

**WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY**

Financial Statements

For the Year Ended June 30, 2022



TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy as of June 30, 2022, and the changes in net assets and its 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 William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land 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.

Responsibility 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 William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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, including omissions, 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 auditing 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 William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land 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 William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy's ability to continue as a going concern for a reasonable period of time.

Summarized Comparative Information

We have previously audited the William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy's financial statements, and our report dated October 19, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
October 24, 2022

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY
Statement of Financial Position
June 30, 2022
(With Comparative Amounts for 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,607,297	\$ 2,330,015
Accounts receivable	26,243	51,960
Grants/pledges receivable	244,300	
Prepaid expenses	<u>43,961</u>	<u>28,473</u>
Total current assets	1,921,801	2,410,448
INVESTMENTS	5,425,335	5,293,422
PROPERTY & EQUIPMENT, at cost:		
Land	389,983	389,983
Vehicle	23,500	23,500
Office equipment	5,227	5,227
Less: accumulated depreciation	<u>(28,727)</u>	<u>(28,727)</u>
Property and equipment - net	<u>389,983</u>	<u>389,983</u>
TOTAL ASSETS	<u>\$ 7,737,119</u>	<u>\$ 8,093,853</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 33,118	\$ 125,706
Accrued liabilities	87,851	70,399
Deferred revenue	<u>1,383,918</u>	<u>922,099</u>
Total current liabilities	1,504,887	1,118,204
PAYCHECK PROTECTION PROGRAM		<u>116,324</u>
Total liabilities	1,504,887	1,234,528
NET ASSETS:		
Net assets without donor restrictions	411,156	232,277
Net assets without donor restrictions - Board designated	4,487,318	5,119,134
Net assets with donor restrictions	<u>1,333,758</u>	<u>1,507,914</u>
Total net assets	<u>6,232,232</u>	<u>6,859,325</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,737,119</u>	<u>\$ 8,093,853</u>

See Notes to Financial Statements

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
REVENUE:				
Contributions & bequests	\$ 387,940	\$ 376,967	\$ 764,907	\$ 904,650
Grants	62,179	331,714	393,893	367,387
In-kind contributions	126,301		126,301	70,193
Paycheck Protection Program	116,324		116,324	103,842
Program contributions	57,823		57,823	71,502
Event income	47,595		47,595	
Miscellaneous income	1,500		1,500	5,186
Investment income net of fees of \$33,841 and \$31,007	(656,312)	755	(655,557)	1,086,964
Satisfied program restrictions	883,592	(883,592)		
Total revenue	1,026,942	(174,156)	852,786	2,609,724
EXPENSES:				
Program services:				
Land preservation	844,535		844,535	899,712
Stewardship	198,969		198,969	182,685
Outreach & education	166,742		166,742	159,671
Total program services	1,210,246		1,210,246	1,242,068
Supporting services:				
General & administrative	200,779		200,779	197,700
Fund development	68,854		68,854	73,080
Total supporting services	269,633		269,633	270,780
Total expenses	1,479,879		1,479,879	1,512,848
CHANGE IN NET ASSETS	(452,937)	(174,156)	(627,093)	1,096,876
NET ASSETS, beginning of year	5,351,411	1,507,914	6,859,325	5,762,449
NET ASSETS, end of year	\$ 4,898,474	\$ 1,333,758	\$ 6,232,232	\$ 6,859,325

See Notes to Financial Statements

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY
Statement of Functional Expenses
For the year ended June 30, 2022
(With Comparative Totals for 2021)

