Golden Gate National Parks Conservancy

Financial Statements

September 30, 2018
(With Summarized Comparative Information
For the Year Ended September 30, 2017)

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Golden Gate National Parks Conservancy
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Golden Gate National Parks Conservancy (the "Conservancy"), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Gate National Parks Conservancy as of September 30, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Golden Gate National Parks Conservancy's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Francisco, California

February 21, 2019

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Financial Position
September 30, 2018
(With Comparative Totals for September 30, 2017)

ASSETS

	2018	2017
Cash and cash equivalents	$ 43,951,190	$ 16,479,274
Accounts receivable, net	4,860,525	5,573,663
Contributions receivable, net	16,310,620	18,373,144
Inventories	3,103,650	3,295,549
Prepaid expenses and deposits	721,260	830,170
Investments	42,560,086	40,570,257
Furniture, fixtures and equipment, net	1,715,331	1,621,453
Other assets, net	3,189,280	4,370,054
Total assets	$ 116,411,942	$ 91,113,564

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities		
Accounts payable and accrued liabilities	$ 3,050,640	$ 3,782,457
Accrued payroll related expenses	2,952,450	2,856,224
Advance deposits	2,044,046	
Agency funds payable	577,174	591,241
Grants payable		3,304,000
Deferred revenue	3,272,032	1,259,851
Total liabilities	11,896,342	11,793,773
Net assets		
Unrestricted		
Undesignated	18,442,274	13,917,005
Board-designated	11,713,854	14,726,050
Total unrestricted net assets	30,156,128	28,643,055
Temporarily restricted	67,717,260	44,534,524
Permanently restricted	6,642,212	6,142,212
Total net assets	104,515,600	79,319,791
Total liabilities and net assets	$ 116,411,942	$ 91,113,564

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

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Activities
For the Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2017 Total
Support and revenue					
Program revenue	$ 43,051,358			$ 43,051,358	$ 41,444,303
Contributed income	2,794,870	$ 25,781,220		28,576,090	18,538,341
Special events, net of donor benefits of $197,485	772,950	939,510		1,712,460	1,495,342
Cooperative agreement reimbursements	5,356,352			5,356,352	6,094,513
Other income	117,267			117,267	190,669
Net assets released from restrictions	4,179,791	(4,179,791)			
Total support and revenue	56,272,588	22,540,939		78,813,527	67,763,168
Expenses					
Program services					
Park interpretation and visitor services	23,971,916			23,971,916	23,850,723
Park enhancements, restoration and stewardship	15,499,810			15,499,810	22,848,736
Youth, volunteer and community programs	6,340,508			6,340,508	6,016,280
Total program services	45,812,234			45,812,234	52,715,739
Management and general	6,200,498			6,200,498	6,093,390
Fundraising	3,891,101			3,891,101	3,661,530
Total expenses	55,903,833	-		55,903,833	62,470,659
Change in net assets from operations	368,755	22,540,939		22,909,694	5,292,509
Endowment and					
Contributed income			$ 500,000	500,000	30,617
Investment activities					
Net realized and unrealized gain on investments	720,815	494,317		1,215,132	3,762,866
Interest and dividend income	338,645	147,480		486,125	400,315
Other investment income	84,858			84,858	204,596
Change in net assets	1,513,073	23,182,736	500,000	25,195,809	9,690,903
Net assets, beginning of year	28,643,055	44,534,524	6,142,212	79,319,791	69,628,888
Net assets, end of year	$ 30,156,128	$ 67,717,260	$ 6,642,212	$ 104,515,600	$ 79,319,791

