Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

PEASE PARK CONSERVANCY

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

30 SEPTEMBER 2023

Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Directors and Management
Pease Park Conservancy

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Pease Park Conservancy (Conservancy), which comprise the statement of financial position as of 30 September 2023, and the related statements of activities, functional expenses, and cash flows for the nine months 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 the Conservancy as of 30 September 2023, and the changes in its net assets and its cash flows for the nine months 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 the Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy's ability 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

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

In performing an audit in accordance with generally accepted 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 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 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.

Montemayor Britton Bender PC

26 April 2024
Austin, Texas

PEASE PARK CONSERVANCY

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2023

ASSETS

CURRENT ASSETS	
Cash	$1,007,776
Pledges receivable	520,375
Prepaid expense	96,180
	1,624,331
LONG-TERM PLEDGES RECEIVABLE	900,512
RESTRICTED CASH	277,425
RIGHT OF USE ASSET - OPERATING LEASE	48,960
FIXED ASSETS	7,190
	$2,858,418

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$27,310
Current portion of operating lease obligation	34,756
Security deposits	2,500
Deferred revenue	31,819
	96,385
OPERATING LEASE OBLIGATION	14,552
	110,937
NET ASSETS	
Without donor restrictions	1,273,313
With donor restrictions	1,474,168
	2,747,481
	$2,858,418

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF ACTIVITIES

NINE MONTHS ENDED 30 SEPTEMBER 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	$565,892	$642,351	$1,208,243
Events	90,800	0	90,800
Facility rental and concesssions	54,948	0	54,948
Contributed goods	15,082	0	15,082
Interest	8,779	0	8,779
Net assets released from restrictions	259,696	(259,696)	0
	995,197	382,655	1,377,852
EXPENSES			
Program	1,279,547	0	1,279,547
Administrative	176,596	0	176,596
Fundraising	182,627	0	182,627
	1,638,770	0	1,638,770
CHANGE IN NET ASSETS	(643,573)	382,655	(260,918)
BEGINNING NET ASSETS	1,916,886	1,091,513	3,008,399
ENDING NET ASSETS	$1,273,313	$1,474,168	$2,747,481

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

NINE MONTHS ENDED 30 SEPTEMBER 2023

	Program	Administrative	Fundraising	Total
Salaries and related	$670,761	$115,722	$134,894	$921,377
Park maintenance and implementation	259,620	0	0	259,620
Park programming	155,292	0	0	155,292
Park capital projects	68,119	0	352	68,471
Professional contractors	14,473	45,829	0	60,302
Insurance	26,707	4,109	10,272	41,088
Office rent	17,193	2,645	6,613	26,451
Events and mailings	13,490	0	9,769	23,259
Depreciation	7,310	1,124	2,811	11,245
Bad debt	893	137	343	1,373
Other	45,689	7,030	17,573	70,292
	$1,279,547	$176,596	$182,627	$1,638,770

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	($260,918)
Depreciation	11,245
Amortization of right to use assets	25,578
Change in prepaid expenses	(74,172)
Change in pledges receivable	(579,113)
Change in operating lease obligation	(25,767)
Change in deferred revenue	24,999
Change in accounts payable	(41,047)
	(919,195)
CASH FLOWS FROM INVESTING ACTIVITY	
Purchases of fixed assets	(4,611)
NET CHANGE IN CASH AND RESTRICTED CASH	(923,806)
BEGINNING CASH AND RESTRICTED CASH	2,209,007
ENDING CASH AND RESTRICTED CASH	$1,285,201

The accompanying notes are an integral part of this financial statement presentation.

NOTE 1: ORGANIZATION

Pease Park Conservancy (Conservancy) was formed in 2008 to save Pease Park from further degradation. The Conservancy collects private funds and organizes volunteer workdays for the park. The organization has joined forces with the City of Austin's Parks and Recreation and Forestry Departments, as well as hundreds of volunteers, school groups, local businesses and neighbors. In October 2014, the Austin City Council approved the Pease Park Vision Plan (Vision Plan). The Vision Plan sets out a comprehensive blueprint to guide the preservation, restoration, and enhancement of the park's recreational, cultural, and environmental features. In June 2021, the Conservancy completed the first phase of the Vision Plan execution with the renovation and restoration of the Kingsbury Commons section of Pease Park. Kingsbury Commons re-opened for the public in July 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions
Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, which includes when the stipulated time has elapsed, when the stipulated purpose for which the restricted resource has been fulfilled, or both.