	Land Preservation	Stewardship	Outreach & Education	Total Program Services	General & Administrative	Fund Development	Total Support Expenses	Total Expenses 2022	Total Expenses 2021
Salaries, benefits & taxes	\$ 450,085	\$ 120,573	\$ 66,548	\$ 637,206	\$ 160,672	\$ 22,184	\$ 182,856	\$ 820,062	\$ 679,957
Professional fees	157,281	10,528	21,475	189,284	8,159	21,475	29,634	218,918	471,969
In-kind expenses	98,872	13,106	4,316	116,294	7,781	2,225	10,006	126,300	70,192
Rent & office cleaning	27,123	5,659	3,139	35,921	7,790	1,046	8,836	44,757	36,337
Events	3,433		34,108	37,541		7,051	7,051	44,592	1,831
Asset management fees	593	32,062	593	33,248	593		593	33,841	31,007
Member communication	12,863	1,871	11,228	25,962		3,743	3,743	29,705	17,274
Insurance	10,306	9,847	1,456	21,609	3,476	485	3,961	25,570	21,906
Land stewardship		24,474		24,474				24,474	26,476
Media/advertising	19,009		4,021	23,030		1,005	1,005	24,035	8,918
Dues & subscriptions	6,192	2,574	7,518	16,284	2,087	281	2,368	18,652	28,810
Printing & reproduction	7,583	49	5,152	12,784	1,617	3,334	4,951	17,735	4,280
Acquisition projects accounts	15,982			15,982				15,982	36,916
Credit cards/bank fees	9,849		91	9,940	3,106		3,106	13,046	3,828
Website/internet services	1,786	1,958	1,958	5,702		1,958	1,958	7,660	42,265
Professional development	4,705	480	1,274	6,459	245	54	299	6,758	2,868
Other land program costs	5,465	430	863	6,758				6,758	2,018
Membership development	795	517	1,034	2,346		3,102	3,102	5,448	5,267
Auto expenses	2,680	717	398	3,795	989	132	1,121	4,916	8,149
IT & related accessories	2,297	462	307	3,066	762	102	864	3,930	5,505
Service charges	2,069	554	308	2,931	763	103	866	3,797	5,004
Telephone	1,939	519	288	2,746	716	96	812	3,558	6,174
Postage & delivery	1,299	262	661	2,222	327	220	547	2,769	2,350
Employment expense	1,360	419	202	1,981	502	67	569	2,550	20,332
Licenses & permits		2,467		2,467				2,467	305
Office supplies	1,285	223	210	1,718	307	41	348	2,066	1,566
Travel & meetings	127		37	164	1,330		1,330	1,494	316
Off-site storage		1,080		1,080				1,080	1,080
Courtesy cards & flowers	150	200	150	500	150	150	300	800	379
Bad debts									500
Miscellaneous									76
	<u>845,128</u>	<u>231,031</u>	<u>167,335</u>	<u>1,243,494</u>	<u>201,372</u>	<u>68,854</u>	<u>270,226</u>	<u>1,513,720</u>	<u>1,543,855</u>
Less: asset management fees	(593)	(32,062)	(593)	(33,248)	(593)		(593)	(33,841)	(31,007)
Total expenses as reported on the statement of activities	<u>\$ 844,535</u>	<u>\$ 198,969</u>	<u>\$ 166,742</u>	<u>\$ 1,210,246</u>	<u>\$ 200,779</u>	<u>\$ 68,854</u>	<u>\$ 269,633</u>	<u>\$ 1,479,879</u>	<u>\$ 1,512,848</u>

See Notes to Financial Statements

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY

Statement of Cash Flows

For the year ended June 30, 2022

(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (627,093)	\$ 1,096,876
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Program	(116,324)	(103,842)
Realized and unrealized (gains) losses on securities	744,097	(840,445)
(Increase) decrease in operating assets:		
Accounts receivable	25,717	91,160
Pledges receivable	(244,300)	
Prepaid expense	(15,488)	(2,575)
Increase (decrease) in operating liabilities:		
Accounts payable	(92,588)	34,619
Accrued liabilities	17,452	(13,546)
Deferred revenue	<u>461,819</u>	<u>918,099</u>
Total adjustments	<u>780,385</u>	<u>83,470</u>
Net cash provided by operating activities	153,292	1,180,346
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross purchases of investments	(946,475)	(1,392,502)
Gross proceeds from sale of investments	<u>70,465</u>	<u>1,222,106</u>
Net cash (used) by investing activities	(876,010)	(170,396)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds from the Paycheck Protection Program	<u>116,324</u>	
Net cash provided by financing activities	<u>116,324</u>	
NET INCREASE (DECREASE) IN CASH	(722,718)	1,126,274
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,330,015</u>	<u>1,203,741</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,607,297</u>	<u>\$ 2,330,015</u>

See Notes to Financial Statements

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY

Notes to Financial Statements

For the Year Ended June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy (the Foundation), is a nonprofit corporation organized and incorporated in the State of Colorado in 1977. The Foundation changed its d/b/a name during the year ended June 30, 2021. The mission of the Foundation is to protect land and water for the wellbeing of nature and people.

Method of Accounting

The Foundation's financial statements have been prepared using the accrual basis of accounting, under accounting principles generally accepted in the United States of America.

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 financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance requires not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021. The Foundation adopted this standard during the year ending June 30, 2022.

New Authoritative Pronouncements - Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02 - Leases*, which created a new topic section of the Accounting Standards Codification (ASC), ASC 842. This guidance requires the recognition of all leases as rights and obligations to be presented on the statement of financial position as assets and liabilities. The standard further defines the proper initial and subsequent recognition and required disclosure of leases based on the type of lease, as defined under the new ASC 842. For nonpublic entities, the update is effective for fiscal years beginning after December 15, 2021. The Foundation is evaluating the impact this will have on its financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash to be cash on hand and cash on deposit, subject to immediate withdrawal and considers cash equivalents to be certificate of deposit with an original maturity of three months or less. The Foundation maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Supplemental Cash Flow Disclosures

The Foundation paid no interest or income taxes during the years ended June 30, 2022 and 2021.

