

# **High Line Canal Conservancy**

(a nonprofit Colorado corporation)

## **Financial Statements**

December 31, 2023 and 2022

# High Line Canal Conservancy

## Table of Contents

---

---

<b>Independent Auditor's Report</b>	Pages 1-2
<b>Statements of Financial Position</b> December 31, 2023 and 2022	Page 3
<b>Statement of Activities</b> Year ended December 31, 2023	Page 4
<b>Statement of Activities</b> Year ended December 31, 2022	Page 5
<b>Statement of Functional Expenses</b> Year ended December 31, 2023	Page 6
<b>Statement of Functional Expenses</b> Year ended December 31, 2022	Page 7
<b>Statements of Cash Flows</b> Years ended December 31, 2023 and 2022	Page 8
<b>Notes to Financial Statements</b>	Pages 9-17

## **Independent Auditor's Report**

To the Board of Directors  
High Line Canal Conservancy  
Centennial, Colorado

### **Opinion**

We have audited the financial statements of High Line Canal Conservancy (a Colorado nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of High Line Canal Conservancy as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of High Line Canal 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.

### **Responsibilities of Management 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, 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 High Line Canal Conservancy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Independent Auditor's Report (continued)

### **Auditor's Responsibility 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 High Line Canal 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 High Line Canal 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.

*Brock and Company, CPAs, P.C.*  
Certified Public Accountants

Boulder, Colorado  
May 24, 2024

# High Line Canal Conservancy

## Statements of Financial Position

December 31	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,229,371	\$ 2,501,655
Investments	3,684,753	35,732
Pledges receivable, current portion	2,543,654	4,709,026
Pledges receivable from related parties, current portion	212,185	145,500
Inventory	1,370	5,033
Prepaid expenses and other current assets	149,639	6,915
Total current assets	<u>11,820,972</u>	<u>7,403,861</u>
<b>Property and Equipment, at cost</b>	<u>57,322</u>	<u>110,011</u>
<b>Other Assets</b>		
Pledges receivable, net	1,537,055	1,169,095
Pledges receivable from related parties, net	94,975	201,481
Total other assets	<u>1,632,030</u>	<u>1,370,576</u>
Total assets	<u>\$ 13,510,324</u>	<u>\$ 8,884,448</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 95,313	\$ 136,748
Accrued compensation and benefits	52,734	35,437
Current maturities of financing lease obligation	290	3,384
Total current liabilities	<u>148,337</u>	<u>175,569</u>
<b>Long-Term Liabilities</b>		
Financing lease obligation, net of current maturities	-	290
Total liabilities	<u>148,337</u>	<u>175,859</u>
<b>Net Assets</b>		
Without donor restrictions	1,097,904	1,041,195
With donor restrictions	12,264,083	7,667,394
Total net assets	<u>13,361,987</u>	<u>8,708,589</u>
Total liabilities and net assets	<u>\$ 13,510,324</u>	<u>\$ 8,884,448</u>

The accompanying Notes are an integral  
part of these financial statements

Page 3

# High Line Canal Conservancy

## Statement of Activities

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Support and Revenue</b>			
Grants and contributions	\$ 575,295	\$ 6,098,273	\$ 6,673,568
Special event income	335,648	-	335,648
Special event expenses	(179,646)	-	(179,646)
In-kind contributions	101,721	-	101,721
Merchandise sales, net	4,790	-	4,790
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,439,219	(1,439,219)	-
Expiration of time restrictions	105,262	(105,262)	-
Total operating support and revenue	<u>2,382,289</u>	<u>4,553,792</u>	<u>6,936,081</u>
<b>Operating Expenses</b>			
Program services	1,829,904	-	1,829,904
Supporting services			
General and administrative	220,617	-	220,617
Fundraising	453,581	-	453,581
Total operating expenses	<u>2,504,102</u>	<u>-</u>	<u>2,504,102</u>
Total operating support and revenue in excess (deficit) of operating expenses	(121,813)	4,553,792	4,431,979
<b>Other Changes</b>			
Investment income	<u>178,522</u>	<u>42,897</u>	<u>221,419</u>
<b>Change in Net Assets</b>	<u>56,709</u>	<u>4,596,689</u>	<u>4,653,398</u>
<b>Net Assets, Beginning of Year</b>	<u>1,041,195</u>	<u>7,667,394</u>	<u>8,708,589</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,097,904</u>	<u>\$ 12,264,083</u>	<u>\$ 13,361,987</u>

