Town Lake Trail Foundation
dba The Trail Foundation
Financial Statements and
Independent Auditors' Report
December 31, 2019 and 2018
Town Lake Trail Foundation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town Lake Trail Foundation

We have audited the accompanying financial statements of Town Lake Trail Foundation (a Texas nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town Lake Trail Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dunagan Jack LLP

Austin, Texas
September 11, 2020
FINANCIAL STATEMENTS
Town Lake Trail Foundation

STATEMENTS OF FINANCIAL POSITION

December 31,

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,168,100</td>
<td>$1,171,700</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>1,346,445</td>
<td>1,251,505</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>35,076</td>
<td>4,644</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>317,292</td>
<td>87,590</td>
</tr>
<tr>
<td>Beneficial interest in fund held by ACF</td>
<td>47,060</td>
<td>40,506</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$2,913,973</strong></td>
<td><strong>$2,555,945</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$275,342</td>
<td>$28,459</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,368</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>278,710</strong></td>
<td><strong>28,459</strong></td>
</tr>
</tbody>
</table>

| Net assets                                                            |             |             |
| Without donor restrictions                                            | 404,999     | 213,747     |
| With donor restrictions                                               | 2,230,264   | 2,313,739   |
| **Total net assets**                                                  | **2,635,263** | **2,527,486** |

| Total liabilities and net assets                                      | **$2,913,973** | **$2,555,945** |

The accompanying notes are an integral part of these financial statements.
## Town Lake Trail Foundation

### STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants and contributions</strong></td>
<td>$931,947</td>
<td>$842,821</td>
<td>$1,774,768</td>
</tr>
<tr>
<td><strong>Special events (net of direct expenses of $344,561)</strong></td>
<td>252,583</td>
<td>-</td>
<td>252,583</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>21,946</td>
<td>-</td>
<td>21,946</td>
</tr>
<tr>
<td><strong>Change in value of fund held by ACF</strong></td>
<td>5,293</td>
<td>1,261</td>
<td>6,554</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>1,211,769</td>
<td>844,082</td>
<td>2,055,851</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>908,364</td>
<td>(908,364)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues and other support</strong></td>
<td>2,120,133</td>
<td>(64,282)</td>
<td>2,055,851</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program services</strong></td>
<td>1,292,743</td>
<td>-</td>
<td>1,292,743</td>
</tr>
<tr>
<td><strong>General and administrative</strong></td>
<td>327,252</td>
<td>-</td>
<td>327,252</td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td>308,886</td>
<td>-</td>
<td>308,886</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,928,881</td>
<td>-</td>
<td>1,928,881</td>
</tr>
<tr>
<td><strong>Bad debt loss</strong></td>
<td>-</td>
<td>19,193</td>
<td>19,193</td>
</tr>
<tr>
<td><strong>Total expenses and losses</strong></td>
<td>1,928,881</td>
<td>19,193</td>
<td>1,948,074</td>
</tr>
</tbody>
</table>

| Change in net assets              | 191,252                   | (83,475)                | 107,777 |
| Net assets at beginning of year   | 213,747                   | 2,313,739               | 2,527,486 |
| Net assets at end of year         | $404,999                   | $2,230,264              | $2,635,263 |

