of Riverfront Acquisitions, LLC, it is considered a disregarded entity for tax purposes. The business and purposes of Riverfront Acquisitions, LLC are to conduct any lawful business, purpose or activity determined by the Manager and permitted by the LLC Law.

TPC – Beckley, LLC is a nonprofit, 501(c)(3) organization, formed in 2020 with its right, title and interest in the company assigned to Trinity Park Conservancy. TPC – Beckley will be managed by members of the Trinity Park Conservancy and will be considered a disregarded entity for tax purposes. The business and purpose of TPC – Beckley, LLC are to conduct any lawful business, purpose or activity determined by the managing members and permitted by LLC law.

Trinity Park Community Conservancy Development Corporation (TPCCDC) is a nonprofit, 501(c)(3) organization formed in 2020 formed with its right, titles and interest in the company assigned to Trinity Park Conservancy. TPCCDC was formed exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and is operated solely as a supporting organization of the Trinity Park Conservancy. TPCCDC is exempt from federal income tax under IRS code 501(c)(3).

Beckley Commerce Acquisitions, LLC is a nonprofit, 501(c)(3) organization, formed in 2021, with its right, title, and interest in the company assigned to TPCCDC. As TPCCDC is the sole member of Beckley Commerce Acquisitions, LLC, it is considered a disregarded entity for tax purposes. The business and purposes of Beckley Commerce Acquisitions, LLC are to conduct any lawful business, purpose, or activity determined by the Manager and permitted by the LLC Law.

RFA 201 W Commerce, LLC is a nonprofit, 501(c)(3) organization, formed in 2022, with its right, titles and interest in the company assigned to Trinity Park Conservancy on May 5, 2022. As Trinity Park Conservancy is the sole member of RFA 201 W Commerce, LLC, it is considered a disregarded entity for tax purposes. The business and purposes of the RFA 201 W Commerce, LLC are to conduct any lawful business, purpose or activity determined by the managing members and permitted by LLC law.

Note 2: Significant Accounting Policies

This summary of significant accounting policies of the Conservancy is presented to assist in understanding the Conservancy's consolidated financial statements. The consolidated 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 consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Trinity Park Conservancy, Riverfront Acquisitions, LLC, TPC – Beckley, LLC, TPCCDC, Beckley Commerce Acquisitions, LLC and RFA 201 W Commerce, LLC because the Conservancy has both control of and an economic interest in the mentioned organizations. All significant intercompany accounts and transactions have been eliminated in consolidations. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Conservancy."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Conservancy considers all liquid investments with original maturities of three months or less to be cash equivalents. 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.

Restricted cash and cash equivalents represents cash that has been received from donors that is restricted for purchase of long-lived assets.

Property and Equipment

Property and equipment acquisitions over $5,000 and having a useful life of one year or more, are stated at cost, less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 15 years. Depreciation expense was $0 and $19,072 for the years ended December 31, 2022 and 2021. Both the book value of property and equipment and accumulated depreciation was $371,132 with a net book value of $0 at December 31, 2022 and 2021.

Management evaluates the recoverability of the carrying value of long-lived assets 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 years ended December 31, 2022 and 2021.

Donations of significant property and equipment are recorded as support at estimated fair value. Such donations are reported as support without donor restrictions 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 support with donor restrictions. 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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Conservancy did not have any net assets with perpetual restrictions at December 31, 2022 or 2021.

Contributions

Contributions are provided to the Conservancy either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Conservancy overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. The Conservancy uses the allowance method to determine uncollectible promises to give. The allowance is based on historical experience and management's analysis of specific promises made. Based on management's analysis, an allowance of $600,000 was deemed necessary at December 31, 2022, and no allowance was deemed necessary at December 31, 2021.

When a donor 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 consolidated statements of activities as net assets released from restrictions.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

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 consolidated 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 years ended December 31, 2022 or 2021.

Functional Allocation of Expenses

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs, general and administrative 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, while 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.

Note 3: Promises To Give

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

	2022	2021
Due within one year	$ 8,120,000	$ 7,060,000
Due within one to five years	2,930,829	7,380,829
	11,050,829	14,440,829
Less allowance for uncollectible promises to give	(600,000)	-
Less unamortized discount	(321,755)	(503,896)
	$ 10,129,074	$ 13,936,933

Discount rates ranged between 2.25% and 3% at December 31, 2022, and were 2.25% at December 31, 2021.

The promises to give at December 31, 2022 and 2021, consist of 63% and 79%, respectively, due from three donors.

During 2016, the Conservancy received a pledge of $50,000,000. One installment of $10,000,000 was paid during 2016, and another installment of $3,000,000 was paid during 2019. The remaining pledge of $37,000,000 was contingent on several factors being met no later than December 31, 2021. In February 2022, the deadline for the conditions being met was extended to December 31, 2025. 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 remaining pledge contribution has not yet been recorded and recognized by the Conservancy, pending completion of the aforementioned contingencies. At December 31, 2022 and 2021, additional contingent pledges were $500,000 and $1,500,000, respectively.