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

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Cash Flows
For the Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 25,195,809	$ 9,690,903
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,687,555	1,587,611
Net realized and unrealized gain on investments	(1,215,132)	(3,762,866)
Other investment income included in other assets	(84,858)	(204,596)
Amortization of discount on contributions receivable	(66,405)	317,375
Permanently restricted contributions	(500,000)	(30,617)
Changes in assets and liabilities		
Accounts receivable	713,138	(1,504,143)
Contributions receivable	2,128,929	976,503
Inventories	191,899	(566,812)
Prepaid expenses and deposits	108,910	(220,866)
Accounts payable and accrued liabilities	(731,817)	678,473
Accrued payroll related expenses	96,226	492,383
Advance deposits	2,044,046	
Grants payable	(3,304,000)	3,304,000
Agency funds payable	(14,067)	58,432
Deferred revenue	2,012,181	(39,551)
Net cash provided by operating activities	28,262,414	10,776,229
Cash flows from investing activities		
Purchases of investments	(11,319,924)	(3,514,242)
Proceeds from maturities or sales of investments	10,545,227	1,905,932
Purchases of furniture, fixtures and equipment	(515,801)	(999,977)
Net cash used in investing activities	(1,290,498)	(2,608,287)
Cash flows provided by financing activities		
Receipt of permanently restricted contributions	500,000	30,617
Change in cash and cash equivalents	27,471,916	8,198,559
Cash and cash equivalents, beginning of year	16,479,274	8,280,715
Cash and cash equivalents, end of year	$ 43,951,190	$ 16,479,274

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

1. Organization and Summary of Significant Accounting Policies

Organization

Golden Gate National Parks Conservancy (the "Conservancy") is a not-for-profit cooperating association of the National Park Service and the Presidio Trust whose mission is to preserve the Golden Gate National Parks (the "Parks"), enhance the park visitor experience, and build a community dedicated to conserving the Parks for the future. The Parks, also known as the Golden Gate National Recreation Area, stretch across 80,000 acres north and south of the Golden Gate Bridge, constituting one of the world's largest national parks in an urban setting. The Conservancy is supported by private contributions, cooperative agreements, and income earned from interpretive tours and the sale of educational materials at visitor centers throughout the Parks. The Conservancy is dedicated to protecting these PARKS, making them relevant and accessible FOR ALL communities, and instilling a sense of stewardship in this and future generations to ensure their vitality FOREVER through the following programs:

Park interpretation and visitor services include the operation and delivery of tours of Alcatraz Island and Muir Woods; sales of interpretive publications, theme-related sales items and products from interpretive demonstrations; and the production of trail signage and free publications to enhance the park visitor experience.

Park enhancements, restoration and stewardship encompass building and maintaining multi-use (pedestrian, bike, equestrian) trails, restoring sensitive ecosystems, protecting endangered species, growing native plants, rehabilitating historic structures, constructing overlooks, installing visitor amenities, and creating new park experiences for the entire community. The most significant project in progress is the Presidio Tunnel Tops project, which will connect Crissy Field and the Main Post to create a world-class public space welcoming people of all backgrounds.

Youth, volunteer and community programs include programs conducted at the Crissy Field Center (an urban environmental education center) and the Institute at the Golden Gate, through the Conservancy's other various programs, and under the auspices of the Park Youth Collaborative.

Basis of presentation

The Conservancy's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and are presented on the accrual basis of accounting showing unrestricted, temporarily restricted, and permanently restricted net assets.

- *Unrestricted Net Assets* represent resources available to support any of the Conservancy's activities. Unrestricted net assets designated by the Board of Trustees for park projects and programs are reported as board-designated.

- *Temporarily Restricted Net Assets* represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Conservancy pursuant to those stipulations.

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

- *Permanently Restricted Net Assets* represent contributions whose use is donor-restricted for investment in perpetuity, the earnings from which are available for specific program areas when appropriated by the Board for expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash and liquid investments not held for investment purposes with an initial maturity of three months or less.

Investments

Investments are reported at fair value. The fair values of mutual funds are based on their quoted market prices. Pooled funds and alternative investments are valued at the net asset value per unit or percentage of ownership as reported by the funds. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Gains and losses that result from market fluctuations are recognized in the statement of activities in the period such fluctuations occur. Dividend and interest income are recognized when earned. Donated securities are recorded at estimated fair value at the date of donation.

Fair value measurements

The Conservancy carries certain assets at fair value. Fair value is defined as 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 Conservancy has characterized the fair value of its financial instruments measured at fair value on a recurring basis, based on the priority of the inputs used to value the instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instruments.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments, which would generally be included in Level I, includes listed equity securities.

- Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not identical as those used in Level I. These inputs may include quoted prices for identical instruments on an inactive market. Fair value is determined using models or other valuation methodologies.

1. Organization and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

- Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by management. The types of investments, which would generally be included in this category include debt, asset-backed securities, forward contracts, long-term debt securities, multi-strategy holding company swaps and warrants, real estate, and equity securities issued by private entities.

The Organization uses the Net Asset Value ("NAV") to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Accounts receivable

The Conservancy's accounts receivable consist primarily of amounts due from reimbursable grant agreements, Alcatraz audio tours and wholesale merchandise sales.

Contributions receivable

Contributions receivable consist of unconditional promises to give. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at fair value based upon the present value of their estimated future cash flows. Discounts are computed using estimated market rates. Amortization of the discounts is included in contributed income.

The Conservancy's irrevocable interest in trusts is recognized as revenue in the period in which the Conservancy becomes aware of the trust agreement and included in contributions receivable. The fair value of the interest is measured at the estimated present value of the remainder interest using the RP-2000 combined healthy mortality table and a discount rate of 3.25%. Subsequent changes in fair value are recognized in the statement of activities.

1. Organization and Summary of Significant Accounting Policies (continued)

Allowance for doubtful accounts

The Conservancy uses the allowance method to account for uncollectible accounts and contributions receivable. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and potential for recovery is considered remote. There was no allowance for uncollectible accounts as of September 30, 2018 as all accounts and contributions receivable are considered collectible.

Inventories

Inventories are stated at the lower of weighted average cost or market. Inventories generally consist of books and other interpretive merchandise held for retail sale.

Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at cost. The Conservancy capitalizes all acquisitions of furniture, fixtures and equipment with a cost or value in excess of $2,500 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

Contributions of long-lived assets and contributions restricted for their acquisition are recorded at estimated fair value at the date of donation. In the absence of donor stipulations restricting how the assets are to be used, the contribution is treated as unrestricted.

The Conservancy reviews long-lived tangible assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is recognized if the fair value of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Other assets

During the fiscal year ended September 30, 2011, the Conservancy entered into a 10-year agreement (the Agreement) with the Golden Gate Bridge, Highway and Transportation District (the District) to produce a program for the 75th anniversary of the Golden Gate Bridge in May 2012, and to construct, and subsequently manage, various visitor improvements (the Project).

The Agreement provides for reimbursement of the Conservancy's Project costs, including interest from the earnings of the 75th anniversary celebration and future earned revenues generated by the visitor improvements. Other assets represent the unreimbursed costs of the Project, which are being amortized on a straight-line basis over the remaining life of the Agreement.

1. Organization and Summary of Significant Accounting Policies (continued)

Deferred revenue

Deferred revenue consists primarily of advances received on contracts for construction project management and native seed collection and amplification services, as well as admission fees to Muir Woods National Monument collected on behalf of the California State Department of Parks and Recreation (the Department) that will fund future project work by agreement with the Department. Deferred revenue also includes mitigation advances, which generally result from court-ordered consent decrees, or settlements reached by parties involved in regulatory actions, to fund environmental remediation projects. Accordingly, revenue from these sources is recognized as expenses for the specified projects are incurred.

Grants payable

Grants payable represent an unconditional promise to give $3.304 million to the National Park Service as of September 30, 2017, to seismically stabilize and repair the hospital wing of the Alcatraz Cellhouse for visitor resource protection. The Conservancy and the National Park Service undertook a joint initiative in 2012 to improve the stewardship and operations of Alcatraz Island (the "Initiative"). This Initiative aims to respond to critical historic preservation needs on the Island as well as the opportunity to leverage federal funds and resources for the Island's betterment. The Conservancy fulfilled this obligation during the year ended September 30, 2018.

Agency funds payable

Agency funds payable primarily represent a term endowment held in trust for the benefit of the National Park Service as well as admission fees to Muir Woods National Monument collected on behalf of and payable to the National Park Service.

Advance deposits

Advance deposits represent funds received from a conditional grant receivable of $2 million contingent on identifying and receiving final approval to fund specific projects by the granting organization in advance of meeting such condition. The grant agreement requires investment earnings to be redirected to this fund.