BASIS OF ACCOUNTING

The Conservancy uses the accrual basis method of accounting. Revenues are recorded when earned, rather than when funds are received. Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Amounts received before being earned are recorded as deferred revenue. Expenses are recorded when incurred regardless of when paid.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

REVENUE

The Conservancy's main sources of revenue are contributions and event revenue. Event revenues are considered donations as they do not have a material exchange element. Pledges that are expected to be collected in future years are recorded at the present value of the expected future cash flows.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related, events and mailings, insurance, office rent, professional contractors, bad debt, depreciation, Park capital projects, and other expenses. Salary allocations are based on estimates of employee use of time and depreciation based on usage. All other allocated expenses are charged based on management's analysis and review of individual accounts.

INCOME TAX

The Conservancy is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), except to the extent it has unrelated business activities. Therefore, no provision has been made for Federal income taxes in the accompanying financial statements. At 30 September 2023, no interest and penalties have been or are required to be accrued.

FIXED ASSETS

The Conservancy's fixed assets are capitalized at cost if purchased, or at estimated fair value if donated. The Conservancy's capitalization policy is to capitalize asset purchases over $400 with an estimated useful life greater than one year. Depreciation expense is computed over the estimated useful life of the asset, typically three years, using the straight-line method of depreciation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSEQUENT EVENTS

The Conservancy has evaluated subsequent events as of the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

Cash at year end exceeded FDIC coverage by $908,956.

Two donors represent 29% of pledges receivable at year end.

NOTE 4: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Unrestricted cash	$1,007,776
Pledge receivables	520,375
Endowment available balance	9,000
Less: Net assets unavailable due to purpose restrictions	(464,168)
	$1,072,983

The Conservancy's donor-designated endowment of $230,249 is subject to an annual distribution rate of 4% of the previous 20 quarter average as described in Note 7.

As part of the Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the Conservancy's operating accounts.

NOTE 5: FIXED ASSETS

Furniture	$38,201
Equipment	14,330
Accumulated depreciation	(45,341)
	$7,190

NOTE 6: CONDITIONAL CONTRIBUTIONS

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at 30 September 2023, contributions of $102,500, have not been recognized in the accompanying financial statements because the condition on which they depend has not yet been met. These contributions depend on the Conservancy putting on the Luminarium events.

NOTE 7: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Conservancy's Permanent Endowment Fund (Permanent Endowment) was set up as a Designated Field of Interest Fund at the Austin Community Foundation, Inc. (ACF) for the benefit of the Conservancy. Distributions of 4%, of the 20 quarter average, of the Permanent Endowment may be made from the Permanent Endowment to support the mission, operations and programs of the Conservancy. ACF has variance power over the Permanent Endowment and, as such, may modify any conditions or restrictions on the distribution of funds if, in its sole judgement, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by ACF. Accordingly, no asset has been recognized on the Conservancy's financial statements for the donor established Permanent Endowment, which was valued at $230,249 at 30 September 2023.

NOTE 8: CONTRIBUTED GOODS

Contributed goods of $15,082 were used during various park events consist of event supplies, gift cards, lighting and furniture use. Contributed nonfinancial assets did not have donor-imposed restrictions and are recorded as revenue at the estimated fair market value at the time of contribution. Estimated fair market value was based on the current costs of comparable goods.

NOTE 9: COMMITMENTS

In August 2023, the Conservancy entered into a contract for the installation of an art sculpture with a total cost of $350,000. The remaining cash payments due on this contract at year end were $292,000.

NOTE 10: RELATED PARTY

During 2023, the Conservancy's board and staff contributed $57,887. At year end, pledges receivable from the Conservancy's board and staff totaled $265,833.

