The Trail Conservancy

Financial Statements and
Independent Auditors' Report
December 31, 2022 and 2021

The Trail Conservancy

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Trail Conservancy

Opinion

We have audited the accompanying financial statements of The Trail Conservancy (a Texas nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Trail Conservancy as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Trail Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Changes in Accounting Principles

As discussed in Note A12 to the financial statements, The Trail Conservancy has adopted ASU No. 2016-02, *Leases (Topic 842)* and ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Trail Conservancy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 The Trail Conservancy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Trail 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.

Dunagan Jack LLP

Austin, Texas
May 19, 2023

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FINANCIAL STATEMENTS

The Trail Conservancy

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 5,333,192	$ 3,708,434
Certificates of deposit	-	762,940
Prepaid expenses and other assets	17,134	16,240
Grants and contributions receivable	1,197,645	562,310
Property and equipment	498,012	89,373
Operating lease right-of-use asset	694,721	-
Beneficial interest in fund held by ACF	51,515	59,831
Total assets	$ 7,792,219	$ 5,199,128
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 264,493	$ 146,853
Deferred revenue	2,500	-
Refundable grant advance	170,507	-
Finance lease liabilities	41,211	-
Operating lease liability	732,120	-
Total liabilities	1,210,831	146,853
Net assets		
Without donor restrictions	2,275,929	1,967,281
With donor restrictions	4,305,459	3,084,994
Total net assets	6,581,388	5,052,275
Total liabilities and net assets	$ 7,792,219	$ 5,199,128

The accompanying notes are an integral part of these financial statements.

The Trail Conservancy

STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and contributions	$ 1,502,533	$ 1,826,104	$ 3,328,637
Special events (net of direct expenses of $361,238)	446,053	-	446,053
In-kind contributions	166,963	266,379	433,342
Change in value of fund held by ACF	(4,992)	(3,324)	(8,316)
Interest income	5,778	-	5,778
Other revenues	54,602	-	54,602
Net assets released from restrictions	868,694	(868,694)	-
Total revenues	3,039,631	1,220,465	4,260,096
Expenses			
Program services	1,482,408	-	1,482,408
General and administrative	731,935	-	731,935
Fundraising	516,640	-	516,640
Total expenses	2,730,983	-	2,730,983
Change in net assets	308,648	1,220,465	1,529,113
Net assets at beginning of year	1,967,281	3,084,994	5,052,275
Net assets at end of year	$ 2,275,929	$ 4,305,459	$ 6,581,388

The accompanying notes are an integral part of these financial statements.

The Trail Conservancy

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and contributions	$ 1,225,750	$ 2,318,682	$ 3,544,432
In-kind contributions	375,918	25,250	401,168
Special events (net of direct expenses of $223,537)	330,673	-	330,673
Change in value of fund held by ACF	4,425	3,741	8,166
Interest income	3,749	-	3,749
Other revenues	56,881	-	56,881
Net assets released from restrictions	946,408	(946,408)	-
Total revenues	2,943,804	1,401,265	4,345,069
Expenses			
Program services	1,280,995	-	1,280,995
General and administrative	699,456	-	699,456
Fundraising	447,958	-	447,958
Total expenses	2,428,409	-	2,428,409
Change in net assets	515,395	1,401,265	1,916,660
Net assets at beginning of year	1,451,886	1,683,729	3,135,615
Net assets at end of year	$ 1,967,281	$ 3,084,994	$ 5,052,275

The accompanying notes are an integral part of these financial statements.

The Trail Conservancy

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries	$ 539,931	$ 296,947	$ 270,100	$ 1,106,978
Payroll taxes	39,345	21,639	19,682	80,666
Employee benefits	55,090	30,298	27,559	112,947
Trail maintenance and improvements	608,356	-	-	608,356
Facilities	104,312	54,437	48,873	207,622
Professional and contract services	6,460	148,881	6,602	161,943
Outreach and donor cultivation	33,353	7,439	50,128	90,920
Trail events	54,345	55	21,985	76,385
Information technology	8,136	30,928	19,193	58,257
Printing and reproduction	5,105	5,953	43,070	54,128
Credit card fees	-	38,154	-	38,154
Office supplies and postage	203	16,711	2,998	19,912
Insurance	-	17,429	-	17,429
Depreciation and amortization	13,005	1,473	1,340	15,818
Training and education	3,803	7,709	1,418	12,930
Travel and entertainment	3,906	5,322	1,113	10,341
Advertising and marketing	1,063	6,608	396	8,067
License and permits	4,100	32	100	4,232
Other expenses	1,895	41,920	2,083	45,898
Total expenses	$ 1,482,408	$ 731,935	$ 516,640	$ 2,730,983

The accompanying notes are an integral part of these financial statements.

