

High Line Canal Conservancy

(a nonprofit Colorado corporation)

Financial Statements

December 31, 2022 and 2021

High Line Canal Conservancy

Table of Contents

Independent Auditor's Report	Pages 1-2
Statements of Financial Position December 31, 2022 (audited) and 2021 (reviewed)	Page 3
Statement of Activities Year ended December 31, 2022 (audited)	Page 4
Statement of Activities Year ended December 31, 2021 (reviewed)	Page 5
Statement of Functional Expenses Year ended December 31, 2022 (audited)	Page 6
Statement of Functional Expenses Year ended December 31, 2021 (reviewed)	Page 7
Statements of Cash Flows Years ended December 31, 2022 (audited) and 2021 (reviewed)	Page 8
Notes to Financial Statements	Pages 9-18

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 statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The 2021 financial statements were reviewed by us and our report thereon, dated September 8, 2022, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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.

Independent Auditor's Report (continued)

Responsibilities of Management for the Financial Statements (continued)

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.

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
October 9, 2023

High Line Canal Conservancy

Statements of Financial Position

December 31	2022	2021
	Audited	Reviewed
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,501,655	\$ 2,443,111
Investments	35,732	-
Pledges receivable, current portion	4,709,026	909,388
Pledges receivable from related parties, current portion	145,500	164,500
Inventory	5,033	11,052
Prepaid expenses and other current assets	6,915	20,238
Total current assets	<u>7,403,861</u>	<u>3,548,289</u>
Property and Equipment, at cost	<u>110,011</u>	<u>162,700</u>
Other Assets		
Pledges receivable, net	1,169,095	1,457,933
Pledges receivable from related parties, net	201,481	480,340
Total other assets	<u>1,370,576</u>	<u>1,938,273</u>
Total assets	<u>\$ 8,884,448</u>	<u>\$ 5,649,262</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 136,748	\$ 60,025
Accrued compensation and benefits	35,437	32,751
Current maturities of financing lease obligation	3,384	3,220
Total current liabilities	<u>175,569</u>	<u>95,996</u>
Long-Term Liabilities		
Financing lease obligation, net of current maturities	<u>290</u>	<u>3,674</u>
Total liabilities	<u>175,859</u>	<u>99,670</u>
Net Assets		
Without donor restrictions	1,041,195	1,008,053
With donor restrictions	7,667,394	4,541,539
Total net assets	<u>8,708,589</u>	<u>5,549,592</u>
Total liabilities and net assets	<u>\$ 8,884,448</u>	<u>\$ 5,649,262</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, 2022 (audited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Grants and contributions	\$ 459,512	\$ 4,800,398	\$ 5,259,910
In-kind contributions	90,121	-	90,121
Special event income	304,550	-	304,550
Special event expenses	(130,202)	-	(130,202)
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>
Operating Expenses			
Program services	1,849,798	-	1,849,798
Supporting services			
General and administrative	168,430	-	168,430
Fundraising	<u>354,473</u>	<u>-</u>	<u>354,473</u>
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
Other Changes			
Investment income	<u>2,679</u>	<u>-</u>	<u>2,679</u>
Change in Net Assets	33,142	3,125,855	3,158,997
Net Assets, Beginning of Year	<u>1,008,053</u>	<u>4,541,539</u>	<u>5,549,592</u>
Net Assets, End of Year	<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 4

High Line Canal Conservancy

Statement of Activities

Year ended December 31, 2021 (reviewed)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Grants and contributions	\$ 358,441	\$ 4,249,800	\$ 4,608,241
In-kind contributions	59,727	-	59,727
Special event income	216,802	-	216,802
Special event expenses	(48,476)	-	(48,476)
Merchandise sales, net	3,994	-	3,994
Net assets released from restrictions			-
Satisfaction of purpose restrictions	991,548	(991,548)	-
Expiration of time restrictions	78,373	(78,373)	-
Total operating support and revenue	<u>1,660,409</u>	<u>3,179,879</u>	<u>4,840,288</u>
Operating Expenses			
Program services	1,079,039	-	1,079,039
Supporting services			
General and administrative	171,079	-	171,079
Fundraising	<u>371,497</u>	<u>-</u>	<u>371,497</u>
Total operating expenses	<u>1,621,615</u>	<u>-</u>	<u>1,621,615</u>
Total operating support and revenue in excess of operating expenses	38,794	3,179,879	3,218,673
Other Changes			
Interest income	<u>768</u>	<u>-</u>	<u>768</u>
Change in Net Assets	39,562	3,179,879	3,219,441
Net Assets, Beginning of Year	<u>968,491</u>	<u>1,361,660</u>	<u>2,330,151</u>
Net Assets, End of Year	<u>\$ 1,008,053</u>	<u>\$ 4,541,539</u>	<u>\$ 5,549,592</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, 2022 (audited)