NOTE 11: RESTRICTED NET ASSETS

Balances as of year end:	
Purpose restricted:	
Troll Project	$272,592
Richard Craig Sustainability Fund	107,884
Vision Planning	48,016
Pemberton Heights Fiscal agency	26,856
Kingsbury Commons Project	8,820
	464,168
Purpose and time restrictions for use in 2024 and beyond:	
Fall event	110,000
Richard Craig Sustainability Fund	30,000
Vision Planning	15,000
Spring event	15,000
Kingsbury Commons Project	7,500
	177,500
Time restricted for use in 2025 and beyond	832,500
	$1,474,168

Satisfaction of purpose restrictions during the year:	
Troll project	$65,755
Richard Craig Sustainability Fund	85,220
Vision Planning	55,181
Kingsbury Commons Project	30,303
Pemberton Heights Fiscal agency	9,121
Events	14,116
	$259,696

NOTE 12: FAIR VALUE DISCLOSURES

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term portion of pledges receivable pledged during 2023	$0	$462,500	$0

The fair value of long-term pledges receivable were valued by management based on expected future cash flows discounted at a current market interest rate.

NOTE 13: LEASES

The Conservancy evaluated current contracts to determine which met the criteria of a lease. The right of use (ROU) assets represent the Conservancy's right to use underlying assets for the lease term, and the lease obligation represent the Conservancy's obligation to make lease payments arising from these leases. The ROU asset and lease obligation, all of which arise from an operating lease, was calculated based on the present value of future lease payments over the lease terms. The Conservancy has elected to use the risk-free rate of 1.55% to calculate the lease obligation.

The Conservancy's operating lease consists primarily of a real estate lease for office space located in Austin, Texas. For the nine months ended 30 September 2023, total operating lease cost, was approximately $26,000. As of 30 September 2023, the remaining lease term for the Conservancy's operating lease is approximately 17 months.

Future maturities of lease liabilities are presented in the following table, for the years ending 30 September:

2024	35,520
2025	14,800
	50,320
Less: present value discount	(1,012)
	$49,308

As of 30 September 2023, right of use assets related to operating leases were as follows:

Cost	$108,130
Less: accumulated amortization	(59,170)
	$48,960

NOTE 14: RESTRICTED CASH

Upon completion of the Kingsbury Commons project, the Conservancy formalized a Park Operations and Maintenance Agreement for Pease Park with the City of Austin. The Conservancy has assumed certain upkeep responsibilities within Kingsbury Commons since July 2021. Currently, the term of the agreement would be for twenty-five years with estimated maintenance and operating obligations for fiscal year 2024 of $893,838. As part of this agreement, the Conservancy is required to maintain cash reserves for organizational operating expenses and for park operations and maintenance.

The Conservancy has also entered into a contract for the ongoing maintenance of the water feature at Pease Park. Cash reserves are also required as part of this agreement.

The Conservancy's cash reserve balances at 30 September 2023 are:

Conservancy organizational reserves	$58,871
Water feature reserves	81,000
Park operations and maintenance reserves	137,554
	$277,425

NOTE 15: PLEDGES RECEIVABLE

Due in less than one year	$520,375
Due in one to five years	915,000
Due in more than five years	40,000
	1,475,375
Less: discount to present value at 2.64%	(54,488)
	$1,420,887

NOTE 16: DONATED FACILITY SPACE

An important component of the Conservancy's Park Operations and Maintenance Agreement with the City of Austin is to make amenity space available for free to both city departments and other community groups. For the nine months ended 30 September 2023, the Conservancy leased rental facility space valued at $89,900 for free to the Austin community.

NOTE 17: CHANGE FISCAL YEAR

On 1 January 2023, the Conservancy elected to change is fiscal year from a December 31st year end to a September 30th year end. This change better aligns the timing of fundraising events and activities with program costs.

Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

PEASE PARK CONSERVANCY

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2022

Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Pease Park Conservancy

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Pease Park Conservancy (the Conservancy), which comprise the statement of financial position as of 31 December 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservancy as of 31 December 2022, 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.

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 the Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy's ability 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 are considered material if there is a substantial likelihood that,

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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 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 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.

