

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

Financial Statements

For the Year Ended June 30, 2025



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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, 2025, 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, 2025, 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.

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 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.

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.

Summarized Comparative Information

We have previously audited the William J. Palmer Parks Foundation, Inc., d/b/a Palmer Land Conservancy's financial statements for the year ended June 30, 2024, and our report dated November 5, 2024, 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
November 15, 2025

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY
Statement of Financial Position
June 30, 2025
(With Comparative Amounts for 2024)

<u>ASSETS</u>		
	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,926,257	\$ 3,803,441
Accounts receivable, net	42,128	7,708
Grants/pledges receivable	105,202	59,338
Prepaid expenses	<u>42,803</u>	<u>35,026</u>
Total current assets	3,116,390	3,905,513
INVESTMENTS	5,738,253	5,235,232
PROPERTY & EQUIPMENT, at cost:		
Land	389,983	389,983
Farm & improvements	2,523,181	
Vehicle	23,500	23,500
Office equipment & furniture	45,319	45,319
Less: accumulated depreciation	<u>(38,385)</u>	<u>(30,063)</u>
Property and equipment - net	2,943,598	428,739
RIGHT-OF-USE ASSET - NONCURRENT	<u>375,076</u>	<u>434,119</u>
TOTAL ASSETS	<u>\$ 12,173,317</u>	<u>\$ 10,003,603</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 46,046	\$ 115,585
Accrued liabilities	217,538	116,045
Deferred revenue	1,074,489	2,058,011
Lease liability - current	<u>55,703</u>	<u>51,909</u>
Total current liabilities	1,393,776	2,341,550
NOTE PAYABLE	2,500,000	
OTHER NONCURRENT LIABILITIES	10,000	
LEASE LIABILITY - NONCURRENT	<u>326,508</u>	<u>382,210</u>
Total liabilities	4,230,284	2,723,760
NET ASSETS:		
Net assets without donor restrictions	1,520,894	517,607
Net assets without donor restrictions - Board designated	6,128,236	5,625,215
Net assets with donor restrictions	<u>293,903</u>	<u>1,137,021</u>
Total net assets	<u>7,943,033</u>	<u>7,279,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,173,317</u>	<u>\$ 10,003,603</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, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
REVENUE:				
Contributions & bequests	\$ 435,755	\$ 637,475	\$ 1,073,230	\$ 1,635,378
Program contributions	144,224	885,000	1,029,224	394,759
Grants	407,240	484,132	891,372	443,450
Investment income net of fees of \$35,451 and \$32,292	721,830	32,284	754,114	668,963
Nonfinancial in-kind contributions	141,158		141,158	116,736
Lease income	46,618		46,618	
Event income	38,513		38,513	48,625
Miscellaneous income	17,071		17,071	16,036
Satisfied program restrictions	<u>2,882,009</u>	<u>(2,882,009)</u>	<u> </u>	<u> </u>
Total revenue	4,834,418	(843,118)	3,991,300	3,323,947
EXPENSES:				
Program services:				
Land preservation	1,880,894		1,880,894	1,085,007
Outreach & education	544,585		544,585	701,828
Stewardship	<u>342,303</u>		<u>342,303</u>	<u>334,304</u>
Total program services	2,767,782		2,767,782	2,121,139
Supporting services:				
General & administrative	452,381		452,381	286,057
Fund development	<u>107,947</u>		<u>107,947</u>	<u>83,231</u>
Total supporting services	<u>560,328</u>		<u>560,328</u>	<u>369,288</u>
Total expenses	<u>3,328,110</u>		<u>3,328,110</u>	<u>2,490,427</u>
CHANGE IN NET ASSETS	1,506,308	(843,118)	663,190	833,520
NET ASSETS, beginning of year	<u>6,142,822</u>	<u>1,137,021</u>	<u>7,279,843</u>	<u>6,446,323</u>
NET ASSETS, end of year	<u>\$ 7,649,130</u>	<u>\$ 293,903</u>	<u>\$ 7,943,033</u>	<u>\$ 7,279,843</u>

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, 2025
(With Comparative Totals for 2024)