	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 6

High Line Canal Conservancy

Statement of Functional Expenses

Year ended December 31, 2021 (reviewed)

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 451,455	\$ 73,393	\$ 228,865	\$ 753,713
Payroll taxes	34,098	5,544	17,286	56,928
Employee benefits	37,503	6,097	19,012	62,612
Total personnel costs	523,056	85,034	265,163	873,253
Contract labor	191,726	364	14,502	206,592
Canal improvement projects	177,655	-	-	177,655
Advertising and marketing	47,971	-	25,794	73,765
Occupancy	47,969	10,279	10,279	68,527
Amortization expense	30,735	6,586	6,586	43,907
Printing and postage	19,571	849	22,266	42,686
Office expense	2,394	25,679	3,400	31,473
Technology and communication	4,917	7,793	17,776	30,486
Legal and professional	7,140	20,951	506	28,597
Conferences and events	9,152	2,635	535	12,322
Other program expenses	10,668	-	-	10,668
Dues and fees	2,708	2,324	612	5,644
Bank and credit card fees	421	821	3,045	4,287
Training and education	287	3,725	-	4,012
Travel	2,669	189	242	3,100
Insurance	-	2,887	-	2,887
Miscellaneous	-	576	791	1,367
Interest expense	-	387	-	387
Total operating expenses	\$ 1,079,039	\$ 171,079	\$ 371,497	\$ 1,621,615

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	2022 Audited	2021 Reviewed
Cash Flows From Operating Activities		
Change in net assets	\$ 3,158,997	\$ 3,219,441
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization	52,689	43,907
Net present value allowance	62,794	95,210
Increase (decrease) from changes in assets and liabilities		
Pledges receivable	(3,275,735)	(2,921,403)
Inventory	6,019	(10,302)
Prepaid expenses and other current assets	13,323	62,235
Deposit	-	3,115
Accounts payable	76,723	37,981
Accrued compensation and benefits	2,686	3,797
Net cash provided by operating activities	<u>97,496</u>	<u>533,981</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	24,079	5,155
Purchases of investments	(59,811)	-
Purchases of property and equipment	-	(177,092)
Net cash used by investing activities	<u>(35,732)</u>	<u>(171,937)</u>
Cash Flows From Financing Activities		
Payments on financing lease obligation	(3,220)	(2,813)
Net cash used by financing activities	<u>(3,220)</u>	<u>(2,813)</u>
Net Increase in Cash and Cash Equivalents	58,544	359,231
Cash and Cash Equivalents, Beginning of Year	2,443,111	2,083,880
Cash and Cash Equivalents, End of Year	\$ 2,501,655	\$ 2,443,111
Supplemental Information		
Cash paid for interest	\$ 272	\$ 387
Equipment acquired under a financing lease	\$ -	\$ 9,707

The accompanying Notes are an integral
part of these financial statements

Page 8

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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.

Change in Accounting Principle. On January 1, 2022, the Organization adopted FASB ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance on the accounting for leases that superseded previous guidance. Topic 842 requires lessees to recognize leases on the statement of financial position for all leases, including operating leases which were not previously recorded as assets and liabilities, and to disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are now classified as financing, formerly capital, or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. The Organization adopted ASU 2016-02 under the modified retrospective approach, applying the amendments only to prospective reporting periods. In performing its analysis, the Organization reflected the aggregate effect of all modifications when identifying the lease obligations and ROU assets. The change in accounting method would not have had a material effect on the change in net assets for the year ended December 31, 2021, or on net assets as of December 31, 2021.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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

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.

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.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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

Fair Value Measurements (continued). The Organization values 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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021.

Leases and Right-of-Use Assets. Commencing January 1, 2022, the Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. 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.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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

Leases and Right-of-Use Assets (continued). 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. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus or minus any prepaid or accrued lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Right-of-use assets under financing leases are recorded in property and equipment in the accompanying statement of financial position. The Organization has elected to exclude leases of 12 months or less from right-of-use asset recognition. Amortization of right-of-use assets for financing leases is included in amortization expense.

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.

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.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$16,146 and \$8,669, 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 October 9, 2023, the date at which the financial statements were available for release.

Note 2 – Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,501,655	\$ 2,443,111
Pledges receivable	6,225,102	3,012,161
	<u>8,762,489</u>	<u>5,455,272</u>
Less amounts not available to be used within one year:		
Pledges receivable due after one year, net	<u>(1,370,576)</u>	<u>(1,938,273)</u>
Financial assets available for general expenditures within one year	<u>\$ 7,391,913</u>	<u>\$ 3,516,999</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.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

Note 2 – Liquidity and Availability (continued)

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, 2022 and 2021, the level of liquidity and reserves was managed within the guiding principles.

Note 3 – Fair Value Measurements

The Organization assets measured on a recurring basis by fair value hierarchy as of December 31, 2022 consisted of \$35,732 in domestic equity securities. The domestic equity securities are valued at level 1 of the fair value hierarchy. There were no assets measured on a recurring basis by fair value hierarchy as of December 31, 2021.