At December 31, 2021, the Conservancy had an additional conditional pledge for $25,000,000 that lapsed in 2021 as the conditions were not met by the donor's timeline. During 2022, this pledge was converted to two forgivable loans totaling $23,000,000 at 0% interest. See *Note 5* for additional information on these loans. The remaining $2,000,000 conditional pledge was extended until 2025.

Note 4: Other Assets Held for Future Construction

As part of the Conservancy's mission to transform the Trinity River Corridor into a natural gathering place for Dallas, the Conservancy has purchased properties that are recognized on the consolidated financial statements as other assets held for future construction. The Trinity River Corridor land is owned by the City of Dallas, and therefore once construction is completed, the Conservancy intends the property to be released for public use.

The Conservancy capitalizes the costs of bringing these assets into use until it is released for public use. The value of the purchase price and other capitalized costs of these properties are as follows as of December 31:

	2022	2021
106 W Commerce	$ 4,080,039	$ 3,838,146
West Overlook	33,603,921	3,187,546
Other	184,293	-
Total other assets held for future construction	$ 37,868,253	$ 7,025,692

Note 5: Refundable Advances

The Conservancy has elected to account for refundable advances as conditional contributions by applying ASC Topic 958-605, *Revenue Recognition*.

During 2022, the Conservancy received two forgivable loans representing conditional contributions in the amounts of $15,000,000 and $8,000,000 both at 0% interest with forgiveness provisions contingent upon the Conservancy overcoming multiple criteria including acquisition of property held for future construction before forgiveness is approved. No amounts were recognized as revenue related to these forgivable loans during the year ended December 31, 2022. The forgivable loans are secured by the underlying properties acquired through the loans.

The Conservancy received a conditional contribution from a donor in the amount of $11,087,698 conditioned upon the acquisition of certain properties. During 2022 the Conservancy recognized revenue in the amount of $7,216,156 related to this agreement based on property acquisitions made during the year.

Cash received in connection with these refundable advances not yet recognized as revenue is included in refundable advances in the consolidated statements of financial position.

Note 6: Notes Payable

The Conservancy opened a note payable with a related party during 2021 in the amount of $150,000 for the purpose of financing an escrow deposit related to the purchase of property. The purchase was executed through a disregarded entity for which the Conservancy is set up as the sole member, and the debt is fully guaranteed by the Conservancy. The note bears interest at 0.12% and is due in full by the earlier of a return of the escrow deposit, closing of the related property, or 14 months from the effective date of the note, which is September 2022. No payments were made on this note during 2021. This note was paid in full in February 2022.

During 2022 the Conservancy received a loan at 0% interest in the amount of $413,000 from a related party for the purpose of acquiring property. During 2022, the Conservancy used $250,000 of the loan proceeds to fund part of a property acquisition. Subsequent to this funding, the Conservancy’s interest in the property in the amount of $250,000 was transferred to the lender. The loan has a remaining balance of $163,000. Of this remaining balance, the Conservancy transferred $150,000 of interest in a property to the lender as payment of the loan after year end, and $13,000 remains payable at the earlier of closing on a particular parcel of land or June 3, 2023.

Note 7: Paycheck Protection Program (PPP)

In 2021, the Conservancy received a PPP loan established by the CARES Act in the amount of $294,472, which was subject to forgiveness if certain conditions were satisfied. The Conservancy elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent employee and salary reduction requirements and incurring eligible expenses. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

On November 1, 2021, the Conservancy was notified by the SBA that the SBA had formally forgiven and cancelled the PPP loan in full. As such, $294,472 was recognized as contribution and grant revenue in the consolidated statements of activities for the year ended December 31, 2021.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following for the years ended December 31, 2022 and 2021:

	2022			
	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Harold Simmons Park	$ 32,230,776	$ 8,407,403	$ (4,171,269)	$ 36,466,910
Trinity River Crew	12,206	33,040	(27,493)	17,753
Trails	775,000	-	-	775,000
Lakes	25,000	-	-	25,000
McDermott Flags (Mary Kay, Inc.)	25,000	-	-	25,000
Bob Gillikin Memorial Gift	25,000	-	-	25,000
Tierney Kaufman Hutchins Memorial Fund for Children	17,878	-	-	17,878
Bataan Center Project	412,300	132,800	(27,263)	517,837
Trinity Park Conservancy Community Development	23,892	-	(23,892)	-
NEA Design Grant	-	18,760	(18,760)	-
Workforce Development Project	65,000	65,000	(75,000)	55,000
Total	33,612,052	8,657,003	(4,343,677)	37,925,378
Less: loss on uncollectible promises to give	-	-	-	(600,000)
Net assets with donor restrictions	$ 33,612,052	$ 8,657,003	$ (4,343,677)	$ 37,325,378