Revenue recognition

Contributions are recognized as revenue at fair value when unconditionally promised to the Conservancy. Unconditional promises received with donor stipulations that limit the use of the contribution are recorded as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Temporarily restricted contributions are reported as temporarily restricted support and net assets released from restrictions when the restriction is met in the same period as the contribution is received. Conditional promises to give are not included as support until the conditions are substantially met.

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Program revenue is generated by audio tour services, interpretive tours, public programs, and sales of interpretive publications at various bookstore locations. Program revenue is recognized when the related service has been rendered or when the publication has been shipped.

Cooperative reimbursement agreements consist of federal and non-federal reimbursable grant agreements. Under the terms of the agreements, the grantor reimburses the Conservancy for allowable expenses incurred for the specific program funded. Accordingly, revenue is recognized as the related expenses are incurred.

Donated services

Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The value of donated professional services received during the year ended September 30, 2018 approximated $16,500 and included pro bono legal services. In addition, a substantial number of volunteers have donated significant amounts of time in the Conservancy's program services and fundraising activities. The value of donated volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not meet the above-mentioned criteria.

Gifts in kind

The Conservancy receives gifts in kind, such as wine and auction items for its annual special event and goods for use in its program activities. Gifts in kind received through donation are valued and recorded as revenue at their fair value at the time the contribution is received. The value of such items received during the year ended September 30, 2018 approximated $3,300.

Other investment income

Other investment income represents interest on the Project.

Functional expense allocations

Expenses, such as depreciation and amortization, supplies, travel, personnel, and occupancy costs, are allocated among program services, management and general and fundraising expenses based on full-time employee equivalents (FTE) and computer node ratios, and on estimates made by the Conservancy's management.

1. Organization and Summary of Significant Accounting Policies (continued)

National Park Service land and facilities

- *Improvements* - The Conservancy operates its programs on and offers assistance in the preservation of Golden Gate National Parks land, which is owned by the National Park Service. From time to time, the Conservancy makes improvements to Park property. These improvements are expensed as incurred and have been included in park enhancements in the Statement of Activities.

- *Facilities* - The Conservancy receives office space at no charge from the National Park Service as part of its agreement as a cooperating association. The space is provided for the mutual benefit of both parties and no value is recorded.

Measure of operations

The Conservancy includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. Appropriations of endowment assets for expenditure pursuant to a defined spending rate are included in the operating measure and reported as net assets released from restrictions. The operating measure excludes investment return and permanently restricted contributions received.

Advertising costs

The Conservancy expenses advertising costs as incurred. Advertising costs are incurred to provide the visitor with information about park interpretive experiences and programs. Advertising costs were approximately $126,000 for the year ended September 30, 2018.

Comparative information and reclassifications

The financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended September 30, 2017, from which the summarized information is derived. Certain 2017 amounts have been reclassified to conform to the 2018 presentation. There were no changes to net assets as a result of these reclassifications.

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. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (continued)

Tax-exempt status

The Conservancy has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

The Conservancy follows FASB ASC Topic 740 Income Taxes to account for uncertain tax positions. Management evaluated the Conservancy's tax positions and concluded that the Conservancy had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Conservancy is generally no longer subject to income tax examinations by federal and state authorities for years prior to 2015 and 2014, respectively.

Accounting changes

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurements (Topic 820); disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (NAV, or its Equivalent)*. The amendments in the update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. Sufficient information must be provided to allow a reconciliation of the fair value assets categorized with the fair value hierarchy to the amounts shown in the statement of financial position. The Organization has adjusted the fair value measurement disclosure presented herein under the provision of ASU 2015-07. See Note 4.

Accounting changes (continued)

In 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements, and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments should be applied on a retrospective basis in the year the update is first applied with the exception of the functional and natural expense and liquidity presentations. The amendments in this ASU will be effective for Golden Gate National Parks Conservancy for its fiscal year ended September 30, 2019. Management is currently evaluating the impact the amendments in this ASU will have on the financial statements.