The accompanying Notes are an integral  
part of these financial statements

Page 4

# High Line Canal Conservancy

## Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
Grants and contributions	\$ 459,512	\$ 4,800,398	\$ 5,259,910
Special event income	304,550	-	304,550
Special event expenses	(130,202)	-	(130,202)
In-kind contributions	90,121	-	90,121
Merchandise sales, net	4,640	-	4,640
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,563,738	(1,563,738)	-
Expiration of time restrictions	110,805	(110,805)	-
Total operating support and revenue	<u>2,403,164</u>	<u>3,125,855</u>	<u>5,529,019</u>
<b>Operating Expenses</b>			
Program services	1,849,798	-	1,849,798
Supporting services			
General and administrative	168,430	-	168,430
Fundraising	354,473	-	354,473
Total operating expenses	<u>2,372,701</u>	<u>-</u>	<u>2,372,701</u>
Total operating support and revenue in excess of operating expenses	30,463	3,125,855	3,156,318
<b>Other Changes</b>			
Investment income	<u>2,679</u>	<u>-</u>	<u>2,679</u>
<b>Change in Net Assets</b>	33,142	3,125,855	3,158,997
<b>Net Assets, Beginning of Year</b>	<u>1,008,053</u>	<u>4,541,539</u>	<u>5,549,592</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,041,195</u>	<u>\$ 7,667,394</u>	<u>\$ 8,708,589</u>

The accompanying Notes are an integral  
part of these financial statements

Page 5

# High Line Canal Conservancy

## Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 690,854	\$ 154,727	\$ 295,566	\$ 1,141,147
Payroll taxes	55,290	14,773	24,157	94,220
Employee benefits	75,229	7,401	22,410	105,040
Total personnel costs	821,373	176,901	342,133	1,340,407
Contract labor	475,114	1,406	6,225	482,745
Legal and professional	109,646	10,697	20,689	141,032
Canal improvement projects	117,013	-	-	117,013
Advertising and marketing	105,507	30	-	105,537
Occupancy	47,514	10,208	19,744	77,466
Printing and postage	35,245	213	24,450	59,908
Technology and communication	38,036	6,372	14,089	58,497
Amortization expense	32,286	6,954	13,449	52,689
Training and education	10,356	2,058	4,568	16,982
Conferences and events	15,202	1,341	-	16,543
Dues and fees	6,664	580	1,253	8,497
Office expense	4,959	994	1,973	7,926
Other program expenses	5,912	-	-	5,912
Bank and credit card fees	210	2,173	3,235	5,618
Travel	3,819	197	334	4,350
Insurance	1,048	226	437	1,711
Miscellaneous	-	160	1,002	1,162
Interest expense	-	107	-	107
Total operating expenses	\$ 1,829,904	\$ 220,617	\$ 453,581	\$ 2,504,102

The accompanying Notes are an integral  
part of these financial statements

Page 6

# High Line Canal Conservancy

## Statement of Functional Expenses

Year ended December 31, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 627,797	\$ 87,328	\$ 198,579	\$ 913,704
Payroll taxes	49,430	6,876	15,635	71,941
Employee benefits	60,679	8,441	19,193	88,313
Total personnel costs	<u>737,906</u>	<u>102,645</u>	<u>233,407</u>	<u>1,073,958</u>
Contract labor	594,751	6,131	34,589	635,471
Canal improvement projects	199,753	-	-	199,753
Occupancy	45,224	13,762	14,600	73,586
Other program expenses	69,484	-	-	69,484
Amortization expense	35,584	5,289	11,816	52,689
Legal and professional	24,758	18,471	6,531	49,760
Conferences and events	44,692	3,735	1,229	49,656
Advertising and marketing	35,349	1,367	7,035	43,751
Printing and postage	24,284	1,094	17,281	42,659
Technology and communication	18,675	3,404	16,509	38,588
Office expense	2,483	2,754	1,923	7,160
Miscellaneous	263	5,677	1,068	7,008
Training and education	4,675	662	1,478	6,815
Dues and fees	5,685	297	662	6,644
Insurance	4,161	619	1,660	6,440
Bank and credit card fees	265	704	4,657	5,626
Travel	1,806	1,547	28	3,381
Interest expense	-	272	-	272
Total operating expenses	<u>\$ 1,849,798</u>	<u>\$ 168,430</u>	<u>\$ 354,473</u>	<u>\$ 2,372,701</u>