Accounts and Pledges Receivable

Accounts and grants/pledges receivable are recorded at the amount the Foundation expects to collect on balances outstanding at year end. All receivables are expected to be received within one year. Based on management's assessment of its history with contributors having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts is not necessary for either of the years ended June 30, 2022 and 2021.

Property and Equipment

Property and equipment consist of assets used in the operations

of the Foundation. They are recorded at cost or, if donated, at the estimated fair market value at the date of donation.

Depreciation is recorded for equipment using the straight-line method over an estimated life of five to ten years. All assets have been fully depreciated for the years ended June 30, 2022 and 2021.

Contributions

Gifts of cash and other assets are reported as restricted revenue if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In February 2019, the Foundation received a \$1,000,000 grant (payable in cash and marketable securities) from an individual donor. The grant covered a period between February 1, 2019, and December 31, 2021. The funds related to this grant are restricted by the donor for the use in the Bessemer Farmland Conservation Project. The donor has also restricted the investment income generated from these grant funds for use in the project. The grant is payable in four installments with the two last installments requiring that certain conditions are met. As of June 30, 2019, the Foundation recognized restricted revenue of \$500,000 related to the grant, representing the first two installments. As of June 30, 2021, the Foundation had recognized the remaining two installments at a balance of \$504,615.

Revenue Recognition

The Foundation has analyzed the provisions of the Financial Accounting Standard Board's (FASB) ASC Topic 606, *Revenue from Contracts with Customers*. The Foundation's revenue recognition policies are as follows:

- Event and sponsorship revenue - event and sponsorship revenue are recognized in an amount that reflects the consideration that the Foundation is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Sponsorships are recognized as revenue in the period in which the

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

Foundation satisfies its performance obligation to its sponsors. The Foundation's performance obligations for sponsorship revenue are to provide promotion and advertising opportunities as arranged under each contract.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Foundation's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date filed. Management of the Foundation believes that it does not have any uncertain tax positions that are material to the financial statements.

In-Kind Contributions

The Foundation records various types of in-kind contributions. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. During the years ended June 30, 2022 and 2021, the Foundation recognized revenue and related expense of \$126,301 and \$70,193, respectively, for contributed services. These services were mostly discounted rates for attorney, real estate, accounting, and technology services. The Foundation measured the services received at the market rates shared by the firms providing those services.

In addition, a number of volunteers have donated significant amounts of their time to the Foundation's program and supporting services. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

Functional expenses

The financial statements report certain categories of expenses

that are attributable to one or more program or supporting services of the Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Foundation's management.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net assets nor by natural classification of expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has cash and cash equivalents as a current source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Foundation operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2022 and 2021, the following financial assets could be available within one year of the balance sheet date to meet general expenditures:

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,607,297	\$2,330,015
Accounts receivable	26,243	51,960
Grants/pledges receivable	<u>244,300</u>	<u> </u>
Total financial assets	1,877,840	2,381,975
Less:		
Donor restricted net asset:	<u>(1,333,758)</u>	<u>(1,507,914)</u>
Amount available for general expenditures	<u>\$ 544,082</u>	<u>\$ 874,061</u>

The decrease in the cash accounts was partly due to funds moved into longer term (> 90-day) cash positions to garner better income on project funds. As of June 30, 2022, \$939,217 was invested in "fixed income" instruments consisting of Certificates of Deposit and Treasury Bills with greater than 3-month maturities, thus moving that amount from cash to investments. The Foundation has investments of \$5,425,335 and \$5,293,422 as of June 30, 2022 and 2021, respectively. Of these amounts above, the Board has designated \$4,097,335 and \$4,729,151 for certain purposes (Note D), as of June 30, 2022 and 2021, respectively, not including \$389,983 of designated net assets relating to land property. Although the Foundation does not intend to liquidate its investments for general expenditures, any remaining funds are available, if necessary.

C. FAIR VALUE MEASUREMENTS

The Foundation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2022 and 2021:

Assets at Fair Value as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level3</u>	<u>Total</u>
Equity securities	\$ 2,740,407	\$	\$	\$ 2,740,407
Government securities	999,906			999,906
Mutual funds & stocks	635,144			635,144
Certificate of deposit	598,917			598,917
Fixed income & preferred funds	377,880			377,880
Money market funds	<u>73,081</u>			<u>73,081</u>
	<u>\$ 5,425,335</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,425,335</u>

Assets at Fair Value as of June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level3</u>	<u>Total</u>
Equity securities	\$ 3,364,155	\$	\$	\$ 3,364,155
Fixed income & preferred funds	1,613,024			1,613,024
Alternative investments	247,960			247,960
Money market funds	<u>68,284</u>			<u>68,284</u>
	<u>\$ 5,293,423</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,293,423</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period-to-period and could materially affect the recorded amount of investments in the Foundation's financial statements. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business, and industry market conditions and the state or perceived direction of the economy.