The Trail Conservancy

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries	$ 293,391	$ 256,243	$ 205,268	$ 754,902
Payroll taxes	22,371	19,540	15,653	57,564
Employee benefits	33,985	29,683	23,778	87,446
Trail maintenance and improvements	462,543	-	-	462,543
Professional and contract services	267,133	122,330	10,000	399,463
Facilities	137,854	120,398	96,447	354,699
Trail events	33,789	14,899	28,351	77,039
Credit card fees	-	47,822	-	47,822
Printing and reproduction	7,512	2,032	32,119	41,663
Outreach and donor cultivation	7,636	7,353	10,331	25,320
Information technology	170	18,942	5,689	24,801
Office supplies and postage	4,339	3,789	15,888	24,016
Advertising and marketing	6,030	12,073	541	18,644
Insurance	-	10,366	-	10,366
Travel and entertainment	706	6,831	499	8,036
Training and education	-	1,799	89	1,888
License and permits	190	843	-	1,033
Other expenses	3,346	24,513	3,305	31,164
Total expenses	$ 1,280,995	$ 699,456	$ 447,958	$ 2,428,409

The accompanying notes are an integral part of these financial statements.

The Trail Conservancy

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 1,529,113	$ 1,916,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,818	-
Amortization of operating lease right-of-use asset	19,359	-
Donated securities	(517,834)	(16,812)
Realized (gains) losses on investments	23,966	-
Donated property and equipment	(56,679)	(89,198)
Change in value of fund held by ACF	8,316	(8,166)
Increase in prepaid expenses and other assets	(894)	(14,462)
Increase in grants and contributions receivable	(635,335)	(409,306)
Increase in accounts payable and accrued expenses	117,640	75,941
Increase in deferred revenue	2,500	-
Increase in refundable grant advance	170,507	-
Increase in operating lease liability	18,039	-
Net cash provided by operating activities	694,516	1,454,657
Cash flows from investing activities:		
Purchase of property and equipment	(326,085)	(175)
Purchases of certificates of deposit	-	(3,529,178)
Proceeds from maturities of certificates of deposit	762,940	3,940,491
Proceeds from sales of investments	493,868	16,812
Net cash provided by investing activities	930,723	427,950
Cash flows from financing activities:		
Principal payments on finance lease liabilities	(481)	-
Net cash used by investing activities	(481)	-
Net increase in cash and cash equivalents	1,624,758	1,882,607
Cash and cash equivalents at beginning of year	3,708,434	1,825,827
Cash and cash equivalents at end of year	$ 5,333,192	$ 3,708,434
Amounts paid during the year for:		
Income taxes	$ -	$ -
Interest	$ 281	$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

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

In 2022, the Organization signed a Parks Operating and Maintenance Agreement (POMA) with PARD granting primary stewardship of the 10-mile Trail and almost 300 acres of parkland that makes up the Town Lake Metropolitan Park (Park) to the Organization. This agreement formalized the shared responsibilities for operations, maintenance, and programing of the Park between the City of Austin and the Organization.

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 Organization 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.
>
> *Net Assets With Donor Restrictions* - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - Continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

4. Cash and Cash Equivalents

The Organization considers 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. Property and equipment

Acquisitions of property and equipment are capitalized at cost, if purchased, or fair market value on the date of donation, if received as a gift. Depreciation and amortization are calculated using the straight-line method over the assets' estimated useful lives. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

7. Leases

The Organization determines whether a contract is a leasing arrangement and the classification of that lease, if applicable, at inception. Right-of-use assets represent the Organization's right to use an underlying asset during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed-lease payments over the lease term.

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Leases - Continued

If determinable, the Organization uses the rate implicit in the lease. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments.

Operating lease payments are expensed on a straight-line basis over the term of the lease while finance lease payments are segregated between amortization of the right-to-use asset and the interest on the lease liability. The Organization’s lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Leases with an initial term of twelve months or less are not recorded on the statements of financial position and are expensed on a straight-line basis. To the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately.

8. 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 Organization’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. As of December 31, 2022, the Organization had not recognized $284,420 in conditional promises to give by three donors. Grants and contributions totaling $170,507 that were received in advance of donor-imposed conditions being met are recorded as a refundable grant advance. The grants and contributions are conditional based on reimbursable expenses being incurred and will be recognized as revenue when the conditions are met in future years. The Organization has adopted the simultaneous release option for donor restricted conditional grants and contributions that are recognized and satisfied within the same reporting period, therefore, these amounts are reported as support without donor restrictions.