Montemayor Britton Bender PC

4 August 2023
Austin, Texas

PEASE PARK CONSERVANCY

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

ASSETS

CURRENT ASSETS	
Cash	$1,914,819
Pledges receivable	249,274
Prepaid expense	22,008
	2,186,101
LONG-TERM PLEDGES RECEIVABLE	592,500
RESTRICTED CASH	294,188
RIGHT OF USE ASSET - OPERATING LEASE	74,538
FIXED ASSETS	13,824
	$3,161,151

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$68,357
Current portion of operating lease obligation	34,356
Deferred revenue	9,320
	112,033
OPERATING LEASE OBLIGATION	40,719
	152,752
NET ASSETS	
Without donor restrictions	1,916,886
With donor restrictions	1,091,513
	3,008,399
	$3,161,151

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF ACTIVITIES

YEAR ENDED 31 DECEMBER 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	$416,172	$906,948	$1,323,120
Events	451,900	0	451,900
Employee retention tax credit	158,825	0	158,825
Facility rental income	101,342	0	101,342
Contributed good and services	18,452	0	18,452
Interest	5,749	0	5,749
Net assets released from restrictions	466,191	(466,191)	0
	1,618,631	440,757	2,059,388
EXPENSES			
Program	1,597,754	0	1,597,754
Administrative	196,550	0	196,550
Fundraising	483,446	0	483,446
	2,277,750	0	2,277,750
CHANGE IN NET ASSETS	(659,119)	440,757	(218,362)
BEGINNING NET ASSETS	2,576,005	650,756	3,226,761
ENDING NET ASSETS	$1,916,886	$1,091,513	$3,008,399

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED 31 DECEMBER 2022

	Program	Administrative	Fundraising	Total
Salaries and related	$797,094	$146,429	$237,583	$1,181,106
Park maintenance and implementation	258,436	0	0	258,436
Events and mailings	36,665	0	179,009	215,674
Park programming	169,851	0	0	169,851
Park capital projects	154,842	0	136	154,978
Board expenses	37,129	5,712	14,280	57,121
Insurance	23,991	3,691	9,228	36,910
Office rent	22,924	3,527	8,817	35,268
Professional contractors	7,400	23,435	0	30,835
Bad debt	10,520	1,619	4,047	16,186
Depreciation	10,383	1,597	3,993	15,973
Other	68,519	10,540	26,353	105,412
	$1,597,754	$196,550	$483,446	$2,277,750

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	($218,362)
Depreciation	15,973
Amortization of right to use assets	33,592
Change in prepaid expenses	(3,959)
Change in pledges receivable	(493,336)
Change in local government awards receivable	21,672
Change in operating lease obligation	(33,055)
Change in deferred revenue	9,320
Change in accounts payable	(4,431)
NET CHANGE IN CASH AND RESTRICTED CASH	(672,586)
BEGINNING CASH AND RESTRICTED CASH	2,881,593
ENDING CASH AND RESTRICTED CASH	$2,209,007

NOTE 1: ORGANIZATION

Pease Park Conservancy (Conservancy) was formed in 2008 to save Pease Park from further degradation. The Conservancy collects private funds and organizes volunteer workdays for the park. The organization has joined forces with the City of Austin's Parks and Recreation and Forestry Departments, as well as hundreds of volunteers, school groups, local businesses and neighbors. In October 2014, the Austin City Council approved the Pease Park Vision Plan (Vision Plan). The Vision Plan sets out a comprehensive blueprint to guide the preservation, restoration, and enhancement of the park's recreational, cultural, and environmental features. In June 2021, the Conservancy completed the first phase of the Vision Plan execution with the renovation and restoration of the Kingsbury Commons section of Pease Park. Kingsbury Commons re-opened for the public in July 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

<u>Net Assets Without Donor Restriction</u>
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BASIS OF ACCOUNTING

The Conservancy uses the accrual basis method of accounting. Revenues are recorded when earned, rather than when received. Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Amounts received before being earned are recorded as deferred revenue. Expenses are recorded when incurred regardless of when paid.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

REVENUE

The Conservancy's main sources of revenue are contributions and event revenue. Event revenues are considered donations as they do not have a material exchange element. Pledges that are expected to be collected in future years are recorded at the present value of the expected future cash flows.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related, events and mailings, board expenses, insurance, office rent, professional contractors, bad debt, depreciation, Park capital projects, and other expenses. Salary allocations are based on estimates of employee use of time and depreciation based on usage. All other allocated expenses are charged based on management's analysis and review of individual accounts.

INCOME TAX

The Conservancy is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), except to the extent it has unrelated business activities. Therefore, no provision has been made for Federal income taxes in the accompanying financial statements. At 31 December 2022, no interest and penalties have been or are required to be accrued.

