



**Parks and Wildlife Foundation of Texas, Inc.**

**Financial Statements  
December 31, 2022 and 2021**

**Parks and Wildlife Foundation of Texas, Inc.**  
**Contents**

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## **Independent Auditors' Report**

Board of Directors  
Parks and Wildlife Foundation of Texas, Inc.

### **Opinion**

We have audited the accompanying financial statements of the Parks and Wildlife Foundation of Texas, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Parks and Wildlife Foundation of Texas, Inc. as of December 31, 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 (GAAP).

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Parks and Wildlife Foundation of Texas, Inc. 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.

### **Prior Period Financial Statements**

The financial statements of the Parks and Wildlife Foundation of Texas, Inc as of December 31, 2021 were audited by other auditors whose report dated July 19, 2022, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Parks and Wildlife Foundation of Texas, Inc.'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 GAAS 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 GAAS, 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 Parks and Wildlife Foundation of Texas, Inc.'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 Parks and Wildlife Foundation of Texas, Inc.'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.



A Limited Liability Partnership

Arlington, Texas  
August 28, 2023

**Parks and Wildlife Foundation of Texas, Inc.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

<b>Assets</b>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 23,902,716	\$ 17,543,244
Contributions receivable, net	509,276	1,814,664
Other receivables	121,655	69,544
Prepaid expenses	129,046	92,659
Investments	25,866,918	29,911,962
Assets held for others	5,750,749	6,081,886
Restricted for endowment:		
Investments	14,204,578	16,211,530
Contributions receivable, net	250,000	487,051
Property and equipment, net	2,164,269	844,998
Land with contractual provisions - restricted as to use	<u>6,743,990</u>	<u>6,743,990</u>
<b>Total assets</b>	<u><u>\$ 79,643,197</u></u>	<u><u>\$ 79,801,528</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 153,132	\$ 27,359
Conservation loans payable, net	1,449,547	250,000
Grants payable	592,500	622,500
Due to others	<u>5,750,749</u>	<u>6,081,886</u>
<b>Total liabilities</b>	7,945,928	6,981,745
<b>Net assets:</b>		
Net assets without donor restrictions	25,339,872	24,978,497
Net assets with donor restrictions	<u>46,357,397</u>	<u>47,841,286</u>
<b>Total net assets</b>	<u>71,697,269</u>	<u>72,819,783</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 79,643,197</u></u>	<u><u>\$ 79,801,528</u></u>

See notes to financial statements.

**Parks and Wildlife Foundation of Texas, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 3,600,035	\$ 8,588,304	\$ 12,188,339
Contributions of nonfinancial assets	759,190	-	759,190
Net assets released from restriction	5,377,075	(5,377,075)	-
<b>Total revenue and support</b>	9,736,300	3,211,229	12,947,529
<b>Operating expenses:</b>			
Program services	7,865,268	-	7,865,268
Supporting services:			
Management and general	630,332	-	630,332
Fundraising	166,168	-	166,168
<b>Total expenses</b>	8,661,768	-	8,661,768
<b>Excess of revenue and support over expenses</b>	1,074,532	3,211,229	4,285,761
<b>Non-operating gains (losses) and other income:</b>			
Gain on forgiveness of conservation loan payable	250,000	-	250,000
Investment loss, net	(1,330,074)	(4,695,118)	(6,025,192)
Loss on disposal	(980)	-	(980)
Other income	367,897	-	367,897
<b>Total non-operating gains (losses) and other income</b>	(713,157)	(4,695,118)	(5,408,275)
<b>Change in net assets</b>	361,375	(1,483,889)	(1,122,514)
<b>Net assets at beginning of year</b>	24,978,497	47,841,286	72,819,783
<b>Net assets at end of year</b>	<u>\$ 25,339,872</u>	<u>\$ 46,357,397</u>	<u>\$ 71,697,269</u>

See notes to financial statements.