The accompanying notes are an integral part of these financial statements.
The accompanying notes are an integral part of these financial statements.
Town Lake Trail Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$168,581</td>
<td>$152,442</td>
<td>$187,929</td>
<td>$508,952</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>12,656</td>
<td>11,444</td>
<td>14,108</td>
<td>38,208</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>20,887</td>
<td>18,887</td>
<td>23,284</td>
<td>63,058</td>
</tr>
<tr>
<td>Trail maintenance and improvements</td>
<td>920,400</td>
<td>-</td>
<td>-</td>
<td>920,400</td>
</tr>
<tr>
<td>Professional and contract services</td>
<td>93,851</td>
<td>46,304</td>
<td>19,970</td>
<td>160,125</td>
</tr>
<tr>
<td>Facilities</td>
<td>16,873</td>
<td>15,258</td>
<td>18,810</td>
<td>50,941</td>
</tr>
<tr>
<td>Outreach and donor cultivation</td>
<td>23,922</td>
<td>6,400</td>
<td>18,573</td>
<td>48,895</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>18,913</td>
<td>20,016</td>
<td>-</td>
<td>38,929</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>9,514</td>
<td>8,604</td>
<td>10,606</td>
<td>28,724</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>-</td>
<td>22,437</td>
<td>-</td>
<td>22,437</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>-</td>
<td>2,856</td>
<td>10,744</td>
<td>13,600</td>
</tr>
<tr>
<td>Office supplies and postage</td>
<td>3,491</td>
<td>3,157</td>
<td>3,892</td>
<td>10,540</td>
</tr>
<tr>
<td>Training and education</td>
<td>2,944</td>
<td>5,561</td>
<td>-</td>
<td>8,505</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>3,868</td>
<td>-</td>
<td>3,868</td>
</tr>
<tr>
<td>Depreciation</td>
<td>314</td>
<td>283</td>
<td>350</td>
<td>947</td>
</tr>
<tr>
<td>License and permits</td>
<td>-</td>
<td>307</td>
<td>178</td>
<td>485</td>
</tr>
<tr>
<td>Other expenses</td>
<td>397</td>
<td>9,428</td>
<td>442</td>
<td>10,267</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$1,292,743</td>
<td>$327,252</td>
<td>$308,886</td>
<td>$1,928,881</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Town Lake Trail Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 106,814</td>
<td>$ 141,186</td>
<td>$ 178,893</td>
<td>$ 426,893</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>7,989</td>
<td>10,559</td>
<td>13,379</td>
<td>31,927</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>15,264</td>
<td>20,176</td>
<td>25,566</td>
<td>61,006</td>
</tr>
<tr>
<td>Trail maintenance and improvements</td>
<td>2,487,233</td>
<td>-</td>
<td>-</td>
<td>2,487,233</td>
</tr>
<tr>
<td>Professional and contract services</td>
<td>24,148</td>
<td>67,911</td>
<td>-</td>
<td>92,059</td>
</tr>
<tr>
<td>Membership and fundraising</td>
<td>22,128</td>
<td>-</td>
<td>29,613</td>
<td>51,741</td>
</tr>
<tr>
<td>Membership development</td>
<td>-</td>
<td>-</td>
<td>45,859</td>
<td>45,859</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>7,159</td>
<td>9,463</td>
<td>11,991</td>
<td>28,613</td>
</tr>
<tr>
<td>Facilities</td>
<td>4,903</td>
<td>6,481</td>
<td>8,212</td>
<td>19,596</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>8,442</td>
<td>-</td>
<td>8,442</td>
<td>16,884</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>-</td>
<td>16,323</td>
<td>-</td>
<td>16,323</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>4,896</td>
<td>-</td>
<td>4,896</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>1,023</td>
<td>1,352</td>
<td>1,713</td>
<td>4,088</td>
</tr>
<tr>
<td>Depreciation</td>
<td>331</td>
<td>437</td>
<td>554</td>
<td>1,322</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>188</td>
<td>249</td>
<td>315</td>
<td>752</td>
</tr>
<tr>
<td>License and permits</td>
<td>-</td>
<td>484</td>
<td>-</td>
<td>484</td>
</tr>
<tr>
<td>Other expenses</td>
<td>15,251</td>
<td>10,387</td>
<td>4,417</td>
<td>30,055</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 2,700,873</td>
<td>$ 289,904</td>
<td>$ 328,954</td>
<td>$ 3,319,731</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Town Lake Trail Foundation

STATEMENTS OF CASH FLOWS

For the years ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$107,777</td>
<td>$(125,247)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>947</td>
<td>1,322</td>
</tr>
<tr>
<td>Change in value of fund held by ACF</td>
<td>(6,554)</td>
<td>2,867</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>1,197</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses and other assets</td>
<td>(32,576)</td>
<td>15,895</td>
</tr>
<tr>
<td>(Increase) decrease in grants and contributions receivable</td>
<td>(229,702)</td>
<td>97,032</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued expenses</td>
<td>246,883</td>
<td>(18,227)</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td>3,368</td>
<td>(356,339)</td>
</tr>
<tr>
<td>Contributions restricted for endowments</td>
<td>-</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>91,340</td>
<td>(387,697)</td>
</tr>
</tbody>
</table>

| Cash flows from investing activities: |        |         |
| Purchases of certificates of deposit | (5,403,566) | (1,000,000) |
| Proceeds from maturities of certificates of deposit | 5,308,626 | -       |
| Cash transferred to fund held by ACF | -      | (5,000) |
| Net cash used by investing activities | (94,940) | (1,005,000) |

| Cash flows from financing activities: |        |         |
| Investments in endowments | -      | 5,000  |
| Net cash provided by financing activities | -      | 5,000  |

| Net decrease in cash and cash equivalents | (3,600) | (1,387,697) |
| Cash and cash equivalents at beginning of year | 1,171,700 | 2,559,397 |
| Cash and cash equivalents at end of year | $1,168,100 | $1,171,700 |

| Amounts paid during the year for: |        |         |
| Income taxes | $767 | $ - |
| Interest | $ - | $ - |