	<u>Land Preservation</u>	<u>Stewardship</u>	<u>Outreach & Education</u>	<u>Total Program Services</u>	<u>General & Administrative</u>	<u>Fund Development</u>	<u>Total Support Expenses</u>	<u>Total Expenses 2025</u>	<u>Total Expenses 2024</u>
Salaries, benefits & taxes	\$ 617,292	\$ 234,905	\$ 311,684	\$ 1,163,881	\$ 361,734	\$ 68,993	\$ 430,727	\$ 1,594,608	\$ 1,119,173
Acquisition projects accounts	873,934			873,934				873,934	296,650
Professional fees	125,558	9,107	55,651	190,316	12,407	352	12,759	203,075	382,146
In-kind expenses	74,491	18,417	19,537	112,445	15,937	8,070	24,007	136,452	152,426
Rent & office cleaning	33,941	10,497	18,996	63,434	23,345	3,071	26,416	89,850	57,599
Other land program costs	83,483	1,100	284	84,867				84,867	42,617
Professional development	17,633	7,866	19,631	45,130	8,354	1,637	9,991	55,121	33,019
Dues & subscriptions	10,920	4,076	23,816	38,812	6,063	1,149	7,212	46,024	41,567
Events	6,380		31,370	37,750		4,736	4,736	42,486	72,337
Asset management fees		35,451		35,451				35,451	32,292
Land stewardship		31,137		31,137				31,137	26,281
Printing & reproduction	3,574	29	20,471	24,074	1,658	5,270	6,928	31,002	36,958
Insurance	8,405	11,641	4,433	24,479	4,789	963	5,752	30,231	30,012
Website/internet services	5,166	4,933	5,390	15,489		5,025	5,025	20,514	23,560
Postage & delivery	452	308	8,996	9,756	265	2,973	3,238	12,994	10,337
IT & related accessories	647	95	8,149	8,891	122	23	145	9,036	12,821
Depreciation	3,220	1,223	1,631	6,074	1,889	358	2,247	8,321	1,336
Office supplies	2,234	697	2,792	5,723	994	188	1,182	6,905	10,506
Media/advertising	2,699		4,164	6,863				6,863	99,505
Auto expenses	2,520	956	1,276	4,752	1,478	281	1,759	6,511	6,879
Membership development	573	573	1,146	2,292		3,438	3,438	5,730	3,713
Credit cards/bank fees	543		21	564	4,183		4,183	4,747	5,585
Bad debts					4,500		4,500	4,500	
Licenses & permits	2,229	2,082		4,311				4,311	2,149
Travel & meetings	145		324	469	3,415		3,415	3,884	4,080
Member communication	383	383	2,300	3,066		767	767	3,833	2,854
Courtesy cards & flowers	758	561	1,390	2,709	515	515	1,030	3,739	4,172
Miscellaneous	2,353	163		2,516				2,516	
Service charges	922	350	467	1,739	541	102	643	2,382	4,925
Off-site storage		1,080		1,080				1,080	1,905
Employment expenses	262	99	407	768	153	29	182	950	1,029
Telephone	177	25	259	461	39	7	46	507	4,286
	<u>1,880,894</u>	<u>377,754</u>	<u>544,585</u>	<u>2,803,233</u>	<u>452,381</u>	<u>107,947</u>	<u>560,328</u>	<u>3,363,561</u>	<u>2,522,719</u>
Less: asset management fees		<u>(35,451)</u>		<u>(35,451)</u>				<u>(35,451)</u>	<u>(32,292)</u>
Total expenses as reported on the statement of activities	<u>\$ 1,880,894</u>	<u>\$ 342,303</u>	<u>\$ 544,585</u>	<u>\$ 2,767,782</u>	<u>\$ 452,381</u>	<u>\$ 107,947</u>	<u>\$ 560,328</u>	<u>\$ 3,328,110</u>	<u>\$ 2,490,427</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, 2025

(With Comparative Amounts for 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 663,190	\$ 833,520
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,321	1,336
Realized and unrealized (gains) losses on securities	(514,972)	(431,100)
(Increase) decrease in operating assets:		
Accounts receivable, net	(31,569)	21,586
Grants/pledges receivable	(48,715)	146,824
Prepaid expenses	(7,777)	76,663
Right-of-use asset	59,043	(434,119)
Increase (decrease) in operating liabilities:		
Accounts payable	(69,539)	48,196
Accrued liabilities	101,493	471
Deferred revenue	(983,522)	570,471
Other noncurrent liabilities	(10,000)	
Lease liability	(51,908)	434,119
Total adjustments	<u>(1,549,145)</u>	<u>434,447</u>
Net cash provided (used) by operating activities	(885,955)	1,267,967
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of farm and improvements	(2,523,181)	
Gross purchases of investments	(5,268,591)	(2,626,214)
Gross proceeds from sale of investments	<u>5,300,543</u>	<u>2,598,762</u>
Net cash used by investing activities	(2,491,229)	(27,452)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal amounts from notes payable	<u>2,500,000</u>	
Net cash provided by financing activities	<u>2,500,000</u>	
NET INCREASE (DECREASE) IN CASH	(877,184)	1,240,515
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,803,441</u>	<u>2,562,926</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,926,257</u>	<u>\$ 3,803,441</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, 2025

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 most recently 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.