**Parks and Wildlife Foundation of Texas, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 2,767,813	\$ 5,482,367	\$ 8,250,180
Contributions of nonfinancial assets	66,877	-	66,877
Net assets released from restriction	2,928,170	(2,928,170)	-
<b>Total revenue and support</b>	5,762,860	2,554,197	8,317,057
<b>Operating expenses:</b>			
Program services	7,538,699	-	7,538,699
Supporting services:			
Management and general	577,133	-	577,133
Fundraising	124,795	-	124,795
<b>Total operating expenses</b>	8,240,627	-	8,240,627
<b>Excess of (deficit) revenue and support over operating expenses</b>	(2,477,767)	2,554,197	76,430
<b>Non-operating gains (losses) and other income:</b>			
Loss on contribution of property	(1,120,705)	-	(1,120,705)
Other income	204,215	-	204,215
Investment income, net	1,285,033	3,860,845	5,145,878
<b>Total non-operating gains (losses) and other income</b>	368,543	3,860,845	4,229,388
<b>Change in net assets</b>	(2,109,224)	6,415,042	4,305,818
<b>Net assets at beginning of year</b>	27,087,721	41,426,244	68,513,965
<b>Net assets at end of year</b>	\$ 24,978,497	\$ 47,841,286	\$ 72,819,783

See notes to financial statements.

**Parks and Wildlife Foundation of Texas, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services				Total Program Services	Support Services			Total
	Conserve	Lead	Engage	Steward		Management and General	Fundraising	Total Support Services	
Grants to organizations and governments	\$ 1,897,814	\$ 725,629	\$ 801,493	\$ 347,726	\$ 3,772,662	\$ -	\$ -	\$ -	\$ 3,772,662
Grants to individuals	3,375	14,407	-	-	17,782	-	-	-	17,782
Compensation and related costs	192,808	484,564	248,343	265,071	1,190,786	337,713	82,036	419,749	1,610,535
Professional services-legal	-	36,549	-	3,325	39,874	537	-	537	40,411
Professional services-accounting	-	274	192	21	487	72,854	-	72,854	73,341
Professional services-other	326,923	1,778,694	23,300	88,551	2,217,468	106,298	62,472	168,770	2,386,238
Advertising and promotions	4,975	5,060	875	-	10,910	3,790	-	3,790	14,700
Office	54,284	17,967	7,796	729	80,776	31,652	2,575	34,227	115,003
Information technology	1,415	1,719	798	232	4,164	1,932	1,282	3,214	7,378
Occupancy	11,297	20,489	14,301	6,387	52,474	20,150	7,931	28,081	80,555
Travel	10,209	74,768	13,021	15,177	113,175	6,456	6,177	12,633	125,808
Conferences, conventions and meetings	-	-	-	-	-	27,163	-	27,163	27,163
Interest	-	-	-	10,791	10,791	-	-	-	10,791
Depreciation	-	2,888	-	9,750	12,638	4,068	-	4,068	16,706
Insurance	3,636	12,592	2,051	32,789	51,068	4,965	3,296	8,261	59,329
Miscellaneous	40,697	201,979	39,785	7,752	290,213	12,754	399	13,153	303,366
<b>Total expenses by function</b>	<b>\$ 2,547,433</b>	<b>\$ 3,377,579</b>	<b>\$ 1,151,955</b>	<b>\$ 788,301</b>	<b>\$ 7,865,268</b>	<b>\$ 630,332</b>	<b>\$ 166,168</b>	<b>\$ 796,500</b>	<b>\$ 8,661,768</b>

See notes to financial statements.