FIXED ASSETS

The Conservancy's fixed assets are capitalized at cost if purchased, or at estimated fair value if donated. The Conservancy's capitalization policy is to capitalize asset purchases over $400 with an estimated useful life greater than one year. Depreciation expense is computed over the estimated useful life of the asset, typically three years, using the straight-line method of depreciation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSEQUENT EVENTS

The Conservancy has evaluated subsequent events as of the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

Cash at year end exceeded FDIC coverage by $1,712,915.

One donor represents 12% of pledges receivable at year end.

The Conservancy's 2022 Fall fundraiser generated 16% of total income.

NOTE 4: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Unrestricted cash	$1,914,819
Pledge receivables	249,274
Endowment available balance	9,000
Less: net assets with purpose restrictions	(359,847)
	$1,813,246

The Conservancy's donor-designated endowment of $219,482 is subject to an annual distribution rate of 4% of the previous 20 quarter average as described in Note 5.

As part of the Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the Conservancy's operating accounts.

NOTE 5: FIXED ASSETS

Furniture	$38,201
Equipment	9,718
Accumulated depreciation	(34,095)
	$13,824

NOTE 6: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Conservancy's Permanent Endowment Fund (Permanent Endowment) was set up as a Designated Field of Interest Fund at the Austin Community Foundation, Inc. (ACF) for the benefit of the Conservancy. Distributions of 4%, of the 20 quarter average, of the Permanent Endowment may be made from the Permanent Endowment to support the mission, operations and programs of the Conservancy. ACF has variance power over the Permanent Endowment and, as such, may modify any conditions or restrictions on the distribution of funds if, in its sole judgement, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by ACF. Accordingly, no asset has been recognized on the Conservancy's financial statements for the donor established Permanent Endowment, which was valued at $219,482 at 31 December 2022.

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES

In 2022, the Conservancy adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements for contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Effective 1 January 2022, the Conservancy additionally adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Conservancy elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, 1 January 2022, in lieu of applying the standard retrospectively to 1 January 2021. As of 1 January 2022, the Conservancy recorded a right of use asset and operating lease obligation in the amount of $108,130 on its balance sheet.

NOTE 8: RESTRICTED NET ASSETS

Balances as of year end:	
Purpose restricted:	
Richard Craig Sustainability Fund	$145,827
Vision Planning	86,946
Pemberton Heights Fiscal agency	28,836
Kingsbury Commons Project	7,481
	269,090
Purpose and time restrictions for use in 2023 and beyond:	
Fall event	120,365
Richard Craig Sustainability Fund	38,750
Kingsbury Commons Project	31,642
Vision Planning	18,750
Spring event	18,750
	228,257
Time restricted for use in 2023 and beyond	594,166
	$1,091,513

Satisfaction of purpose restrictions during the year:	
Kingsbury Commons Project	$108,628
Richard Craig Sustainability Fund	92,390
Vision Planning	78,804
Fall event	20,385
Pemberton Heights Fiscal agency	17,675
Invasive species removal and tree support	6,318
	324,200
Time restricted for use in 2022	141,991
	$466,191

NOTE 9: FAIR VALUE DISCLOSURES

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term portion of pledges receivable pledged during 2022	$0	$520,000	$0

The fair value of long-term pledges receivable were valued by management based on expected future cash flows discounted at a current market interest rate.

NOTE 10: LEASES

The Conservancy evaluated current contracts to determine which met the criteria of a lease. The right of use (ROU) assets represent the Conservancy's right to use underlying assets for the lease term, and the lease obligation represent the Conservancy's obligation to make lease payments arising from these leases. The ROU asset and lease obligation, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Conservancy has elected to use the risk-free rate of 1.55% to calculate the lease obligation.

The Conservancy's operating leases consist primarily of real estate leases for office space located in Austin, Texas. For the year ended 31 December 2022, total operating lease cost, was approximately $35,268. As of 31 December 2022, the remaining lease term for the Conservancy's operating lease is approximately 26 months.

Future maturities of lease liabilities are presented in the following table, for the years ending 31 December:

2023	$35,520
2024	35,520
2025	5,920
	76,960
Less: present value discount	(1,885)
	$75,075

As of 2022 year-end, right of use assets related to operating leases were as follows:

Cost	$108,130
Less: accumulated amortization	(33,592)
	$74,538

NOTE 11: CONTRIBUTED GOOD AND SERVICES

Contributed services benefitting the park amounted to $9,000 which pertained to graphic art design and parking lot re-striping. Contributed goods of $9,452 were used during various park events consist of event supplies, gift cards, and trees. Contributed nonfinancial assets did not have donor-imposed restrictions and are recorded as revenue at the estimated fair market value at the time of contribution. Estimated fair market value was based on the current costs of comparable goods and services.