	2021			
	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Harold Simmons Park	$ 25,811,520	$ 10,606,116	$ (4,186,860)	$ 32,230,776
Trinity River Crew	-	50,000	(37,794)	12,206
Trails	775,000	-	-	775,000
Lakes	25,000	-	-	25,000
McDermott Flags (Mary Kay, Inc.)	25,000	-	-	25,000
Bob Gillikin Memorial Gift	25,000	-	-	25,000
Tierney Kaufman Hutchins Memorial Fund for Children	17,854	25	(1)	17,878
Bataan Center Project	10,000	405,000	(2,700)	412,300
Trinity Park Conservancy Community Development	-	60,000	(36,108)	23,892
Workforce Development Project	-	65,000	-	65,000
Pledges with time restriction	135,500	-	(135,500)	-
Total	$ 26,824,874	$ 11,186,141	$ (4,398,963)	$ 33,612,052

Note 9: Operating Leases (ASC 840)

At December 31, 2021, the Conservancy was contractually bound by operating leases for its administrative offices and various office equipment used by the staff until 2024. The total amounts in rent and lease payments for the year ended 2021 were $74,638.

Note 10: Leases (ASC 842)

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Conservancy adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Conservancy elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Conservancy has lease agreements with nonlease components that relate to the lease components. The Conservancy elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Conservancy elected to keep short-term leases with an initial term of 12 months or less off the statement of position. The Conservancy did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of $108,116 and $101,850, respectively, at December 31, 2022, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect the consolidated statements of activities or cash flows.

Accounting Policies

The Conservancy determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. The Conservancy established a threshold of considering contracts for lease accounting treatment as all contracts with values greater than $5,000. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Conservancy determines lease classification as operating or finance at the lease commencement date.

The Conservancy combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Conservancy has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Conservancy is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Conservancy has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Conservancy has entered into the following lease arrangements:

Finance Lease

This lease consists of a copier for the use of the Conservancy's office activities. Termination of the lease generally is prohibited unless there is a violation under the lease agreement.

Operating Lease

The Conservancy has a lease for office space that expires in 2024 with no explicit renewal options. Lease payments have an escalating fee schedule, which results in an approximately 3 percent increase each year after an initial period of no monthly payments. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Quantitative Disclosures

The lease cost and other required information for the year ended December 31, 2022 are:

Lease cost	
Amortization of right-of-use asset	$ 3,021
Interest on lease liabilities	64
Operating lease cost	93,108
Total lease cost	$ 96,193
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 60
Financing cash flows from finance leases	3,000
Operating cash flows from operating leases	91,911
Right-of-use assets obtained in exchange for new finance lease liabilities	8,056
Right-of-use assets obtained in exchange for new operating lease liabilities	192,326
Weighted-average remaining lease term	
Finance leases	1.67
Operating leases	1.17
Weighted-average discount rate	
Finance leases	1.0%
Operating leases	1.0%

Future minimum lease payments and reconciliation to the consolidated statements of financial position at December 31, 2022, are as follows:

	Finance Lease	Operating Lease
2023	$ 3,060	$ 94,470
2024	2,040	7,890
Total future undiscounted lease payments	5,100	102,360
Less interest	(39)	(510)
Lease liabilities	$ 5,061	$ 101,850

Note 11: Retirement Plan

The Conservancy has a 403(b) plan covering substantially all employees. The Conservancy matches up to 4% of employee contributions to the plan. Contributions to the plan were approximately $44,000 and $59,000 for the years ended December 31, 2022 and 2021, respectively. Employees are fully vested in the employer contributions by 24 months of employment.

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Donors with total gifts exceeding 10% of the value of total contributions during the year are considered a concentration to the Conservancy. Two donors comprised 89% and 46% of the total balance of contribution revenue for the years ended December 31, 2022 and 2021, respectively. Concentrations are driven by visionary donors in a lead gift phase in advance of launching the broad, public campaign for Harold Simmons Park.

Vendors paid over 10% of total expense during the year are considered a concentration to the Conservancy. One vendor comprised 32% of total expenses for the year ended December 31, 2021.

Other Events

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Conservancy. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 13: Liquidity and Availability

The Conservancy receives significant contributions and promises to give as with or without donor restrictions, 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. For the years ended December 31, 2022 and 2021, restricted contributions of $11,297,532 and $0, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The Conservancy 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 Conservancy 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 Conservancy forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

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

	2022	2021
Cash and cash equivalents	$ 22,166,571	$ 18,436,327
Less amounts restricted by donors	(10,192,327)	(17,426,077)
Financial assets available to meet cash needs for general expenditures within one year	$ 11,974,244	$ 1,010,250

Note 14: Transactions With Related Parties

Contributions from related individuals of Trinity Park Conservancy totaled $426,527 and $1,401,097 for the years ended December 31, 2022 and 2021, respectively and the outstanding balance of promises to give at December 31, 2022 and 2021, was $6,150,829 and $8,715,829, respectively. See *Note 6* for related party note payable.

Note 15: 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 with 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, and 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.

Note 16: Subsequent Events

Subsequent events have been evaluated through March 29, 2023, which is the date the financial statements were available to be issued.