

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

Financial Statements

For the Year Ended June 30, 2024



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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, 2024, 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, 2024, 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, 2023, and our report dated November 28, 2023, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
November 5, 2024

WILLIAM J. PALMER PARKS FOUNDATION, INC.
d/b/a PALMER LAND CONSERVANCY
Statement of Financial Position
June 30, 2024
(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,803,441	\$ 2,562,926
Accounts receivable	7,708	29,294
Grants/pledges receivable	59,338	206,162
Prepaid expenses	35,026	111,689
Right-of-use assets - current	<u>51,909</u>	<u> </u>
Total current assets	3,957,422	2,910,071
INVESTMENTS	5,235,232	4,816,772
PROPERTY & EQUIPMENT, at cost:		
Land	389,983	389,983
Vehicle	23,500	23,500
Office equipment & furniture	45,319	5,227
Less: accumulated depreciation	<u>(30,063)</u>	<u>(28,727)</u>
Property and equipment - net	428,739	389,983
RIGHT-OF-USE ASSET - NONCURRENT	<u>382,210</u>	<u> </u>
TOTAL ASSETS	<u>\$10,003,603</u>	<u>\$ 8,116,826</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 115,585	\$ 67,389
Accrued liabilities	116,045	115,574
Deferred revenue	2,058,011	1,487,540
Lease liability - current	<u>51,909</u>	<u> </u>
Total current liabilities	2,341,550	1,670,503
LEASE LIABILITY - NONCURRENT	<u>382,210</u>	<u> </u>
Total liabilities	2,723,760	1,670,503
NET ASSETS:		
Net assets without donor restrictions	517,607	529,167
Net assets without donor restrictions -		
Board designated	5,625,215	5,021,947
Net assets with donor restrictions	<u>1,137,021</u>	<u>895,209</u>
Total net assets	<u>7,279,843</u>	<u>6,446,323</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$10,003,603</u>	<u>\$ 8,116,826</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, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
REVENUE:				
Contributions & bequests	\$ 383,815	\$ 1,251,563	\$ 1,635,378	\$ 752,741
Investment income net of fees of \$32,292 and \$29,760	621,599	47,364	668,963	442,618
Grants	357,250	86,200	443,450	329,718
Program contributions	98,109	296,650	394,759	595,250
In-kind contributions	116,736		116,736	110,287
Event income	48,625		48,625	72,185
Miscellaneous income	16,036		16,036	7,687
Satisfied program restrictions	<u>1,439,965</u>	<u>(1,439,965)</u>		
Total revenue	3,082,135	241,812	3,323,947	2,310,486
EXPENSES:				
Program services:				
Land preservation	1,085,007		1,085,007	1,329,887
Stewardship	334,304		334,304	252,729
Outreach & education	<u>701,828</u>		<u>701,828</u>	<u>232,952</u>
Total program services	2,121,139		2,121,139	1,815,568
Supporting services:				
General & administrative	286,057		286,057	219,919
Fund development	<u>83,231</u>		<u>83,231</u>	<u>60,908</u>
Total supporting services	<u>369,288</u>		<u>369,288</u>	<u>280,827</u>
Total expenses	<u>2,490,427</u>		<u>2,490,427</u>	<u>2,096,395</u>
CHANGE IN NET ASSETS	591,708	241,812	833,520	214,091
NET ASSETS, beginning of year	<u>5,551,114</u>	<u>895,209</u>	<u>6,446,323</u>	<u>6,232,232</u>
NET ASSETS, end of year	<u>\$ 6,142,822</u>	<u>\$ 1,137,021</u>	<u>\$ 7,279,843</u>	<u>\$ 6,446,323</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, 2024
(With Comparative Totals for 2023)