NOTE 12: RELATED PARTY

During 2022, the Conservancy's board and staff contributed $78,845. At year end, pledges receivable from the Conservancy's board and staff totaled $315,000.

NOTE 13: COMMITMENTS

In September 2022, the Conservancy entered into a campaign fundraising agreement for Vision Planning with a total cost of $56,000. The remaining cash payments due on this contract at year end was $42,000.

NOTE 14: RESTRICTED CASH

Upon completion of the Kingsbury Commons project, the Conservancy began formalizing a Park Operations and Maintenance Agreement for Pease Park with the City of Austin. Although the contract has not yet been executed, the Conservancy has assumed certain upkeep responsibilities within Kingsbury Commons since July 2021. Currently, the term of the agreement would be for twenty-five years with estimated maintenance and operating obligations for 2023 of $584,349. As part of this agreement, the Conservancy is required to maintain cash reserves for organizational operating expenses and for park operations and maintenance.

The Conservancy has also entered into a contract for the ongoing maintenance of the water feature at Pease Park. Cash reserves are also required as part of this agreement.

The Conservancy's cash reserve balances at year end are:

Conservancy organizational reserves	$110,536
Water feature reserves	103,656
Park operations and maintenance reserves	79,996
	$294,188

NOTE 15: PLEDGES RECEIVABLE

Due in less than one year	$249,274
Due in one to five years	552,500
Due in more than five years	40,000
	$841,774

NOTE 16: DONATED FACILITY SPACE

An important component of the Conservancy's Park Operations and Maintenance Agreement with the City of Austin is to make amenity space available for free to both city departments and other community groups. In 2022, the Conservancy leased rental facility space valued at $74,300 for free to the Austin community.

NOTE 17: SUBSEQUENT EVENT

In early 2023, the Conservancy signed the Park Operations and Maintenance Agreement for Pease Park with the City of Austin. The Conservancy's cash reserve balances were adjusted to:

Park operations and maintenance reserves	$137,554
Water feature reserves	81,000
Conservancy organizational reserves	58,871
	$277,425

Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

PEASE PARK CONSERVANCY

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2021

Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Pease Park Conservancy

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Pease Park Conservancy (the Conservancy), which comprise the statement of financial position as of 31 December 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservancy as of 31 December 2021, 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.

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 the Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy's ability 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 are considered material if there is a substantial likelihood that,

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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 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 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.

Montemayor Britton Bender PC

9 June 2022
Austin, Texas

PEASE PARK CONSERVANCY

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

ASSETS

CURRENT ASSETS	
Cash	$2,738,293
Pledges receivable	236,131
Local government awards receivable	21,672
Prepaid expenses and other assets	18,048
	3,014,144
LONG-TERM PLEDGES RECEIVABLE	112,308
RESTRICTED CASH	143,300
FIXED ASSETS	29,797
	$3,299,549

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$72,788
Net Assets	
Without donor restrictions	2,576,005
With donor restrictions	650,756
	3,226,761
	$3,299,549

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF ACTIVITIES

YEAR ENDED 31 DECEMBER 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	$148,672	$566,505	$715,177
Events	349,026	0	349,026
Local government awards	203,792	0	203,792
Paycheck Protection Program loan forgiveness	149,862	0	149,862
Facility rental	36,671	0	36,671
Interest	9,013	0	9,013
Net assets released from restrictions	5,537,914	(5,537,914)	0
	6,434,950	(4,971,409)	1,463,541
EXPENSES			
Program	4,004,017	0	4,004,017
Administrative	209,668	0	209,668
Fundraising	489,097	0	489,097
	4,702,782	0	4,702,782
CHANGE IN NET ASSETS	1,732,168	(4,971,409)	(3,239,241)
BEGINNING NET ASSETS	843,837	5,622,165	6,466,002
ENDING NET ASSETS	$2,576,005	$650,756	$3,226,761

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED 31 DECEMBER 2021

	Program	Administrative	Fundraising	Total
Park capital projects	$3,431,327	$0	$47,690	$3,479,017
Salaries and related	302,942	167,595	250,745	721,282
Events and mailings	0	0	139,734	139,734
Park maintenance and implementation	102,306	0	0	102,306
Park programming	45,745	0	0	45,745
Office rent	20,010	3,078	7,696	30,784
Professional fees	0	23,350	4,121	27,471
Bad debts	14,592	2,245	5,613	22,450
Depreciation	10,383	1,597	3,993	15,973
Other	76,712	11,803	29,505	118,020
	$4,004,017	$209,668	$489,097	$4,702,782

The accompanying notes are an integral part of this financial statement presentation.