The accompanying Notes are an integral  
part of these financial statements

Page 7

# High Line Canal Conservancy

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2023	2022
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 4,653,398	\$ 3,158,997
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization	52,689	52,689
Net present value allowance	20,546	62,794
Net realized and unrealized gain on investments	(54,397)	-
Increase (decrease) from changes in assets and liabilities		
Pledges receivable	1,816,687	(3,275,735)
Inventory	3,663	6,019
Prepaid expenses and other current assets	(142,724)	13,323
Accounts payable	(41,435)	76,723
Accrued compensation and benefits	17,297	2,686
Net cash provided by operating activities	<u>6,325,724</u>	<u>97,496</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	10,443,536	24,079
Purchases of investments	(14,038,160)	(59,811)
Net cash used by investing activities	<u>(3,594,624)</u>	<u>(35,732)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on financing lease obligation	(3,384)	(3,220)
Net cash used by financing activities	<u>(3,384)</u>	<u>(3,220)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,727,716</b>	<b>58,544</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,501,655</b>	<b>2,443,111</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,229,371</b>	<b>\$ 2,501,655</b>
<b>Supplemental Information</b>		
Cash paid for interest	\$ 107	\$ 272

The accompanying Notes are an integral  
part of these financial statements

Page 8

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

---

### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* High Line Canal Conservancy ("the Organization") was established in November 2016 as a Colorado nonprofit corporation dedicated to providing leadership and harness the region's commitment to protecting the future of the High Line Canal. The mission of the Organization is to preserve, protect and enhance the 71-mile legacy canal with support from each jurisdiction and in partnership with Denver Water. Funding for the Organization is obtained primarily through grants and charitable contributions from interested parties.

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

*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 resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents.* Cash consists of checking, savings and money market accounts held at three financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

---

---

### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Fair Value Measurements.* The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values debt and equity securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2023 and 2022.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

---

### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Pledges Receivable.* Unconditional promises to give are recognized as revenue in the period received. Pledges receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible pledges. The allowance for uncollectible pledges is estimated based on management's review of specific contributions outstanding. As of December 31, 2023 and 2022, management believes all pledges receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Inventory.* Inventory consists of promotional merchandise, and is stated at the lower of cost (first-in, first-out method) or net realizable value.

*Property and Equipment.* It is the Organization's policy to capitalize property and equipment at cost for purchases over \$2,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is amortized using straight-line methods over the estimated useful lives of the assets, which is generally four years for leasehold improvements and five years for leased office equipment.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2023 and 2022.

*Leases and Right-of-Use Assets.* The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, or otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date for all leases to discount certain lease asset class obligations. The Organization has also elected to exclude leases with terms of 12 months or less from right-of-use asset and operating lease obligation recognition.

*Contributions.* Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

---

---

### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Contributed Services and Materials.* Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift.

*Revenue Recognition.* The Organization's revenues from contracts with customers is comprised of merchandise sales. Merchandise sales consist of sales of promotional merchandise and are recognized as revenue when the merchandise is picked up or delivered to the customer and the performance obligation is satisfied. Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that sale. All revenue from contracts with customers is recognized from goods transferred to the customer at a point in time.

*Advertising.* The Organization expenses advertising costs, including donated advertising, as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$4,357 and \$16,146, respectively.

*Functional Allocation of Expenses.* The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 24, 2024, the date at which the financial statements were available for release.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 2 – Liquidity and Availability

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 5,229,371	\$ 2,501,655
Pledges receivable	4,387,869	6,225,102
	<u>13,301,993</u>	<u>8,762,489</u>
Less amounts not available to be used within one year:		
Pledges receivable due after one year, net	<u>(1,632,030)</u>	<u>(1,370,576)</u>
Financial assets available for general expenditures within one year	<u>\$11,669,963</u>	<u>\$ 7,391,913</u>

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the guiding principles.