Subsequent events

The Conservancy has performed an evaluation of subsequent events through February 21, 2019, the date the financial statements were available to be issued (see Note 20).

2. Contributions Receivable

Contributions receivable at September 30, 2018 are expected to be received as follows:

Year Ending September 30,	
2019	$ 9,348,769
2020	5,333,188
2021	1,012,000
2022	437,000
2023	152,000
Thereafter	200,000
	16,482,957
Less discount on multi-year contributions receivable	(288,836)
Subtotal	16,194,121
Receivable from charitable remainder unitrust	116,499
Contributions receivable, net	$ 16,310,620

As of September 30, 2018, the Conservancy had conditional grants receivable of $2.044 million contingent on identifying and receiving final approval to fund specific projects by the granting organization and $1.2 million contingent on raising matching funds of $470,000.

3. Investments

Investments consisted of the following at September 30, 2018:

Equity securities and funds	$ 23,016,269
Fixed income funds	5,699,447
Alternative investments	7,083,344
Cash and cash equivalents	6,761,026
Total	$ 42,560,086

Investment return was comprised of the following for the year ended September 30, 2018:

Net realized and unrealized gain on investments	$ 1,544,019
Interest and dividend income	570,983
Advisory fees	(328,887)
Investment return, net	$ 1,786,115

4. Fair Value Measurements

The following table presents information about the Conservancy's assets measured at fair value on a recurring basis as of September 30, 2018, and indicates the fair value hierarchy of the valuation techniques utilized by the Conservancy to determine the fair values:

	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	$ 6,761,026	$ 6,761,026		
Equity Securities and Funds:				
Large/Mid Cap	5,908,630	5,908,630		
Developed International	2,091,307	2,091,307		
Small Cap	1,531,464	1,531,464		
Fixed Income Funds:				
Short-Term Bond Index	174,911	174,911		
Intermediate Term Bonds	332,003	332,003		
Total investments in the fair value hierarchy	16,799,341	16,799,341		
Other investments measured at net asset value*	25,760,745			
Total investments measured at fair value	42,560,086	16,799,341		
Charitable remainder unitrust	116,499		$ 116,499	
Total assets measured at fair value	$ 42,676,586	$ 16,799,341	$ 116,499	$ -

* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The Conservancy uses the net asset value (NAV) to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category and investment strategy as of September 30, 2018:

4. Fair Value Measurements (continued)

Strategy	NAV in Funds	# of funds	Remaining life	$ Amount of Unfunded Commitments	Timing to Draw Down Commit-ments	Redemption Term	Redemption Restrictions
Large Mid-Cap	$1,910,961	1	N/A	N/A	N/A	Next liquidity date 12/31/2018	90 days written notice with 25% investor level gate
Large Mid-Cap	$507,258	1	N/A	N/A	N/A	Quarterly	90 days written notice with 25% investor level gate
Developed International Equity	$3,252,080	2	N/A	N/A	N/A	Monthly	6 to 7 days written notice
Developed International Equity	$1,929,450	1	N/A	N/A	N/A	Next liquidity date 12/31/2020	36 months lock-up period, quarterly redemptions (90 day notice period), special 5% redemption once per 12 months
Developed International Equity	$1,275,040	1	N/A	N/A	N/A	Next liquidity date 03/31/2019	60 days written notice (remaining balance must exceed $249,999)
Emerging Markets Equity	$1,581,332	1	N/A	N/A	N/A	Monthly	30 business days written notice
Emerging Markets Equity	$1,077,394	1	N/A	N/A	N/A	Monthly	10 business days written notice
Small Cap	$1,601,349	1	N/A	N/A	N/A	Next liquidity date 03/31/2019	90 days written notice
Pooled Fixed Income	$2,575,850	1	N/A	N/A	N/A	Monthly	5 business days prior to month-end
Global Fixed Income	$1,084,364	1	N/A	N/A	N/A	Twice monthly	5 business days
High Yield Fixed Income	$1,532,319	1	N/A	N/A	N/A	Monthly	45 days written notice
Long/Short Hedged Equity	$2,527,851	2	N/A	N/A	N/A	Monthly	60 to 90 days written notice
Long/Short Hedged Equity	$1,518,465	1	N/A	N/A	N/A	Next liquidity date 3/31/2019	60 days written notice
Long/Short Hedged Equity	$1,014,024	1	N/A	N/A	N/A	Early after one year with fees; Next liquidity date 10/31/2020	60 days written notice
Long/Short Hedged Equity	$937,699	1	N/A	N/A	N/A	Next liquidity date 12/31/2019	75 days written notice
Multi-Strategy Hedge Funds	$1,085,306	1	N/A	N/A	N/A	Quarterly	70 days notice (85 if more than 10% of outstanding shares)
Private Equity	$350,003	1	N/A	$75,000	N/A	Discretion of Fund Manager	Discretion of Fund Manager

5. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as of September 30, 2018 consisted of the following:

Equipment	$ 4,144,504
Vehicles	444,273
Total	4,588,776
Less accumulated depreciation and amortization	(2,873,446)
Furniture, fixtures and equipment, net	$ 1,715,331

Depreciation amounted to $421,923 for the year ended September 30, 2018.

6. Other Assets

Other assets as of September 30, 2018 consisted of the following:

Golden Gate Bridge Project costs	$ 7,022,600
Golden Gate Bridge Project interest	3,258,955
Total	10,281,555
Less accumulated amortization	(7,092,275)
Other assets, net	$ 3,189,280

Amortization amounted to $1,265,632 for the year ended September 30, 2018.

7. Board-Designated Net Assets

Board-designated net assets for the following park projects and programs as of September 30, 2018:

Park preservation and enhancement	$ 12,275,362
Crissy Field enhancement and repair	1,297,165
Greg Moore Parks for All fund	250,000
Alcatraz preservation and embarkation	(2,108,673)
Total Board-designated net assets	$ 11,713,854

The Alcatraz Preservation and Embarkation Fund was created in connection with the Initiative to improve the stewardship and operations of Alcatraz Island and is funded by a portion of audio tour fees as stipulated by the agreement. Advances may be made from the fund from time to time to leverage federal fund matching opportunities and recovered through future audio tour fees.

8. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets as of September 30, 2018 are available for the following specific program services:

Presidio Tunnel Tops Project	$ 55,714,294
Crissy Field projects and programs	3,624,677
One Tam Initiative	3,115,519
Other park improvements and conservation projects	1,921,629
Other Presidio trails and projects	1,560,706
Youth programs	1,434,172
For use in ensuing fiscal years	132,824
Community engagement, education and outreach	82,418
Institute at the Golden Gate	66,100
National Park Service projects	64,921
Total temporarily restricted net assets	$ 67,717,260

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended September 30, 2018 as follows:

One Tam Initiative	$ 1,078,497
Presidio Tunnel Tops Project	1,004,955
Youth programs	826,146
Other park improvements and conservation projects	510,483
Crissy Field projects and programs	248,490
Other Presidio trails and projects	182,991
Institute at the Golden Gate	159,433
Community engagement, education and outreach	128,796
For use in ensuing fiscal years	40,000
Total net assets released from restrictions	$ 4,179,791

9. Endowment

The Conservancy's endowment consists of seven individual donor-restricted funds established for a variety of purposes, as follows:

	Temporarily Restricted	Permanently Restricted	Total
James R. Harvey Restoration Fund	$ 967,022	$ 2,418,486	$ 3,385,508
Bernard Osher Endowment	704,555	2,152,752	2,857,307
Ted Chong Endowment Fund	8,119	25,768	33,887
Anne Kincaid Endowment Fund	36,542	102,888	139,430
Madeleine Tang Fund	23,234	68,882	92,116
Mark Kutnink Endowment	142,204	318,436	460,640
Greg Hind Endowment	236,200	1,555,000	1,791,200
	$ 2,117,876	$ 6,642,212	$ 8,760,088

9. Endowment (continued)

The James R. Harvey Restoration Fund was established as an endowment to benefit the ongoing preservation and restoration of the Presidio. The Osher Endowment was established for environmental education at Crissy Field. The Ted Chong Endowment fund was established to benefit the Conservancy's native plant nursery programs. The DeSha family created an endowment fund in memory of Anne Kincaid to restore, protect and conserve the natural assets and features of the Golden Gate National Parks. The Madeleine Tang Fund was established for the benefit of the Watersheds Inspiring Student Education (WISE) Program in the Golden Gate National Parks. The Mark Kutnink Endowment was established for the benefit of the Trails Forever program and the Crissy Field Center. The Greg Hind Endowment was established for the benefit of the Golden Gate Raptor Observatory.