**Parks and Wildlife Foundation of Texas, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services				Total Program Services	Support Services		Total Support Services	Total
	Conserve	Lead	Engage	Steward		Management and General	Fundraising		
Grants to organizations and governments	\$ 967,267	\$ 730,901	\$ 514,660	\$ 2,729,218	\$ 4,942,046	\$ 50	\$ -	\$ 50	\$ 4,942,096
Grants to individuals	2,675	-	12,750	-	15,425	-	-	-	15,425
Salaries and wages	133,411	194,535	359,369	146,447	833,762	363,028	66,592	429,620	1,263,382
Professional services-legal	3,928	150	3,521	-	7,599	28,164	-	28,164	35,763
Professional services-accounting	-	204	169	-	373	45,488	-	45,488	45,861
Professional services-other	254,500	21,148	727,491	30,800	1,033,939	46,003	22,839	68,842	1,102,781
Advertising and promotions	3,250	3,000	4,414	-	10,664	349	-	349	11,013
Office	4,044	5,947	12,175	2,963	25,129	31,033	3,165	34,198	59,327
Information technology	387	651	1,664	723	3,425	1,850	1,958	3,808	7,233
Occupancy	6,301	14,902	16,200	11,373	48,776	8,579	20,179	28,758	77,534
Travel	3,388	3,395	17,023	3,331	27,137	6,249	3,350	9,599	36,736
Conferences, conventions and meetings	2,420	-	-	-	2,420	4,991	-	4,991	7,411
Interest	22	37	94	41	194	105	111	216	410
Depreciation	-	-	2,888	58,497	61,385	2,799	-	2,799	64,184
Insurance	1,119	1,880	13,239	35,471	51,709	5,340	5,654	10,994	62,703
Miscellaneous	333,739	8,958	126,026	5,993	474,716	33,105	947	34,052	508,768
<b>Total expenses by function</b>	<b>\$ 1,716,451</b>	<b>\$ 985,708</b>	<b>\$ 1,811,683</b>	<b>\$ 3,024,857</b>	<b>\$ 7,538,699</b>	<b>\$ 577,133</b>	<b>\$ 124,795</b>	<b>\$ 701,928</b>	<b>\$ 8,240,627</b>

See notes to financial statements.

**Parks and Wildlife Foundation of Texas, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,122,514)	\$ 4,305,818
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	16,706	64,184
Amortization of discount on contributions receivable	(5,201)	(8,724)
Loss on contribution of land	-	1,120,705
Loss on disposal of property and equipment	980	-
Imputed interest	(53,953)	-
Contributions restricted for investment in endowment	(439,092)	(131,271)
Property and equipment donated to others	-	2,448,180
Realized and unrealized (gains)losses on investments	7,299,793	(4,195,650)
Contribution of nonfinancial asset capitalized	(471,070)	-
Gain on forgiveness of conservation loan payable	(250,000)	-
Changes in assets and liabilities:		
Contributions receivable	1,297,640	(1,441,116)
Prepaid expenses	(36,387)	(9,118)
Other receivables	(52,111)	62,642
Assets held for others	331,137	(5,761,130)
Accounts payable and accrued expenses	125,773	(53,047)
Due to others	(331,137)	5,761,130
Refundable advances	-	(228,540)
Grants payable	(30,000)	(100,000)
<b>Net cash provided by operating activities</b>	<b>6,280,564</b>	<b>1,834,063</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	26,979,248	16,312,141
Proceeds from sales of property and equipment	750,000	1,400,192
Purchases of investments	(28,227,045)	(17,497,239)
Purchases of property and equipment	(1,615,887)	(2,151,419)
<b>Net cash used by investing activities</b>	<b>(2,113,684)</b>	<b>(1,936,325)</b>
<b>Cash flows from financing activities:</b>		
Collection of contribution restricted for investment in endowment	689,092	381,271
Repayment of conservation loans	-	(1,546,539)
Proceeds from conservation loans	1,503,500	1,396,539
<b>Net cash provided by financing activities</b>	<b>2,192,592</b>	<b>231,271</b>
<b>Change in cash and cash equivalents</b>	<b>6,359,472</b>	<b>129,009</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>17,543,244</b>	<b>17,414,235</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 23,902,716</b>	<b>\$ 17,543,244</b>

**Noncash investing activities:**

During the year ended December 31, 2021, the Foundation donated land with contractual provisions totaling \$2,448,180 to the Texas Parks and Wildlife Department.

During the year ended December 31, 2022, the Foundation received a donation of land with a value of \$471,070.

**Noncash financing activities:**

During the year ended December 31, 2022, the Foundation received a forgiven conservation loan payable totaling \$250,000.

See notes to financial statements.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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### 1. Organization

The Parks and Wildlife Foundation of Texas, Inc. (Foundation) is a Texas not-for-profit corporation organized and operated for charitable purposes of conserving and protecting the natural and cultural resources of Texas. The Foundation solicits and accepts gifts, grants and donations to fulfill its mission. The Foundation has been designated by the Texas Parks and Wildlife Department (Department), an agency of the state of Texas, as the official not-for-profit partner of the Department.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Financial Statement Presentation*

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Foundation and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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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 are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (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. The Foundation chooses to show restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions.