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as alternative investments, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction. Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

D. NET ASSETS WITHOUT DONOR RESTRICTIONS: BOARD DESIGNATED

At June 30, 2022, the Board of Directors had designated \$3,670,675 of its unrestricted net assets as a reserve for stewardship (Note F) and \$426,660 for operating reserves and future operations.

Also, effective as of June 30, 2017, the Board of Directors designated \$389,983 of specific property, namely the Rawles and Mesa properties, for conservation and public access.

E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bessemer	\$ 878,891	\$ 810,712
Stewardship Fund	376,807	564,271
Operating grant - 2023	50,000	
Elevate the Peak	23,905	45,054
PIFP Fellows	4,155	2,597
Monitoring partnership		4,900
Protect the Peak		<u>80,380</u>
Total	<u>\$ 1,333,758</u>	<u>\$ 1,507,914</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2022 and 2021, net assets were released from restrictions by satisfying the following purposes:

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

	<u>2022</u>	<u>2021</u>
Bessemer	\$ 240,276	\$ 482,482
Stewardship Fund	187,464	139,446
Elevate the Peak	137,841	199,494
Community resiliency grant	130,238	55,277
Protect the Peak	80,380	19,620
Southeast Focus Landscape Fund	75,880	30,000
Borrogo conservation easement	12,084	28,916
Arkansas Basin Conservation Alliance	9,037	
PIFP Fellows	5,492	10,401
Land Trust Alliance - 2021 Skytec exploratory partnership monitoring	4,900	12,100
Keep it Colorado- remote monitoring Section 16		15,000
Stewardship - Sand Creek		8,000
Land Trust Alliance		5,276
		<u>5,000</u>
Total	<u>\$ 883,592</u>	<u>\$ 1,011,012</u>

F. STEWARDSHIP FUND

The Foundation maintains the Stewardship Fund to support the ongoing monitoring and legal defense of its conservation easements. The fund consists of the following net assets:

Board designated net assets	\$ 3,670,675
Temporarily restricted net assets	<u>376,807</u>
Total Stewardship Fund	<u>\$ 4,047,482</u>

G. RETIREMENT PLAN

Effective July 1, 2014, the Foundation established a SIMPLE retirement plan for its employees. Employees are eligible to make contributions to the plan if they expect to receive at least \$5,000 in compensation during the year. The Foundation will match 100% of the voluntary contributions of its employees up to 3% of the employee's compensation for the calendar year. During the years ended June 30, 2022 and 2021, the Foundation matched \$18,814 and \$15,966, respectively, in retirement contributions.

H. LEASES

The Foundation leases office space in Colorado Springs, the lease began in January 2020 and ends December 2022. The lease

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

escalates in price over the three years. During the year ended June 30, 2022, the Foundation recognized \$38,759 in rent expense. During the year ended June 30, 2023, the Foundation will recognize \$20,048 in rent expense through December 31, 2022, when the lease expires. The Foundation also pays \$70 a month in connection with this lease for a parking space.

The Foundation leases storage space on a monthly basis for roughly \$90 per month.

As of June 30, 2021, the Foundation leased office space in the city of Pueblo which began June 2021 and runs through June 2023. The lease escalates in price over the two years. During the year ended June 30, 2022, the Foundation recognized \$6,000 in rent expense. The Foundation will recognize \$6,180 in rent expense for the fiscal year ending June 30, 2023.

I. CONSERVATION EASEMENTS AND OTHER PROTECTED LANDS

The Foundation had protected the following properties through conservation easement, fee title, or deed restriction:

<u>Counties</u>	<u>Number of Properties</u>	<u>Number of Acres</u>
Pueblo	29	56,538
Las Animas	7	34,458
Crowley	12	14,007
Teller	36	14,187
El Paso	38	7,342
Otero	7	4,334
Custer	2	3,078
Park	8	2,777
Huerfano	10	546
Total	<u>149</u> *	<u>137,267</u>

* The Foundation has a deeded interest in 144 properties. Five of these properties span multiple counties.

J. RELATED PARTY TRANSACTION

As of June 30, 2022, and 2021, the Foundation paid \$6,570 and \$54,430, respectively for website design and maintenance to an entity related to the President and CEO. As of June 30, 2022, there is a payable to the related party for \$548. The transaction was determined to be made at arms-length and the

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2022

President/CEO recused herself from the decision to transact with this entity.