PEASE PARK CONSERVANCY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	($3,239,241)
Depreciation	15,973
Paycheck Protection Program loan forgiveness	(149,862)
Change in prepaid expenses and other assets	(14,706)
Change in pledges receivable	749,418
Change in local government awards receivable	(21,672)
Change in accounts payable	(781,309)
	(3,441,399)
CASH FLOWS FROM INVESTING ACTIVITIES	
Fixed asset purchases	(41,471)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	82,762
NET CHANGE IN CASH AND RESTRICTED CASH	(3,400,108)
BEGINNING CASH AND RESTRICTED CASH	6,281,701
ENDING CASH AND RESTRICTED CASH	$2,881,593

The accompanying notes are an integral part of this financial statement presentation.

NOTE 1: ORGANIZATION

Pease Park Conservancy (The Conservancy) was formed in 2008 to save Pease Park from further degradation. The Conservancy collects private funds and organizes volunteer workdays for the park. The organization has joined forces with the City of Austin's Parks and Recreation and Forestry Departments, as well as hundreds of volunteers, school groups, local businesses and neighbors. In October 2014, the Austin City Council approved the Pease Park Vision Plan. The Plan sets out a comprehensive blueprint to guide the preservation, restoration, and enhancement of the park's recreational, cultural, and environmental features. In June 2021, the Conservancy completed the first phase of the Vision Plan execution with the renovation and restoration of the Kingsbury Commons section of Pease Park. Kingsbury Commons re-opened for the public in July 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

<u>Net Assets Without Donor Restriction</u>
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

<u>Net Assets With Donor Restrictions</u>
Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, which includes when the stipulated time has elapsed, when the stipulated purpose for which the restricted resource has been fulfilled, or both.

BASIS OF ACCOUNTING

The Conservancy uses the accrual basis method of accounting. Revenues are recorded when earned, rather than when received. Contributions are recognized when the donor makes a promise to give to The Conservancy that is, in substance, unconditional. Amounts received before being earned are recorded as deferred revenue. Expenses are recorded when incurred regardless of when paid.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

REVENUE

The Conservancy's main sources of revenue are contributions and event revenue. Pledges that are expected to be collected in future years are recorded at the present value of the expected future cash flows.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include park capital projects, salaries and related, professional fees, office rent, bad debts, depreciation, and other expenses. Salary allocations are based on estimates of employee use of time and depreciation based on usage. All other allocated expenses are charged based on management's analysis and review of individual accounts.

INCOME TAX

The Conservancy is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), except to the extent it has unrelated business activities. Therefore, no provision has been made for Federal income taxes in the accompanying financial statements. At 31 December 2021, no interest and penalties have been or are required to be accrued.

FIXED ASSETS

The Conservancy's fixed assets are capitalized at cost if purchased, or at estimated fair value if donated. The Conservancy's capitalization policy is to capitalize asset purchases over $400 with an estimated useful life greater than one year. Depreciation expense is computed over the estimated useful life of the asset, typically three years, using the straight-line method of depreciation.

SUBSEQUENT EVENTS

The Conservancy has evaluated subsequent events as of the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: PLEDGES AND LOCAL GOVERNMENT AWARDS RECEIVABLE

Due within one year	$257,803
Due in one to five years	112,308
	$370,111

NOTE 4: RESTRICTED NET ASSETS

Balances as of year end:	
Purpose restricted:	
Richard Craig Sustainability Fund	$138,123
Kingsbury Commons Project	100,000
Pemberton Heights Fiscal agency	37,977
MLK Gateway	23,500
Invasive plant species removal	2,718
	302,318
Purpose and time restricted:	
MLK Gateway use in 2022	30,500
Time restricted for use in 2022 through 2026	317,938
	$650,756

Satisfaction of purpose restrictions during the year:	
Kingsbury Commons Project	$5,488,108
Support physical activity	30,000
Pemberton Heights Fiscal agency	11,862
Volunteer activities	5,991
Invasive plant species removal	1,674
Richard Craig Sustainability Fund	279
	$5,537,914

NOTE 5: CONCENTRATIONS

Cash at year end exceeded FDIC coverage by $2,292,206.