The accompanying notes are an integral part of these financial statements.
NOTES TO FINANCIAL STATEMENTS
Town Lake Trail Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

Town Lake Trail Foundation dba The Trail Foundation (Foundation) was incorporated in the State of Texas on May 21, 2003. The Foundation's mission is to protect, enhance and connect the Butler Trail for the benefit of all. Since its formation in 2003, the Foundation has fulfilled its mission through careful improvements to the Butler Trail’s infrastructure and environment, while honoring the original vision of the Trail’s founders. In a distinctively collaborative effort, the Foundation works in cooperation with the Austin Parks and Recreation Department to close the gap between what the government provides and what the Butler Trail requires. The Foundation relies upon donations from concerned individuals, organizations and corporations to work to ensure that the Butler Trail remains one of the most natural and well-maintained trails in the United States.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

3. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations. These net assets generally result from revenues generated by receiving contributions that have no donor restrictions or providing services, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the stipulated time restriction ends or the purpose of the restriction is accomplished.
NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Cash and Cash Equivalents

The Foundation considers all checking accounts, savings accounts, money market funds, and certificates of deposit purchased with initial maturities of three months or less to be cash and cash equivalents.

5. Certificates of Deposit

Certificates of deposit are stated at cost.

6. Grants and Contributions

Unconditional grants and contributions received are recorded as increases in net assets without donor restrictions or as increases in net assets with donor restrictions, depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to net assets without donor restrictions. The Foundation’s policy is to report unconditional restricted support that is satisfied in the year of receipt as restricted and then released in the same year.

Revenue from grants that are considered to be conditional contributions are recognized as conditions are met or reimbursable expenses are incurred. The Foundation has adopted the simultaneous release option for donor restricted conditional grants that are recognized and satisfied within the same reporting period, therefore, these amounts are reported as support without donor restrictions.

7. Functional Expenses

Expenses are categorized by function as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management’s estimate of time and resources devoted to each function.
NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

10. Recently Adopted Accounting Guidance

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The Foundation adopted the provisions of this new standard during the year ended December 31, 2019 applied on a modified prospective basis. The update provides criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. Prior year balances have not been restated in accordance with adoption provisions and there was no material impact to the financial statements as a result of the adoption.

NOTE B - TAX EXEMPT STATUS

The Foundation is generally exempt from federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Furthermore, the Foundation is classified as a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes has been included in these financial statements.
NOTE C - GRANTS AND CONTRIBUTIONS RECEIVABLE

The grants and contributions receivable balance comprised the following at December 31,

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions receivable, gross</td>
<td>$317,292</td>
<td>$102,590</td>
</tr>
<tr>
<td>Less allowance for uncollectible amounts</td>
<td>-</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Less discount to present value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants and contributions receivable, net</td>
<td>$317,292</td>
<td>$87,590</td>
</tr>
</tbody>
</table>

The discount rate used on long-term grants and contributions receivable was 2.56% as of December 31, 2018. Because the December 31, 2019 balance was due within one year and due to the immaterial amount of discount calculated as of December 31, 2018, no discounts to present value are reflected in these financial statements. Grants and contributions receivable have been analyzed and reasonable allowances for uncollectible amounts have been made. At December 31, 2019, collections of grants and contributions receivable were expected within one year.

NOTE D - BENEFICIAL INTEREST IN FUND HELD BY ACF

The Foundation established an endowment fund with Austin Community Foundation (ACF), specifying itself as beneficiary of this fund. The Foundation has recorded investments in this fund using the guidance of FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition. Therefore, the beneficial interest in this fund has been recorded as an asset in these financial statements.

The total value of the fund was $178,439 and $150,414 at December 31, 2019 and 2018, respectively. These balances include amounts donated directly to ACF by third parties, which the Foundation does not recognize as assets in its financial statements.

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques that measure fair value. The Foundation’s beneficial interest in the fund held by ACF is carried at fair value using Level 2 measurements, which are based on observable inputs other than quoted prices in active markets for identical assets or liabilities.
NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes at December 31, 2019 and 2018.