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 certificates 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, 2025 and 2024. However, it had accrued \$44,336 of interest related to notes payable as of June 30, 2025.

Accounts and Grants/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. The Foundation does not recognize intentions to give as legally enforceable pledges and future intentions are not included in pledges receivable. Based on management's assessment of its history with contributors having outstanding balances and current relationships with them, it has recorded an allowance for doubtful accounts of \$4,500 and \$0 as of June 30, 2025 and 2024, respectively.

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 furniture and equipment using the straight-line method over an estimated life of five to ten years. Depreciation for farm improvements is recorded using the straight-line method over an estimated life of 15 years.

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.

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 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.

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 Foundation measures the services received at the market rates shared by the firms providing those services. The amounts reflected in the accompanying financial statements as nonfinancial in-kind contributions are offset by like amounts included in expenses (See Note D).

Contributions of financial noncash amounts are included with cash contributions in the accompanying financial statements. The Foundation immediately liquidates (i.e. converts to cash) contributions of financial assets, such as contributions of marketable securities.

The Foundation's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or other method depending on the type of asset.

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.

Leases

The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement

are changed (Note I). Leases with an initial term of 12 months or less are not recorded on the statement of financial position; also, smaller leases with less than material impact to the statement of financial position, both individually and in aggregate, as determined by Management, are not recorded as assets and liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The lease discount rates are determined using the implicit rate within the lease noted from the escalation of lease payments. If that rate is unknown, the Foundation uses the risk-free rate (based on United States Treasury Bills), according to its elected policy, based on the information available at the commencement date in determining the present value of the lease payments.

The Foundation maintains accounting policies and disclosures of leases for which it represents the lessor in accordance with ASC 842 (Note I).

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, 2024, from which the summarized information was derived.

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

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
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June 30, 2025

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, 2025 and 2024, the following financial assets could be available within one year of the balance sheet date to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$2,926,257	\$3,803,441
Accounts receivable	43,777	7,708
Grants/pledges receivable	<u>108,053</u>	<u>59,338</u>
Total financial assets	3,078,087	3,870,487
Less:		
Donor restricted net assets	<u>(1,465,956)</u>	<u>(1,137,021)</u>
Amount available for general expenditures	<u>\$1,612,131</u>	<u>\$2,733,466</u>

The Foundation also has investments of \$5,738,253 and \$5,235,232 as of June 30, 2025 and 2024, respectively. Of these amounts, the Board has designated \$5,738,253 and \$5,235,232 for certain purposes (Note E), as of June 30, 2025 and 2024, 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:

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Notes to Financial Statements
June 30, 2025

- 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.
- 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, 2025 and 2024:

Assets at Fair Value as of June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level3</u>	<u>Total</u>
Equity funds	\$ 3,700,281	\$	\$	\$ 3,700,281
Fixed income & preferred funds	1,176,670			1,176,670
Government securities	758,612			758,612
Money market funds	<u>102,690</u>			<u>102,690</u>
	<u>\$ 5,738,253</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,738,253</u>

Assets at Fair Value as of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level3</u>	<u>Total</u>
Equity funds	\$ 3,400,791	\$	\$	\$ 3,400,791
Fixed income & preferred funds	1,079,038			1,079,038
Government securities	689,807			689,807
Money market funds	<u>65,596</u>			<u>65,596</u>
	<u>\$ 5,235,232</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,235,232</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. 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. DONATED GOODS AND SERVICES

The Foundation received in-kind sponsorships and donations of nonfinancial assets from various supporters. Donated goods and services consisted of the following goods and services recorded in the Statement of Activities for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Office space	\$ 67,185	\$ 40,291
Professional services	55,164	31,465
Other	18,559	426
Promotion and public relations	250	36,419
Information technology services	_____	7,020
Total	<u>\$ 141,158</u>	<u>\$ 115,621</u>

E. NET ASSETS WITHOUT DONOR RESTRICTIONS: BOARD DESIGNATED

At June 30, 2025, the Board of Directors had designated \$5,249,427 of its unrestricted net assets as a reserve for stewardship (Note G) and \$488,826 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.

F. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions consist of the following at June 30, 2025 and 2024:

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2025

	<u>2025</u>	<u>2024</u>
Bessemer	\$ 250,000	\$ 456,760
SOAR	25,000	25,000
Ring the Peak	14,738	
PIFP Fellows	3,873	4,552
Foothills and Prairies Program	292	
Capacity and Community Impact Campaign		604,709
Pueblo CEM		15,000
Las Animas Consolidated Canal		15,000
Land Trust Alliance Organizational Assessment		10,000
Soil Health Stewards Program		6,000
Total	<u>\$ 293,903</u>	<u>\$ 1,137,021</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2025 and 2024, net assets were released from restrictions by satisfying the following purposes:

	<u>2025</u>	<u>2024</u>
Southeast Focus Landscape Fund	\$ 1,248,000	\$ 367,099
Capacity and Community Impact Campaign	628,490	426,845
Bessemer	508,478	377,383
Sentinel Landscape	152,512	
GOCO Pathways	111,384	
CWCB Community Impact	76,318	
Ring the Peak	35,965	
Keep it Colorado	25,525	
Avenger Open Space	25,000	46,650
Las Animas Consolidated Canal	15,000	15,000
Pueblo Community Engagement	15,000	
Western Innovation Grant	10,000	
Soil Health Stewardship	10,000	
PIFP Fellows	8,129	7,181
SOAR	5,000	5,000
Gold Finch Lode	5,000	
Foothills and Prairies	2,208	
Stewardship Fund		184,807
LTA Organizational Development		10,000
Total	<u>\$ 2,882,009</u>	<u>\$ 1,439,965</u>

G. 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	<u>\$ 5,249,427</u>
Total Stewardship Fund	<u>\$ 5,249,427</u>

H. 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 matched 100% of the voluntary contributions of its employees up to 3% of the employee's compensation for the calendar year. As of January 1, 2024, the Foundation switched its retirement benefit plan to a 403(b) plan, offering up to a 5% employer match on eligible employee contributions. During the years ended June 30, 2025 and 2024, the Foundation matched \$62,244 and \$35,403, respectively, in retirement contributions.

I. LEASING ACTIVITIES

Lessee Leases

As of June 30, 2021, the Foundation leased office space in the city of Pueblo which began June 2021 and runs through June 2023. This lease was renewed as of July 1, 2024, through June 30, 2025. Also, in October 2022, the Foundation entered into additional office space lease in Salida, Colorado on a month-to-month basis, which was terminated in April 2025. The original lease was \$450 a month. This lease was modified with a location change and the monthly charge increased to \$500 in December 2022 and \$530 in May 2024 (less \$30 per month in-kind). The Foundation also leases storage space on a monthly basis for roughly \$90 per month. Due to the short-term nature of these leases the Foundation has not included them in the calculation of its right-of-use assets and lease liabilities.

The Foundation leases water rights associated with 626.6 shares of Bessemer Irrigating Ditch Company stock under two agreements with Pueblo Water. These leases were originally executed in 2009 and assigned to the Foundation in February 2025. The stated contractual terms extend through November 15, 2029, with a subsequent lease agreement effective January 1, 2030, through

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November 15, 2039. However, the agreements allow the Foundation to terminate annually, without penalty, by providing notice by October 31, effective January 1 of the following year. Management has elected the short-term lease exemption under ASC 842 for these water leases because the Foundation is not reasonably certain to renew beyond the current year. This conclusion is based on management's stated intent to hold the related property for the shortest possible time and an active plan to sell the underlying farmland property and assign the related water leases to achieve its program mission purposes relating to this land. Accordingly, no right-of-use assets or lease liabilities have been recognized for these water leases. The Foundation recorded expense of \$19,198 in Other Program Costs on the Statement of Functional Expenses for the year ended June 30, 2025. Lease payments are estimated to total \$37,596 for the year ended June 30, 2026, will be expensed as incurred. Actual payments may vary annually because they are based on assessments determined by the Bessemer Irrigating Ditch Company.

During the year ended June 30, 2025, the Foundation leased office space in Colorado Springs, Pueblo, and Salida. In September 2023, the Foundation signed a new seven-year lease agreement for new office space in Colorado Springs with escalating monthly base lease payments as follows: \$5,351 in year one, \$5,530 in year two, \$5,708 in year three, \$5,886 in year four, \$6,065 in year five, \$6,243 in year six, and \$6,422 in year seven. The Foundation is also responsible for its fractional share of non-lease component charges defined in the lease and for approximately \$640 a month in connection with parking spaces.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30:

<u>Operating Leases</u>	<u>2025</u>	<u>2024</u>
Operating lease ROU assets	\$ 375,076	\$ 434,119
	<u>\$ 375,076</u>	<u>\$ 434,119</u>
Operating lease liabilities - current portion	\$ 55,703	\$ 51,909
Operating lease liabilities - noncurrent port:	<u>326,508</u>	<u>382,210</u>
Total operating lease liabilities	<u>\$ 382,211</u>	<u>\$ 434,119</u>