### ***Estimates and Assumptions***

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

### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments, which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, contributions receivable, other receivables and investments in marketable securities. The Foundation maintains cash at a financial institution located in Texas. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 the Foundation's uninsured balances totaled \$23,252,716.

Contributions receivable to give and other receivables are unsecured and are due from various donors and vendors. The Foundation continually evaluates the collectability of receivables and maintains allowances for potential losses if considered necessary.

At December 31, 2022, 85% of contributions receivable were due from three pledges. At December 31, 2021, 76% of contributions receivable were due from three pledges.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

# **Parks and Wildlife Foundation of Texas, Inc.**

## **Notes to Financial Statements**

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### ***Contributions Receivables***

Contributions receivable are due from organizations and individuals relating to gift pledges. The collectability of the Foundation's receivables is reviewed on an ongoing basis, using an assessment of the current status of individual accounts and current economic conditions. Contributions receivable are considered to be fully collectible by management at December 31, 2022. At December 31, 2022 and 2021 the allowance for uncollectible accounts totaled \$2,000.

### ***Investments***

At December 31, 2022 and 2021, the Foundation's investments are stated at fair value in accordance with GAAP. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date. Cash and cash equivalents held in brokerage accounts are considered to be investments.

### ***Assets Held for Others***

Assets held for others at December 31, 2022 and 2021 totaled \$5,750,749 and \$6,081,886, respectively, and consist of funds held for two Texas nonprofit organization with similar charitable purposes, but where the Foundation holds no economic interest. Assets held for others are recorded at fair value with a corresponding liability reflected in the accompanying statements of financial position.

### ***Property and Equipment***

Property and equipment purchased by the Foundation are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 15 years for buildings, 5- 12 years for furniture and equipment and 5 years for vehicles.

### ***Land with Contractual Provisions – restricted as to use***

The Foundation purchased property and received donations of property restricted as to use and terms of sale which are reported as land held with contractual provisions in the statements of financial position. During 2021, a portion of the restricted land was donated to the Department. As of December 31, 2022, the Foundation held two parcels of land with contractual provisions located in Stephens County and Brown County.

### ***Impairment of Long-Lived Assets***

The Foundation regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the years ended December 31, 2022 and 2021.

# **Parks and Wildlife Foundation of Texas, Inc.**

## **Notes to Financial Statements**

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### ***Revenue Recognition***

The Foundation recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of nonfinancial assets are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation.

### ***Functional Allocation of Expenses***

The costs of providing the programs and supporting activities have been summarized on a functional basis in the financial statements. Costs are allocated between program services and support services based on management’s judgment considering space used, time spent or direct relation to the program or support service benefited.

### ***Accounting Pronouncements Adopted***

The Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. The Foundation has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes in-kind contributions, and therefore, no changes were required to net assets as of January 1, 2021. The presentation and disclosures of in-kind contributions have been enhanced in accordance with the standard.

### ***Federal Income Tax***

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Foundation’s exempt purposes is subject to tax under IRC Section 511. The Foundation had no unrelated business income tax liability for the years ended December 31, 2022 and 2021. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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GAAP requires the evaluation of tax positions taken in the course of preparing the Foundation's tax returns and recognition of a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax position taken by the Foundation, and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

### ***Reclassifications***

Certain items in the 2021 financial statements have been reclassified for comparative purposes to conform with the presentation of the 2022 financial statements.

### **3. Fair Value Measurement of Financial Instruments**

The Foundation measures its investments at fair value on a recurring basis. The inputs used to develop fair value are ranked to indicate the quality and reliability of the resulting fair value measures, as follows:

- |         |   |
|---------|---|
| Level 1 | Quoted market prices in active markets for identical assets or liabilities.                 |
| Level 2 | Observable market-based inputs or unobservable inputs that are corroborated by market data. |
| Level 3 | Unobservable inputs that are not corroborated by market data.                               |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

### ***Mutual Funds***

Valued at NAV or quoted market prices of shares held by the Foundation at year end.