	Land Preservation	Stewardship	Outreach & Education	Total Program Services	General & Administrative	Fund Development	Total Support Expenses	Total Expenses 2024	Total Expenses 2023
Salaries, benefits & taxes	\$ 393,409	\$ 226,731	\$ 232,520	\$ 852,660	\$ 217,056	\$ 49,457	\$ 266,513	\$ 1,119,173	\$ 908,395
Professional fees	237,261	15,200	113,928	366,389	14,257	1,500	15,757	382,146	378,475
Acquisition projects accounts	296,650			296,650				296,650	400,000
In-kind expenses	28,803	18,051	90,985	137,839	11,641	2,946	14,587	152,426	73,536
Media/advertising	1,893	150	97,462	99,505				99,505	7,258
Events	6,507		58,122	64,629		7,708	7,708	72,337	55,906
Asset management fees		32,292		32,292				32,292	29,760
Rent & office cleaning	21,877	8,776	13,917	44,570	10,405	2,624	13,029	57,599	50,641
Other land program costs	40,408	262	1,947	42,617				42,617	12,801
Dues & subscriptions	7,390	8,467	19,984	35,841	4,573	1,153	5,726	41,567	30,365
Printing & reproduction	92	20	28,242	28,354	1,810	6,794	8,604	36,958	36,426
Insurance	7,786	12,467	4,145	24,398	4,482	1,132	5,614	30,012	27,466
Land stewardship	60	26,221		26,281				26,281	25,825
Professional development	7,542	3,984	17,216	28,742	3,318	959	4,277	33,019	21,229
Website/internet services	16,650	2,126	2,569	21,345		2,215	2,215	23,560	16,294
IT & related accessories	3,620	1,985	4,268	9,873	2,354	594	2,948	12,821	5,972
Office supplies	3,793	1,938	1,944	7,675	2,261	570	2,831	10,506	3,578
Postage & delivery	275	217	7,246	7,738	184	2,415	2,599	10,337	4,446
Auto expenses	2,363	1,514	1,134	5,011	1,491	377	1,868	6,879	7,096
Credit cards/bank fees			301	301	5,284		5,284	5,585	4,406
Service charges	1,689	955	862	3,506	1,133	286	1,419	4,925	3,829
Telephone	1,470	831	750	3,051	986	249	1,235	4,286	2,656
Courtesy cards & flowers	828	860	828	2,516	828	828	1,656	4,172	2,603
Travel & meetings			734	734	3,346		3,346	4,080	2,092
Membership development	2,194	119	572	2,885	111	717	828	3,713	5,290
Member communication	285	285	1,713	2,283		571	571	2,854	4,074
Licenses & permits	1,362	787		2,149				2,149	1,476
Off-site storage		1,905		1,905				1,905	1,643
Depreciation	458	259	234	951	307	78	385	1,336	
Employment expenses	342	194	205	741	230	58	288	1,029	2,586
Miscellaneous									31
	1,085,007	366,596	701,828	2,153,431	286,057	83,231	369,288	2,522,719	2,126,155
Less: asset management fees		(32,292)		(32,292)				(32,292)	(29,760)
Total expenses as reported on the statement of activities	<u>\$ 1,085,007</u>	<u>\$ 334,304</u>	<u>\$ 701,828</u>	<u>\$ 2,121,139</u>	<u>\$ 286,057</u>	<u>\$ 83,231</u>	<u>\$ 369,288</u>	<u>\$ 2,490,427</u>	<u>\$ 2,096,395</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, 2024

(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 833,520	\$ 214,091
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,336	
Realized and unrealized (gains) losses on securities	(431,100)	(303,486)
(Increase) decrease in operating assets:		
Accounts receivable	21,586	(3,051)
Pledges receivable	146,824	38,138
Prepaid expenses	76,663	(67,728)
Right-of-use asset	(434,119)	
Increase (decrease) in operating liabilities:		
Accounts payable	48,196	34,271
Accrued liabilities	471	27,723
Deferred revenue	570,471	103,622
Lease liability	<u>434,119</u>	<u> </u>
Total adjustments	<u>434,447</u>	<u>(170,511)</u>
Net cash provided by operating activities	1,267,967	43,580
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross purchases of investments	(2,626,214)	(125,793)
Gross proceeds from sale of investments	<u>2,598,762</u>	<u>1,037,842</u>
Net cash provided (used) by investing activities	<u>(27,452)</u>	<u>912,049</u>
NET INCREASE (DECREASE) IN CASH	1,240,515	955,629
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,562,926</u>	<u>1,607,297</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,803,441</u>	<u>\$ 2,562,926</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, 2024

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.

New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The ASU introduces a new expected credit loss model for the recognition and measurement of credit losses on financial assets measured at amortized cost, such as loans, receivables, debt securities, and net investments in leases. The ASU also modifies the accounting for available-for-sale debt securities and provides new guidance on the presentation and disclosure of credit losses.

The adoption of ASU 2016-13 did not have a material impact on the financial statements and did not require any cumulative adjustment to beginning balances. However, the Foundation has reviewed and updated its policies and procedures to ensure compliance with the new standard and to maintain effective

internal controls over financial reporting.

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, 2024 and 2023.

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 concluded that an allowance for doubtful accounts is not necessary for either of the years ended June 30, 2024 and 2023.

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.

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 in-kind contributions are offset by like amounts included in expenses (See Note D).

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

William J. Palmer Parks Foundation, Inc.
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June 30, 2024

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.

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

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2024

statements for the year ended June 30, 2023, 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 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, 2024 and 2023, the following financial assets could be available within one year of the balance sheet date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$3,803,441	\$2,562,926
Accounts receivable	7,708	29,294
Grants/pledges receivable	<u>59,338</u>	<u>206,162</u>
Total financial assets	3,870,487	2,798,382
Less:		
Donor restricted net assets	<u>(1,137,021)</u>	<u>(895,209)</u>
Amount available for general expenditures	<u>\$2,733,466</u>	<u>\$1,903,173</u>

The Foundation also has investments of \$5,235,232 and \$4,816,772 as of June 30, 2024 and 2023, respectively. Of these amounts, the Board has designated \$5,235,232 and \$4,631,964 for certain purposes (Note E), as of June 30, 2024 and 2023, respectively, not including \$389,983 of designated net assets relating to land property. Although the Foundation does not intend to liquidate its investments for general expenditures, any remaining funds are available, if necessary.