<table>
<thead>
<tr>
<th>Subject to expenditure for specified purposes:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corgan Canopy Fund</td>
<td>$ 953,659</td>
<td>$ 1,126,770</td>
</tr>
<tr>
<td>Campaign for the Trail</td>
<td>435,858</td>
<td>437,182</td>
</tr>
<tr>
<td>Brazos Bluff</td>
<td>294,543</td>
<td>326,901</td>
</tr>
<tr>
<td>Lakeshore Park</td>
<td>84,725</td>
<td>90,163</td>
</tr>
<tr>
<td>Rainey Street Trailhead</td>
<td>81,371</td>
<td>-</td>
</tr>
<tr>
<td>Ecological operations</td>
<td>66,370</td>
<td>83,614</td>
</tr>
<tr>
<td>Festival Beach</td>
<td>45,118</td>
<td>-</td>
</tr>
<tr>
<td>Holly Point</td>
<td>26,316</td>
<td>76,831</td>
</tr>
<tr>
<td>Seaholm Waterfront</td>
<td>12,500</td>
<td>12,500</td>
</tr>
<tr>
<td>Art Master Plan</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Signage</td>
<td>511</td>
<td>4,151</td>
</tr>
<tr>
<td>Drake Bridge Commons</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Trail Bridge at Congress Avenue</td>
<td>-</td>
<td>62,862</td>
</tr>
<tr>
<td>Other purposes/future periods</td>
<td>200,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

| Total subject to expenditure for specified purposes                 | 2,210,971   | 2,295,974   |

<table>
<thead>
<tr>
<th>Endowment fund:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Trail Endowment</td>
<td>19,293</td>
<td>17,765</td>
</tr>
</tbody>
</table>

| Total endowment fund                                                | 19,293      | 17,765      |

| Total net assets with donor restrictions                             | $ 2,230,264 | $ 2,313,739 |

NOTE F - DONATED SERVICES

The Foundation receives in-kind contributions of advertising and services. The Foundation estimates the fair values of donated advertising and services were $44,000 and $40,248 for the years ended December 31, 2019 and 2018, respectively.

The Foundation also receives substantial volunteer assistance for the Moonlight Margarita Run and maintenance of the Trail; however, these services do not meet the requirements for revenue recognition in the financial statements as set forth in FASB ASC 958-605.
**NOTE G - RETIREMENT PLAN**

Effective January 1, 2017, the Foundation established The Trail Foundation 401(k) Plan. Employees who are at least 21 years of age are eligible to participate. The Foundation makes matching contributions of 100% of the first 1% of eligible compensation. Participants are immediately vested in their contributions, including any rollover contributions to the plan, and employer matching contributions. Participants vest in any Foundation’s discretionary contributions at 20% per year, beginning after the completion of two years of credited service and are 100% vested after six years of credited service. Retirement plan expense totaled $5,984 and $4,227, for the years ended December 31, 2019 and 2018, respectively.

**NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation’s primary sources of revenue are contributions and grants from individuals and foundations, a significant portion of which are required to be used in accordance with the purpose restrictions imposed by the donors. The Foundation’s contribution revenue has significant annual variations depending on the approval and timing of trail improvement projects. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Foundation’s financial assets, reduced by amounts not available for general use within one year because of donor-imposed restrictions, as of December 31,

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,168,100</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>1,346,445</td>
</tr>
<tr>
<td>Grants and contributions receivable, due in less than one year</td>
<td>317,292</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>2,831,837</td>
</tr>
</tbody>
</table>

**Donor imposed restrictions:**

| Subject to expenditure for specified purpose | (2,210,971) | (2,295,974) |

**Financial assets available to meet cash needs for general expenditures within one year**

| $ 620,866 | $ 209,821 |
NOTE I - CONCENTRATIONS

All of a depositor’s accounts at an insured depository institution, including noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum deposit insurance amount ($250,000). As of December 31, 2019 and 2018, the Foundation’s uninsured cash balances totaled approximately $732,000 and $230,000, respectively.

During the year ended December 31, 2018, the Foundation received a $1.1 million contribution from one donor. As of December 31, 2019, two donors comprised 63% and 32%, respectively, of gross grants and contributions receivable.

NOTE J - GRANTOR AUDITS

The Foundation receives grants from foundations and governments for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures and services disallowed under terms and conditions of the appropriate agency. In the opinion of the Foundation’s management, such disallowances, if any, will not be significant.

NOTE K - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused significant disruption of Foundation operations, including suspension of volunteer activities and outreach events. The Foundation’s Moonlight Margarita Run was canceled and instead held as a virtual running event during June and July 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent of the impact of COVID-19 on the Foundation will depend on certain developments, including the duration and spread of the outbreak and the impact on its donors, staff and volunteers, all of which are uncertain and cannot be reasonably estimated at this time. In April 2020, the Foundation received a $138,200 loan under the Paycheck Protection Program. The loan has a fixed interest rate of 1%, matures in two years, and payments are deferred for six months. The loan is eligible for forgiveness by the U.S. Small Business Administration (SBA) if the Foundation meets all necessary criteria as defined by the SBA.

Subsequent events have been evaluated through September 11, 2020, the date the financial statements were available to be issued.