The methods described above may produce fair value estimates that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Foundation 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.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Total
Cash	\$ 706,009	-	\$ 706,009
Mutual funds:			
Equity	24,264,317	-	24,264,317
Fixed income	13,640,123	-	13,640,123
Real estate	1,090,790	-	1,090,790
	\$ 39,701,239	\$ -	\$ 39,701,239
Equity securities without readily determinable fair value - Note 4			370,257
			\$ 40,071,496

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021:

	Level 1	Level 2	Total
Cash	\$ 596,813	\$ -	\$ 596,813
Mutual funds:			
Equity	31,223,183	-	31,223,183
Fixed income	13,191,930	559,142	13,751,072
Real estate	778,980	-	778,980
	\$ 45,790,906	\$ 559,142	\$ 45,753,235
Equity securities without readily determinable fair value - Note 4			370,257
			\$ 46,123,492

Net investment income (loss) consists of the following for the years ended December 31:

	2022	2021
Dividends and interest	\$ 1,412,117	\$ 1,066,374
Realized investment gains	432,777	2,098,826
Unrealized investment gains (losses)	(7,732,570)	2,116,838
Less: investment fees	(137,516)	(136,160)
	\$ (6,025,192)	\$ 5,145,878



# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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### 4. Equity Investments Without Readily Determinable Fair Values

The Foundation measures certain equity investments without a readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment. The equity investment valued through this measurement approach consisted of a convertible note receivable purchased in 2018 that was converted to an equity investment in 2019. As of and for the years ended December 31, 2022 and 2021, amounts related to equity securities without a readily determinable fair value are as follows:

	<u>2022</u>	<u>2021</u>
Carrying amount of investments without readily determinable fair values	\$ 370,257	\$ 370,257
Upward adjustments recognized during the year	\$ -	\$ 220,257

During 2021, the company in which the Foundation holds an equity security without a readily determinable fair value underwent a round of financing wherein the Foundation observed market activity that led to an upward adjustment of the security's market value in the amount of \$220,257. There was no upward adjustment during 2022. Additionally, there were no impairments or downward adjustments during the years ended December 31, 2022 and 2021.

### 5. Contributions Receivable

Contributions receivable estimated to be collected are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Contributions due in one year or less	\$ 556,524	\$ 1,956,664
Receivable between one to five years	<u>212,500</u>	<u>360,000</u>
	769,024	2,316,664
Less:		
Allowance for uncollectible contributions	(2,000)	(2,000)
Unamortized discount	<u>(7,748)</u>	<u>(12,949)</u>
	<u>\$ 759,276</u>	<u>\$ 2,301,715</u>

Contributions receivables are reflected at the present value of future cash flows using discount rates ranging from .13 % to 4.73% for 2022 and 2021.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

### 6. Property and Equipment

Property and equipment at December 31:

	2022	2021
Land	\$ 8,842,765	\$ 7,533,479
Building	91,124	91,124
Furniture and equipment	33,199	29,179
Vehicle	42,747	42,747
Computer software and equipment	52,009	30,414
	9,061,844	7,726,943
Less land with contractual provisions	(6,743,990)	(6,743,990)
Less accumulated depreciation	(153,585)	(137,955)
Property and equipment, net	\$ 2,164,269	\$ 844,998

### 7. Contributed Nonfinancial Assets

The Foundation received the following contributions of nonfinancial assets during the year ended December 31, 2022:

	Program Services	Management and General	Fundraising	Assets	Total
Rent	\$ 43,595	\$ 16,969	\$ 6,506	\$ -	\$ 67,070
Services	129,300	45,500	45,500	-	220,300
Goods	750	-	-	-	750
Land	-	-	-	471,070	471,070
Total	\$ 173,645	\$ 62,469	\$ 52,006	\$ 471,070	\$ 759,190

The Foundation received the following contributions of nonfinancial assets during the year ended December 31, 2021:

	Program Services	Management and General	Fundraising	Assets	Total
Rent	\$ 40,561	\$ 18,993	\$ 7,323	\$ -	\$ 66,877

#### **Rent**

Contributed rent is valued based on fair market value.

**Parks and Wildlife Foundation of Texas, Inc.**  
**Notes to Financial Statements**

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**Services**

Contributed services are valued based on current rates for similar services.

**Goods**

Contributed goods are valued based on the fair market value of similar goods for sale.