One donor represents 20% of pledges receivable at year end. One entity represents 14% of total revenue.

The Conservancy's 2021 Fall fundraiser generated 17% of total income.

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Unrestricted cash	$2,738,293
Pledge receivables	236,131
Local government awards receivable	21,672
Less: net assets with purpose restrictions	(332,818)
	$2,663,278

The Conservancy's donor-designated endowment of $285,555 is subject to an annual distribution rate of 4% of the previous 20 quarter average as described in Note 7. The endowment's available spendable balance was $25,900 as of year end.

As part of The Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from The Conservancy's operating accounts.

NOTE 7: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Conservancy's Permanent Endowment Fund (Permanent Endowment) was set up as a Designated Field of Interest Fund at the Austin Community Foundation, Inc. (ACF) for the benefit of The Conservancy. Distributions of 4%, of the 20 quarter average, of the Permanent Endowment may be made from the Permanent Endowment to support the mission, operations and programs of The Conservancy. ACF has variance power over the Permanent Endowment and, as such, may modify any conditions or restrictions on the distribution of funds if, in its sole judgement, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by ACF. Accordingly, no asset has been recognized on The Conservancy's financial statements for the donor established Permanent Endowment, which was valued at $285,555 at 31 December 2021.

NOTE 8: FIXED ASSETS

Furniture	$38,201
Equipment	9,718
Accumulated depreciation	(18,122)
	$29,797

NOTE 9: PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

The Conservancy received two loans from the Small Business Administration (SBA) in 2020 and 2021, in the amounts of $67,100 and $82,762, as part of the *Coronavirus Aid, Relief, and Economic Security Act's* Paycheck Protection Program (PPP). The loans accrued interest at one percent per annum. Under the terms of the loans, a portion or all of the loans would be forgivable to the extent that the loan proceeds were used to fund qualifying payroll, rent, and utilities during a designated period established by the SBA. The notes were set to mature in April 2022 and January 2023. Both notes were fully forgiven by the SBA in January 2021.

NOTE 10: FAIR VALUE DISCLOSURES

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term portion of pledges receivable received during 2021	$0	$100,000	$0

The fair value of long-term pledges receivable were valued by management based on expected future cash flows discounted at a current market interest rate.

NOTE 11: LEASES

The Conservancy leases office space under an operating lease which will expire in February 2025. Total office rent expense for the year ended 31 December 2021 amounted to $30,784. Future minimum lease payments under the lease are:

2022	$34,731
2023	35,520
2024	35,520
2025	5,920
	$111,691

NOTE 12: RELATED PARTY TRANSACTIONS

During 2021, the Conservancy's board and staff contributed $65,972. At year end, pledges receivable from the Conservancy's board and staff totaled $32,143.

NOTE 13: COMMITMENTS

In October 2021, the Conservancy entered into a landscape architectural design agreement with a total commitment of $62,040 as of year end.

In December 2021, the Conservancy entered into a consulting services agreement with a total cost of $48,875. The remaining commitment on this contract at year end was $38,875.

NOTE 14: RESTRICTED CASH

Upon completion of the Kingsbury Commons project, the Conservancy began formalizing a Park Operations and Maintenance Agreement for Pease Park with the City of Austin. Although the contact has not yet been formalized, the Conservancy has assumed certain upkeep responsibilities within Kingsbury Commons since July 2021. Currently, the term of the agreement would be for twenty-five years with estimated maintenance and operating obligations for 2022 of $653,000. As part of this agreement, the Conservancy is required to maintain cash reserves for organizational operating expenses and for park operations and maintenance.

The Conservancy has also entered into a contract for the ongoing maintenance of the water feature at Pease Park. Cash reserves are also required as part of this agreement.

The Conservancy's cash reserve balances at year end are:

Water feature reserves	$48,300
Conservancy organizational reserves	55,000
Park operations and maintenance reserves	40,000
	$143,300