### Note 3 – Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31:

	<u>2023</u>	<u>2022</u>
U.S. government bonds (level 1)	\$ 3,684,753	\$ -
U.S. equities (level 1)	-	35,732
	<u>\$ 3,684,753</u>	<u>\$ 35,732</u>

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2023 and 2022, there were no significant transfers in or out of fair value levels.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 3 – Fair Value Measurements (continued)

Investment income consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 168,448	\$ 2,679
Net unrealized gain on investments	20,357	-
Net realized gain on investments	34,040	-
	<u>222,845</u>	<u>2,679</u>
Investment fees	(1,426)	-
Net investment income	<u>\$ 221,419</u>	<u>\$ 2,679</u>

### Note 4 – Promises to Give and Related Party Transactions

The following summarizes expected collections of unconditional promises to give as of December 31, 2023:

	<u>Unrelated Parties</u>	<u>Related Parties</u>	<u>Total</u>
Due within one year	\$ 2,543,654	\$ 212,185	\$ 2,755,839
Due within one to five years	1,712,001	102,500	1,814,501
	<u>4,255,655</u>	<u>314,685</u>	<u>4,570,340</u>
Less present value allowance	(174,946)	(7,525)	(182,471)
	<u>\$ 4,080,709</u>	<u>\$ 307,160</u>	<u>\$ 4,387,869</u>

The following summarizes expected collections of unconditional promises to give as of December 31, 2022:

	<u>Unrelated Parties</u>	<u>Related Parties</u>	<u>Total</u>
Due within one year	\$ 4,709,026	\$ 145,500	\$ 4,854,526
Due within one to five years	1,312,500	220,000	1,532,500
	<u>6,021,526</u>	<u>365,500</u>	<u>6,387,026</u>
Less present value allowance	(143,405)	(18,519)	(161,924)
	<u>\$ 5,878,121</u>	<u>\$ 346,981</u>	<u>\$ 6,225,102</u>

Unconditional promises to give are measured in the aggregate using present value techniques that consider historical trends of collection similar to these fund raising activities, the type of donor, general economic conditions, and market interest rate assumptions. The present value discount rate used at December 31, 2023 and 2022 was 7.92% and 6.26%, respectively. The interest element resulting from amortization of the discount for the time value of money is reported as contribution revenue.

Certain members of the board of directors have promised to give to the Organization. Amounts due from the related parties at December 31, 2023 and 2022, prior to present value allowances, totaled \$314,685 and \$365,500, respectively.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 4 – Promises to Give and Related Party Transactions (continued)

*Conditional Promises to Give.* The Organization has been awarded grants totaling \$13,000,000. The agreements require matching contributions to be raised by the Organization prior to receiving future payments. Grant revenue recognized through 2023 totaled \$3,469,319, and the remaining balance to be earned is expected to be received through December 2026 upon completion of the objectives.

### Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 196,900	\$ 196,900
Right-of-use financing lease asset	9,707	9,707
	<u>206,607</u>	<u>206,607</u>
Less accumulated amortization	(149,285)	(96,596)
Net property and equipment	<u>\$ 57,322</u>	<u>\$ 110,011</u>

Amortization expense totaled \$52,689 for each of the years ended December 31, 2023 and 2022, respectively.

### Note 6 – Leasing Activities

*Financing Lease.* The Organization leases equipment under a noncancelable financing lease. The lease requires the Organization to pay for maintenance and usage and expired in February 2024. The maintenance and usage costs were determined to be variable lease payments and are not included in lease payments used to determine lease obligations and are recognized as variable costs when incurred. The financing lease obligation and related right-of-use asset as of December 31, 2023 totaled \$290 and \$4,206, respectively. The financing lease obligation and related right-of-use asset as of December 31, 2022 totaled \$3,674 and \$6,148, respectively.

Financing lease costs consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Amortization of right-of-use asset	\$ 1,941	\$ 1,941
Interest on lease liability	107	272
	<u>\$ 2,048</u>	<u>\$ 2,213</u>

Cash paid for amounts included in the measurement of financing lease liabilities totaled \$3,491 for each of the years ended December 31, 2023 and 2022.