9. 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

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

11. Reclassifications

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

12. Recently Adopted Accounting Guidance

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard requires a lessee to recognize on the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing the right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease. The Organization elected the package of practical expedients permitted under the new standard that allowed the Organization to carry forward historical lease classifications for existing leases on the adoption date, and allowed the Organization to not assess whether an existing contract contains a lease or initial direct costs. The Organization adopted the provisions of this new standard during the year ended December 31, 2022, using a modified retrospective approach. As permitted by the guidance, prior comparative periods will not be adjusted under this method.

In 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU changes the presentation and disclosure requirements for not-for-profit entities to increase transparency about contributed nonfinancial assets. The Organization has adopted ASU 2020-07 retrospectively for the year ended December 31, 2021.

NOTE B - TAX EXEMPT STATUS

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). The Organization is classified as a public charity described in Sections 509(a)(1) and 170(b)(1)(A)(vi). No provision for income taxes has been included in these financial statements.

NOTE C - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable comprised the following at December 31, 2022 and 2021:

	2022	2021
Promises to give cash	$ 931,266	$ 537,060
Promises to give discounted facilities	367,094	25,250
Grants and contributions receivable, gross	1,298,360	562,310
Less allowance for uncollectible amounts	-	-
Less discount to present value	(100,715)	-
Grants and contributions receivable, net	$ 1,197,645	$ 562,310

At December 31, 2022, collections of grants and contributions receivable, except for $135,000 expected to be collected in one to five years, and exclusive of promises to give discounted facilities, were expected within one year.

On May 16, 2022, the Organization signed a noncancelable seven-year agreement for the discounted use of office facilities in Austin, Texas. The lease grants an initial renewal option at below-market rates for an additional five years, which the Organization is reasonably certain to exercise. According to generally accepted accounting principles, if a not-for-profit organization receives the use of facilities at below-market rates, the organization should record a contribution and incremental rent expense equal to the fair rental value of the facilities less any contractual lease obligations. Management estimates the value of the donated facilities over the twelve-year period to be $352,569. This amount has been recognized as a promise to give and as net assets with donor restrictions. The promise to give discounted facilities will be amortized on a straight-line basis over the twelve-year period beginning in January 2023. The promise to give discounted facilities balance has been discounted to present value at December 31, 2022 assuming an interest rate of 5%.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment comprised the following at December 31, 2022 and 2021:

	2022	2021
Leasehold improvements	$ 395,862	$ 89,373
Finance leases right-of-use assets	61,613	-
Website	30,000	-
Office furniture	26,355	-
	513,830	89,373
Less accumulated depreciation and amortization	(15,818)	-
	$ 498,012	$ 89,373

Depreciation and amortization expense totaled $15,818 for the year ended December 31, 2022.

NOTE E - OPERATING LEASE

During 2022, the Organization entered into an operating lease for a new office facility. The initial noncancelable lease expires in 2030 with two five-year renewal options, which the Organization is reasonably certain to exercise. The lease requires the Organization to pay separate amounts for common area maintenance, taxes, and insurance.

The following provides quantitative information concerning the Organization's operating lease:

Operating lease costs (facilities expense)	$ 37,399
Other information:	
Right-of-use asset obtained in exchange for new operating lease liability	$ 714,080
Weighted-average remaining lease term	17.2 Years
Weighted-average discount rate	5.00%

NOTE E - OPERATING LEASE - CONTINUED

The aggregate future lease payments for this operating lease as of December 31, 2022 were as follows:

Years ending December 31,	Payments
2023	$ 41,667
2024	52,083
2025	54,583
2026	57,083
2027	59,583
Thereafter	872,988
Total lease payments	1,137,987
Less interest	(405,867)
Lease liability	$ 732,120

NOTE F - BOARD DESIGNATED NET ASSETS

During the year ended December 31, 2021, the Board of Directors established an Operating Reserve Fund. The policy requires the Organization to designate unrestricted cash equal to three months of average operating costs for future operations. The Board has designated $487,412 and $376,234 for this Fund as of December 31, 2022 and 2021, respectively.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes and periods at December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purposes:		
Rainey Street Trailhead	$ 1,247,709	$ 1,135,384
Corgan Canopy Fund	913,695	927,309
Holly Project	907,472	-
Donated facilities	266,379	25,250
Butler Shores Exercise Equipment	262,107	302,477
Campaign for a Home	230,532	-
Ecological operations	143,215	267,226
Interns	75,000	-
2023 Music on the Trail sponsorship	50,000	-
Festival Beach	34,625	34,625
Art Master Plan	-	120,192
Capacity building	-	59,684
2022 Music on the Trail sponsorship	-	50,000
Other purposes/future periods	154,129	138,927
Total subject to expenditure for specified purposes	4,284,863	3,061,074
Endowment fund:		
The Trail Endowment	20,596	23,920
Total endowment fund	20,596	23,920
Total net assets with donor restrictions	$ 4,305,459	$ 3,084,994

NOTE H - GRANTOR AUDITS

The Organization 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 Organization’s management, such disallowances, if any, will not be significant.