The following summarizes the line items in the statements of

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activities which include the components of lease expense for the years ended June 30:

<u>Leases</u>	<u>Expense Classification</u>	<u>2025</u>	<u>2024</u>
Operating*	Program	\$ 63,434	\$ 44,570
	General & administrative	<u>26,416</u>	<u>13,029</u>
Net lease cost		<u>\$ 89,850</u>	<u>\$ 57,599</u>

* Includes short-term lease payments and non-lease component costs of \$6,839 and \$1,123 for the years ending June 30, 2025 and 2024, respectively.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2025</u>	<u>2024</u>
<u>Operating</u>		
Weighted average remaining lease term (yea	5.83	6.83
Weighted average discount rate	3.09%	3.09%

The maturities of lease liabilities as of June 30 were as follows:

Operating

2025	\$ 66,712
2026	68,853
2027	70,993
2028	73,134
2029	75,274
2030	<u>64,215</u>
Total lease payments	419,181
Less: interest	<u>(36,970)</u>
Present value of lease liabilities	<u>\$ 382,211</u>

Lessor Lease

During the year ended June 30, 2025, the Foundation purchased farm property, consisting of approximately 620 acres of irrigated land in Pueblo County, for purposes of advancing its mission. The land is irrigated with 626 Bessemer Irrigating Ditch Company shares. In February 2025, concurrent with the

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asset purchase, the Foundation entered into a lease agreement with an unrelated entity to operate the farm. The lease term is effective through December 31, 2029. The tenant shall only use the leased premises for irrigated farming and cattle grazing.

The tenant will pay Palmer Land Conservancy \$111,600 for the initial partial lease year ending December 31, 2025, and \$124,000 annually thereafter through the lease term. Rent is paid in two installments each year: one portion equal to 120% of the Foundation's annual water lease cost is due at least 20 days before the Foundation payment to Pueblo Water, and the remaining balance is due by December 1. All payments are made without offset or deduction. Future lease payments for the years ending June 30 are as follows:

Operating

2026	\$ 124,000
2027	124,000
2028	124,000
2029	124,000
2030	<u>62,000</u>
Future lease payments	<u>558,000</u>

J. 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	28	54,369
Las Animas	7	34,458
Crowley	13	14,959
Teller	37	12,953
El Paso	39	7,092
Otero	7	4,334
Park	8	3,216
Custer	2	3,088
Fremont	3	2,012
Huerfano	<u>12</u>	<u>1,769</u>
Total	<u>156</u>	<u>138,250</u>

* The Foundation has a deeded interest in 150 properties. Six of these properties span multiple counties.

K. RELATED PARTY TRANSACTION

For the years ending June 30, 2025 and 2024, the Foundation paid \$1,852 and \$6,570, respectively, for website design and maintenance to an entity related to the President and CEO. The transaction was determined to be made at arms-length and the President/CEO recused herself from the decision to transact with this entity.

L. NOTES PAYABLE

As of June 30, 2025, the Foundation had outstanding notes payable totaling \$2,500,000, incurred for the acquisition of farmland in Pueblo County, Colorado.

The Conservation Fund Loan

On February 18, 2025, the Foundation executed a promissory note with The Conservation Fund for \$2,000,000. The note bears interest at 6% per annum, compounded daily, with all principal and accrued interest due in a single balloon payment on February 18, 2027. No payments are required prior to maturity, except in the event of a property sale or transfer, which may trigger partial or full repayment. The loan is secured by a first-position deed of trust on the 620.52-acre property in Pueblo County, Colorado. In the event of default, the interest rate increases to 10% per annum, and the lender may accelerate the loan and pursue collection, including foreclosure on the property. The note allows for prepayment without penalty after 90 days from funding; prepayments within 90 days require payment of 90 days' interest on the prepaid amount. The deed of trust includes standard covenants for property maintenance, insurance, assignment of rents, and remedies in case of default.

Gates Family Foundation Loan

On June 1, 2022, the Foundation entered into a loan agreement and executed a promissory note with Gates Family Foundation for \$500,000. The loan is unsecured, bears interest at 0.5% per annum, and matures on December 1, 2029 (as amended January 31, 2025). Principal and accrued interest are due at maturity; the loan may be prepaid at any time without penalty. The proceeds were used for land acquisition under the Bessemer Farmland Conservation Project.

As of June 30, 2025, the Foundation is in compliance with all

loan covenants. No amounts are past due, and there have been no events of default under the terms of the agreements.

M. 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.

N. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 15, 2025, the date that the financial statements were available to be issued.