The weighted average remaining lease term for financing leases was 0.17 years and 1.217 years at December 31, 2023 and 2022, respectively. The weighted average discount rate for financing leases was 5.00% at December 31, 2023 and 2022.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 6 – Leasing Activities (continued)

Scheduled maturities of financing lease liabilities due in 2024 totaled \$290 at December 31, 2023.

*Operating Lease.* The Organization receives in-kind facilities and property use located in Centennial, Colorado under an operating lease with the City and County of Denver. Either party can cancel the lease with six-month written notice. The lease expires in January 2025. In exchange for no rent, the lease requires the Organization to maintain the property among other stipulations. In-kind rent expense under the lease totaled \$57,795 for each of the years ended December 31, 2023 and 2022.

### Note 7 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2023 and 2022:

	Purpose Restrictions		Time Restrictions	Total
	Enhancement and Education	Capital Campaigns		
Balance, January 1, 2022	\$ 375,311	\$ 4,055,423	\$ 110,805	\$ 4,541,539
Additions	654,623	4,025,828	119,947	4,800,398
Releases	(717,556)	(846,182)	(110,805)	(1,674,543)
Balance, December 31, 2022	312,378	7,235,069	119,947	7,667,394
Additions	<b>531,760</b>	<b>5,609,410</b>	-	<b>6,141,170</b>
Releases	<b>(404,114)</b>	<b>(1,035,105)</b>	<b>(105,262)</b>	<b>(1,544,481)</b>
Balance, December 31, 2023	<b>\$ 440,024</b>	<b>\$11,809,374</b>	<b>\$ 14,685</b>	<b>\$12,264,083</b>

### Note 8 – In-kind Contributions

The Organization received the following contributions of nonfinancial assets for the years ended December 31:

	2023	2022
Facilities and land use	\$ 57,795	\$ 57,795
Professional services		
Legal	43,926	25,116
Advertising	-	5,290
Other	-	1,920
	<b>\$ 101,721</b>	<b>\$ 90,121</b>

The Organization receives contributed facilities and land use that is reported at the current price for similar uses as determined on a publicly available website. Contributed professional services are valued using current rates for similar services. All donated property use and services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the in-kind contributions.

# High Line Canal Conservancy

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 9 – Special Events

The Organization derived net revenue from the following special fundraising events during the year ended December 31, 2023:

	<u>Dine for the High Line</u>	<u>Scamper 5k</u>	<u>Total</u>
Event contributions, cash and in-kind	\$ 178,320	\$ 71,718	\$ 250,038
Event sales	76,825	8,785	85,610
	<u>255,145</u>	<u>80,503</u>	<u>335,648</u>
Direct costs	(137,629)	(42,017)	(179,646)
Net revenue	<u>\$ 117,516</u>	<u>\$ 38,486</u>	<u>\$ 156,002</u>

The Organization derived net revenue from the following special fundraising event during the year ended December 31, 2022:

	<u>Dine for the High Line</u>
Event contributions, cash and in-kind	\$ 280,050
Event sales	24,500
	<u>304,550</u>
Direct costs	(130,202)
Net revenue	<u>\$ 174,348</u>

### Note 10 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which allows an employee to contribute up to \$15,500 of their annual compensation. Employees who earned at least \$5,000 per year for the preceding two years and who are expected to earn at least \$5,000 in the current year are eligible to participate in the plan. The Organization provides a matching contribution to the plan of up to 3% of the employee's annual compensation. The Organization contributed \$20,667 and \$17,524 to the plan for the years ended December 31, 2023 and 2022, respectively.

### Note 11 – Concentrations

*Major Grantors.* The Organization had three grantors that comprised 47% and 60% of total support and revenue for the years ended December 31, 2023 and 2022, respectively. Pledges receivable outstanding from the grantors totaled \$1,000,000 and \$3,094,319 at December 31, 2023 and 2022, respectively.

*Bank Deposits.* The Organization routinely maintains cash balances in excess of federally insured limits.

*Geographical.* The Organization receives predominantly all of its revenue and support from Denver, Colorado and the surrounding counties.