NOTE I - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	2022	2021
In-kind contributions for operations and programs:		
Discounted office facilities	$ 374,036	$ 302,995
Architecture, engineering, and design services	43,739	89,198
Other goods and services	15,567	8,975
Total in-kind contributions for operations and programs	433,342	401,168
In-kind contributions received for special events:		
Catering and facilities	62,300	23,355
Items for auction, raffle, and gift packages	34,765	42,074
Advertising	5,250	12,600
Total in-kind contributions received for special events	102,315	78,029
Total in-kind contributions	$ 535,657	$ 479,197

Contributions of nonfinancial assets are reported at fair value at the date of contribution which was determined as follows:

- Discounted office facilities are valued at the difference between the fair value of the facilities less the Organization's contractual lease obligations. The fair value of in-kind facilities is determined based on the rate for similar office space in similar areas in Austin, Texas. The use of facilities for a specified period are recognized as promises to give and are included in net assets with donor restrictions.

- Architecture, engineering, and design services are valued at the estimated fair value based upon current rates for similar specialized services.

- Equipment and items received for special events are valued at the price the Organization would have paid if it had purchased similar quantities of the same items from vendors.

Catering and facilities provided direct benefits to donors attending the Organization's annual Moonlight Margarita Run and gala. Items donated for auction, raffles, and gift packages were monetized during the annual gala.

The Organization 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.

NOTE J - 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, 2022 and 2021, the Organization's uninsured cash and certificates of deposit balances totaled approximately $62,000 and $2,800,000, respectively.

Six donors comprised the following percentages of gross grants and contributions receivable and total revenue as of and for the years ended December 31, 2022 and 2021:

	2022		2021	
	Grants and Contributions Receivable	Total Revenue	Grants and Contributions Receivable	Total Revenue
Donor A	40%	24%	0%	0%
Donor B	27%	6%	0%	0%
Donor C	12%	0%	27%	12%
Donor D	10%	4%	0%	0%
Donor E	0%	2%	0%	12%
Donor F	0%	0%	44%	6%

NOTE K - RETIREMENT PLAN

Effective January 1, 2017, the Organization established The Trail Foundation 401(k) Plan. Employees who are at least 21 years of age are eligible to participate. The Organization makes matching contributions of 100% of the first 2% of eligible compensation. Participants are immediately vested in their contributions, including any rollover contributions to the plan. Participants vest in any Organization matching contributions and any nonelective 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 for the years ended December 31, 2022 and 2021 totaled $19,004 and $12,114, respectively.

NOTE L - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization'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 Organization's contribution revenue has significant annual variations depending on the approval and timing of trail improvement projects. The Organization 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 Organization's financial assets, reduced by amounts not available for general use within one year because of Board designations, contractual obligations, and donor-imposed restrictions, as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 5,333,192	$ 3,708,434
Promises to give cash, due in less than one year	796,266	387,060
Certificates of deposit	-	762,940
Total financial assets	6,129,458	4,858,434
Board designations:		
Operating Reserve Fund	(487,412)	(376,234)
Contractual obligations:		
POMA Reserve Fund	(150,000)	-
Donor-imposed restrictions:		
Subject to expenditure for specified purposes	(3,758,484)	(2,858,514)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,733,562	$ 1,623,686

The beneficial interest has been excluded from the above table because it is not available to pay for general expenditures within one year.

NOTE M - SUBSEQUENT EVENTS

In February 2023, the Organization launched a $15 million capital campaign to fund Phase 2 of the Seaholm Waterfront project which includes costs for construction and future maintenance and operations of the public space. This phase includes finishing out the interior of the building, including a café and community space, revitalizing the main lawn, and creating a platform for water access.

In April 2023, the Organization executed a Parkland Improvement Agreement with the City of Austin for the Rainey Street Trailhead project. Under terms of the agreement, the City has agreed to reimburse costs incurred on this project up to $778,865.

Subsequent events have been evaluated through May 19, 2023, the date the financial statements were available to be issued.