**Land**

Contributed land is valued based on the tax assessment or recent appraisal, as appropriate.

**8. Conservation Loans Payable**

The conservation loan program provides cost-effective interim financing for land conservation projects that will be repaid through a future state, federal or private funding source. All loan agreements have a 0% interest rate, and at any time, the Foundation may prepay the principal balance of the loan in whole or in part without penalty. There is no collateral on these loans unless otherwise noted below.

	2022	2021
On June 5, 2017, the Foundation entered a loan agreement with Still Water Foundation totaling \$250,000 with 0% interest to be repaid in full on demand	\$ -	\$ 250,000
On October 24, 2022, the Foundation entered a loan agreement with the Horizon Foundation totaling \$1,503,500 with 0% interest to be repaid by October 24, 2023.	1,503,500	-
Less: imputed interest	(53,953)	-
	\$ 1,449,547	\$ 250,000

**9. Grants Payable**

Grants payable represent grants that have been authorized prior to year-end but remain unpaid as of the date on the statement of financial position. Grants expense is recognized in the year in which the grants are authorized. Grants payable at December 31, 2022 are expected to be paid out as follows:

2023	\$ 442,500
2024	30,000
2025	30,000
2026	30,000
2027	30,000
Thereafter	30,000
	\$ 592,500

**Parks and Wildlife Foundation of Texas, Inc.**  
**Notes to Financial Statements**

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**10. Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Subject to expenditure for specified purpose:		
Chairman Emeritus	\$ 9,114,935	\$ 10,865,966
Powderhorn Ranch	4,153,748	4,889,536
Palo Pinto Mountains State Park	4,311,146	3,049,471
State Parks and Natural Areas	592,232	733,884
Parrie Haynes Ranch Mitigation	1,829,579	2,202,027
Cedar Bayou	1,300,265	1,500,672
Devils River Project	982,639	982,639
Texas Fresh Water Fisheries	2,732,684	973,956
Cox Chairman Fund	767,557	938,658
Texas Game Wardens	504,816	765,611
Other	1,273,151	709,682
Restoration of Natural Resources	432,850	535,153
Buffer Lands	394,314	400,000
Monahans Sandhills State Park	240,855	240,855
Wildlife Management Areas	231,281	221,813
Scholarships and interns	196,269	154,782
Borderlands Research Foundation Fund	106,885	148,726
Balcones Canyonland	108,000	114,000
Land Conservation	1,615,967	-
State Park Centennial	340,280	-
	31,229,453	29,427,431
Promises to give, the proceeds from which have been restricted by donors for:		
Palo Pinto Mountain State Park	325,000	1,475,000
Other	-	100,000
State Park Centennial	93,750	-
Texas Fresh Water Fisheries	75,000	100,000
Texas Game Wardens	25,274	25,274
	519,024	1,700,274
Subject to the passage of time:		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	-	15,000

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

	2022	2021
Endowments		
Subject to appropriation and expenditure when a specified event occurs (term endowments):		
Restricted by donors for:		
Sea Center Texas	\$ 514,693	\$ 595,935
Marine Development Center	387,132	450,489
Perry R. Bass Marine Fisheries	242,672	284,467
	1,144,497	1,330,891
Earnings on endowments subject to appropriation and expenditure:		
Restricted by donors for:		
Conserve	1,435,558	3,806,647
General use	18,544	124,907
Scholarship	78,126	97,374
	1,532,228	4,028,928
Subject to restriction in perpetuity:		
Restricted by donors for		
Conserve	11,177,854	10,738,762
General use	500,000	500,000
Scholarship	100,000	100,000
	11,777,854	11,338,762
Total endowments	14,454,579	16,698,581
	\$ 46,203,056	\$ 47,841,286

### 11. Endowment Funds

The Foundation's governing body is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of 17 individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment funds with donor restrictions are as follows:

	Accumulated Earnings	Term Endowments	Original Gift (perpetuity)	Total
Endowment net assets, January 1, 2021	\$ 2,785,186	\$ 1,193,963	\$ 11,207,491	\$ 15,186,640
Contributions	7,740	-	131,271	139,011
Administration fees	(50,241)	(12,209)	-	(62,450)
Appropriations for program expenses	(362,965)	-	-	(362,965)
Investment income	1,649,208	149,137	-	1,798,345
Endowment net assets, December 31, 2021	\$ 4,028,928	\$ 1,330,891	\$ 11,338,762	\$ 16,698,581
Contributions	18,182	-	439,092	457,274
Administration fees	(50,892)	(10,891)	-	(61,783)
Appropriations for program expenses	(499,406)	-	-	(499,406)
Investment loss	(1,964,584)	(175,503)	-	(2,140,087)
Endowment net assets, December 31, 2022	\$ 1,532,228	\$ 1,144,497	\$ 11,777,854	\$ 14,454,579

### ***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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Under the Foundation's policies, endowment assets are invested in a manner that is intended to both preserve the corpus and to grow the net asset value of the portfolio while assuming a moderate level of investment risk.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditure each year between 3.5% to 5.5% of its endowment fund's average fair value over the prior 12 quarters through the year end preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### ***Underwater Endowment***

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

- the original value of initial and subsequent gift amounts donated to the fund and
- any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. The governing board appropriated no amounts for expenditure from underwater endowment funds during the years ended December 31, 2022 and 2021 and no endowment funds were underwater as of December 31, 2022 and 2021.

## **12. Related Party Transactions**

The Foundation has received contributions of \$626,830 and \$699,755 in 2022 and 2021, respectively from members of the Board of Trustees.

# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

The Foundation distributed grants, gifts of land, fixed assets and sponsored projects to the Department in the amount of approximately \$3,118,031 and \$4,755,557 for the years ended December 31, 2022 and 2021.

During the year ended December 31, 2022, the Foundation sold 358.81 acres of land, in Anderson County, to the Department for \$750,000.

During 2021, the Foundation received a loan from a related party in the amount of \$1,396,539 at 0% interest. The loan was made to finance the purchase of land and was paid off in full by the Foundation in 2021.

### 13. Defined Contribution Retirement Plan

The Foundation sponsors a simple IRA plan. Employees may contribute up to \$14,000 of their annual earnings to the plan; employees aged 50 or older may contribute an additional \$3,000. The Foundation matches 3% of employee compensation for each participant. Participants are immediately 100% vested in employer contributions. Foundation contributions to the plan were \$16,834 and \$19,444 for the years ended December 31, 2022 and 2021.

### 14. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows at December 31:

	2022	2021
Cash and cash equivalents	\$ 23,902,716	\$ 17,543,244
Investments	40,071,496	46,123,492
Contributions receivable, net	759,276	2,301,715
Assets held for others	5,750,749	6,081,886
Other receivables	121,655	69,544
Total financial assets	70,605,892	72,119,881
Less: Assets held for others	5,750,749	6,081,886
Less: Donor imposed restrictions		
Restricted funds	30,355,926	29,749,193
Endowments	14,454,579	16,698,581
	44,810,505	46,447,774
Total financial assets available to meet cash needs for general expenditures within one year	\$ 20,044,638	\$ 19,590,221



# Parks and Wildlife Foundation of Texas, Inc.

## Notes to Financial Statements

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The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation 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.

### **15. Paycheck Protection Program Loan**

In 2020, the Foundation received a PPP loan established by the CARES Act totaling \$226,277, which is subject to forgiveness if certain conditions are satisfied. The Foundation has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent employee and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue. Management accounted for the loan as a refundable advance from the federal government at December 31, 2020 and recognized revenue of \$204,825 during 2021 when the Foundation met the conditions of the program. Revenue recognized for the PPP loan forgiveness is included in Contributions. The Foundation received notice from the SBA on June 30, 2021 that \$204,825 has been forgiven. Management repaid \$21,452 of the balance to the federal government during 2021.

### **16. Subsequent Events**

On January 30, 2023, the Foundation sold a parcel of land located in Freestone County to the Department for \$120,630. On August 9, 2023, the Foundation purchased a parcel of land located in Navarro County totaling \$364,240. The Foundation also sold another parcel of land in Mason County to the Department on August 16, 2023 for \$1,162,500. On August 21, 2023, the Foundation paid \$1,319,996 on its conservation loan and received forgiveness of the remaining balance of the conservation loan from the Horizon Foundation.

The Foundation has evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.