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 year ended December 31, 2022, there were no significant transfers in or out of fair value levels.

Net investment income consisted of \$2,679 in interest and dividends for 2022. There was no investment income for 2021.

Note 4 – Promises to Give and Related Party Transactions

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

	Unrelated Parties	Related Parties	Total
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
	6,021,526	365,500	6,387,026
Less present value allowance	(143,405)	(18,519)	(161,924)
	\$ 5,878,121	\$ 346,981	\$ 6,225,102

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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

The following summarizes expected collections of unconditional promises to give as of December 31, 2021:

	Unrelated Parties	Related Parties	Total
Due within one year	\$ 909,388	\$ 164,500	\$ 1,073,888
Due within one to five years	1,528,403	509,000	2,037,403
	<u>2,437,791</u>	<u>673,500</u>	<u>3,111,291</u>
Less present value allowance	(70,470)	(28,660)	(99,130)
	<u>\$ 2,367,321</u>	<u>\$ 644,840</u>	<u>\$ 3,012,161</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, 2022 and 2021 was 6.26% and 3.50%, 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, 2022 and 2021, prior to present value allowances, totaled \$365,500 and \$673,500, respectively.

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 during 2022 totaled \$2,469,319, 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:

	2022	2021
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	(96,596)	(43,907)
Net property and equipment	<u>\$ 110,011</u>	<u>\$ 162,700</u>

Amortization expense totaled \$52,689 and \$43,907 for the years ended December 31, 2022 and 2021, respectively.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

Note 6 – Leasing Activities and Change in Accounting Principle

Change in Accounting Principle. The Organization adopted Topic 842 on January 1, 2022 using the modified retrospective approach and recorded reclassifications to opening right-of-use assets and financing lease liabilities of \$8,089 and \$6,894, respectively. The adoption changed the terms used to describe the lease obligation and right-of-use asset. The adoption did not change net assets. The Organization elected certain practical expedients allowed under ASC 842 and, accordingly, did not reassess whether any expired or existing contracts are or include leases, or the lease classification of any expired or existing leases, and initial direct costs for any existing leases.

Financing Lease. The Organization leases equipment under a noncancelable financing lease. The lease requires the Organization to pay for maintenance and usage and expires 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, 2022 totaled \$3,674 and 6,148, respectively.

Financing lease costs consist of the following for the year ended December 31, 2022:

	<u>Amount</u>
Amortization of right-of-use asset	\$ 3,219
Interest on lease liability	272
	<u>\$ 3,491</u>

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

The weighted average remaining lease term for financing leases was 1.217 years at December 31, 2022. The weighted average discount rate for financing leases was 5.00% at December 31, 2022. The discount rate for the financing lease is estimated based on the Organization's incremental borrowing rate at the commencement of the lease.

Scheduled maturities of financing lease liabilities are as follows at December 31, 2022:

<u>Year</u>	<u>Amount</u>
2023	\$ 3,491
2024	291
	<u>3,782</u>
Less amount representing interest	(108)
	<u>\$ 3,674</u>

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, 2022 and 2021.

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

Note 7 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2022 and 2021:

	Purpose Restrictions			Total
	Enhancement and Education	Capital Campaigns	Time Restrictions	
Balance, January 1, 2021	\$ 291,427	\$ 917,790	\$ 152,443	\$ 1,361,660
Additions	499,015	3,714,050	36,735	4,249,800
Releases	(415,131)	(576,417)	(78,373)	(1,069,921)
Balance, December 31, 2021	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

Note 8 – In-kind Contributions

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

	2022	2021
Facilities and land use	\$ 57,795	\$ 57,795
Professional services		
Legal	25,116	1,932
Advertising	5,290	-
Other	1,920	-
	\$ 90,121	\$ 59,727

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.

Note 9 – Special Event

The Organization derived net revenue from the Dine for the High Line special fundraising event during the years ended December 31:

	2022	2021
Event contributions, cash and in-kind	\$ 280,050	\$ 216,802
Event sales	24,500	-
	304,550	216,802
Direct costs	(130,202)	(48,476)
Net revenue	\$ 174,348	\$ 168,326

High Line Canal Conservancy

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures related to the year ended December 31, 2021 are reviewed

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 \$14,000 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 \$17,524 and \$15,216 to the plan for the years ended December 31, 2022 and 2021, respectively.

Note 11 – Concentrations

Major Grantors. The Organization had three grantors that comprised 60% of total support and revenue for the year ended December 31, 2022. Pledges receivable outstanding from the grantors totaled \$3,094,319 at December 31, 2022. The Organization had four grantors that comprised 70% of total support and revenue for the year ended December 31, 2021. Pledges receivable outstanding from the grantors totaled \$1,354,403 at December 31, 2021.

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.