C. FAIR VALUE MEASUREMENTS

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- 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, 2024 and 2023:

Assets at Fair Value as of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</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></u>	<u></u>	<u>65,596</u>
	<u>\$ 5,235,232</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,235,232</u>

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2024

Assets at Fair Value as of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 3,053,938	\$	\$	\$ 3,053,938
Fixed income & preferred funds	1,035,548			1,035,548
Government securities	654,606			654,606
Money market funds	<u>72,680</u>			<u>72,680</u>
	<u>\$ 4,816,772</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,816,772</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 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>2024</u>	<u>2023</u>
Office space	\$ 40,291	\$ 33,987
Promotion and public relations	36,419	41,750
Professional services	31,465	22,407
Information technology services	7,020	6,940
Other	<u>426</u>	<u>5,203</u>
Total	<u>\$ 115,621</u>	<u>\$ 110,287</u>

William J. Palmer Parks Foundation, Inc.
d/b/a Palmer Land Conservancy
Notes to Financial Statements
June 30, 2024

E. NET ASSETS WITHOUT DONOR RESTRICTIONS: BOARD DESIGNATED

At June 30, 2024, the Board of Directors had designated \$4,776,881 of its unrestricted net assets as a reserve for stewardship (Note G) and \$458,351 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Bessemer	\$ 456,760	\$ 696,119
Capacity and Community Impact Campaign	354,709	10,000
Water Program	250,000	
SOAR	25,000	
Pueblo CEM	15,000	
Las Animas Consolidated Canal	15,000	
Land Trust Alliance Organizational Assessment	10,000	
Soil Health Stewards Program	6,000	
PIFP Fellows	4,552	4,283
Stewardship Fund		184,807
Total	<u>\$ 1,137,021</u>	<u>\$ 895,209</u>

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Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2024 and 2023, net assets were released from restrictions by satisfying the following purposes:

	<u>2024</u>	<u>2023</u>
Capacity and Community Impact Campaign	\$ 426,845	\$
Bessemer	377,383	545,899
Southeast Focus Landscape Fund	367,099	647,180
Stewardship Fund	184,807	192,000
Avenger open space	46,650	
Las Animas Consolidated Canal	15,000	
LTA Organizational Development	10,000	
PIFP Fellows	7,181	6,972
SOAR	5,000	
Community Resiliency Grant		58,272
Operating grant - 2023		50,000
Elevate the Peak		24,654
Pikes Peak Conservation Corridor Habitat Project		9,080
Total	<u>\$ 1,439,965</u>	<u>\$ 1,534,057</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>\$ 4,776,881</u>
Total Stewardship Fund	<u>\$ 4,776,881</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 will match 100% of the voluntary contributions of its employees up to 3% of the employee's compensation for the calendar year. During the years ended June 30, 2024 and 2023, the Foundation matched \$35,403 and \$20,866, respectively, in retirement contributions. 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.

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I. LEASING ACTIVITIES

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, 2023, through June 30, 2024. Also, In October 2022, the Foundation entered into additional office space lease in Salida, Colorado on a month-to-month basis. 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 \$165 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.

During the year ended June 30, 2024, 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 \$335 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>2024</u>	<u>2023</u>
Operating lease ROU assets - current portion	\$ 51,909	\$
Operating lease ROU assets - noncurrent portion	<u>382,210</u>	<u> </u>
	<u>\$ 434,119</u>	<u>\$</u>
Operating lease liabilities - current portion	\$ 51,909	\$
Operating lease liabilities - noncurrent portion	<u>382,210</u>	<u> </u>
Total operating lease liabilities	<u>\$ 434,119</u>	<u>\$</u>

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The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended June 30:

<u>Leases</u>	<u>Expense Classification</u>	<u>2024</u>	<u>2023</u>
Operating*	Program	\$ 44,570	\$ 41,539
	General & administrative	<u>13,029</u>	<u>9,102</u>
Net lease cost		<u>\$ 57,599</u>	<u>\$ 50,641</u>

* Includes short-term lease payments and non-lease component costs of \$1,123.

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

	<u>2024</u>	<u>2023</u>
<u>Operating</u>		
Weighted average remaining lease term (yea	6.83	0.83
Weighted average discount rate	3.09%	N/A

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

<u>Operating</u>	
2024	\$ 64,572
2025	66,712
2026	68,853
2027	70,993
2028	73,134
2029	75,274
2030	<u>64,215</u>
Total lease payments	483,753
Less: interest	<u>(49,634)</u>
Present value of lease liabilities	<u>\$ 434,119</u>

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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	27	54,369
Las Animas	7	34,458
Crowley	13	14,959
Teller	35	12,673
El Paso	39	7,092
Otero	7	4,334
Park	8	3,216
Custer	2	3,077
Fremont	3	2,012
Huerfano	12	1,769
Total	153	137,959

* The Foundation has a deeded interest in 147 properties. Six of these properties span multiple counties.

K. RELATED PARTY TRANSACTION

For both the years ending June 30, 2024 and 2023, the Foundation paid \$6,570 for website design and maintenance to an entity related to the President and CEO. As of June 30, 2024, there is a payable to the related party for \$548. 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. 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.

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M. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 5, 2024, the date that the financial statements were available to be issued.