Interpretation of relevant law

The Board of Trustees of the Conservancy has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor-restricted endowment assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated by the Board for expenditure. In accordance with the Act, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) the duration and preservation of the fund;
(2) the purposes of the Conservancy and the donor-restricted endowment fund;
(3) general economic conditions;
(4) the possible effect of inflation and deflation;
(5) the expected total return from income and the appreciation of investments;
(6) other resources of the Conservancy; and
(7) the investment policies of the Conservancy.

Endowment net asset composition by type of fund

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 2,117,876	$ 6,642,212	$ 8,760,088
Total	$ 2,117,876	$ 6,642,212	$ 8,760,088

9. Endowment (continued)

Changes in endowment net assets

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,917,097	$ 6,142,212	$ 8,059,309
Investment return			
Investment income	70,662		70,662
Net appreciation (realized and unrealized)	453,320		453,320
Total investment return	523,982	-	523,982
Contributions		500,000	500,000
Appropriations of endowment assets for expenditure	(323,203)		(323,203)
Endowment net assets, end of year	$ 2,117,876	$ 6,642,212	$ 8,760,088

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Conservancy to retain as a fund of perpetual duration. As of September 30, 2018, there were no such deficiencies.

Return objectives and risk parameters

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Conservancy must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield while assuming a moderate level of investment risk. The Conservancy expects its endowment funds, over time, to provide an average real rate of return of approximately 4.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

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

9. Endowment (continued)

Spending policy and how the investment objectives relate to spending policy

The Conservancy has a policy of appropriating for distribution each year up to 4.5 percent of the trailing 12-quarter average estimated fair value of the endowment investments. Appropriations in excess of 4.5 percent can be made with board approval and if deemed prudent in accordance with the Act. This is consistent with the Conservancy's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

10. Cost of Goods Sold

A significant portion of the Conservancy's program service activities consist of sales of interpretive publications, theme-related sales items and products from interpretive demonstrations. The cost of goods sold for these items is included in total expenses for park interpretation and visitor services on the accompanying statement of activities. The following table summarizes cost of goods sold and gross profit from such sales for the year ended September 30, 2018:

Gross sales	$ 12,344,123
Less cost of goods sold	(6,986,256)
Gross profit	$ 5,357,867

11. Aid to the Park

The National Park service defines Aid to the Park as all program service expenses, excluding cost of goods sold and donated services. The following table reconciles total program service expenses to Aid to the Park for the year ended September 30, 2018:

Total program service expenses	$ 45,812,234
Less cost of goods sold	(6,986,256)
Aid to the Park	$ 38,825,978

12. Functional and Natural Expense Allocations

The table below sets forth the Conservancy's expenses on both a natural and functional basis for the year ended September 30, 2018:

	Program Services						
	Park Interpretation and Visitor Services	Park Enhancements, Restoration and Stewardship	Youth, Volunteer and Community Programs	Total Program Services	Management and General	Fund-raising	Total
Employee compensation and benefits	$10,645,219	$ 6,592,045	$3,954,439	$21,191,703	$4,091,021	$2,136,771	$27,418,402
Cost of interpretive goods sold	6,986,256			6,986,256			6,986,256
Professional fees and contract services	251,403	1,815,067	1,055,434	3,121,904	1,017,887	373,892	4,513,683
Construction	8,977	2,571,024	6,798	2,586,799	7,695		2,594,494
Planning and design	29,250	1,681,461	1,417	1,712,128	185	6,572	1,718,885
Depreciation and amortization	1,371,228	76,596	204,044	1,651,868	33,620	2,067	1,687,555
Office expenses	132,267	180,831	207,356	520,454	334,369	712,769	1,567,592
Occupancy costs	954,214	144,395	128,163	1,226,772	219,221	23,245	1,469,238
Materials and supplies	404,379	478,040	284,991	1,167,410	181,250	62,069	1,410,729
Ticketing services	1,334,303			1,334,303			1,334,303
Equipment rental	720,852	123,260	62,362	906,474	13,834	339,514	1,259,822
Information technology	349,142	273,204	151,804	774,150	308,222	134,572	1,216,944
Conferences, meetings and travel	139,730	303,868	229,916	673,514	138,751	60,272	872,537
Grants made		695,732	176	695,908			695,908
Bank and merchant fees	501,598	991	2,128	504,717	20,775	46,079	571,571
Landscaping		442,960		442,960			442,960
Printing	38,229	90,005	28,576	156,810	98,018	182,092	436,920
Insurance	104,869	30,331	22,904	158,104	64,537	8,672	231,313
Total	23,971,916	15,499,810	6,340,508	45,812,234	6,529,385	4,088,586	56,429,112
Less donor benefits netted from special event revenue						(197,485)	(197,485)
Less advisory fees netted from investment return					(328,887)		(328,887)
Total expenses per Statement of Activities	$23,971,916	$15,499,810	$6,340,508	$45,812,234	$6,200,498	$3,891,101	$55,903,833

13. Lease Obligations

The Conservancy leases certain office equipment, warehouse facilities, audio tour headsets and vehicles under operating leases through 2023. The aggregate future minimum annual rental payments under noncancelable operating leases in effect at September 30, 2018, are as follows:

Years Ending September 30	
2019	$ 739,908
2020	730,315
2021	744,030
2022	758,165
2023	687,972
Total	$3,660,390

Rent expense for the year ended September 30, 2018 was approximately $1,733,000.

14. Tax Deferred Annuity Retirement Plan

The Conservancy operates a Tax Deferred Annuity Plan under Section 403(b) of the Code (the 403(b) Plan). All employees are eligible to make voluntary contributions into the 403(b) Plan via payroll deduction upon hire and become eligible to receive matching employer contributions upon completing one year of service with at least 1,000 hours completed in that year. Participants may contribute any percentage of their annual compensation, not to exceed Code limitations. The Conservancy matches the amount contributed by each participant up to a maximum of 5% of the participant's annual salary. Contributions made by the Conservancy for the year ended September 30, 2018 approximated $717,000.

15. Top Hat Retirement Plan

The Conservancy provides a Top Hat Plan under Section 457(b) of the Code (the 457(b) Plan) to permit a select group of management or highly compensated employees of the Conservancy to defer a portion of their current compensation in accordance with the provisions of the Code. The Conservancy's Board of Trustees determines the 457(b) Plan participants from time to time. The Conservancy may make annual deferrals to the account balance of a participant on a non-elective basis, subject to the participant's contribution limitations. No such deferrals were made by the Conservancy for the year ended September 30, 2018.

16. Cash Balance Retirement Plan

The Conservancy established a noncontributory defined benefit plan (the "Cash Balance Plan") on December 16, 2016 with an effective Plan start date of January 1, 2016.

16. Cash Balance Retirement Plan (continued)

All employees who complete one year of service are eligible for employer contributions to the Plan. Participant contributions are disallowed for the Cash Balance Plan. Employer contributions to the Plan vest in accordance with a three-year cliff schedule. An employee's vesting percentage increases to 100% if, while employed with the employer, the employee dies or terminates employment due to becoming disabled.

The amount of a participant's retirement benefit is determined based on the benefit formula under the Plan. The benefit formula provides for a contribution credit plus a guaranteed interest credit, which is credited to participant's account. Generally, the benefit a participant is entitled to upon retirement will equal the amount credited to the participant's account. A contribution credit is received for each year of accrued service.

The funded status of the plan is as follows:

Plan Assets at fair value	$1,184,030
Accumulated benefits obligation	(725,638)
	$ 458,392

Components of the net periodic pension benefit cost for the plan is as follows:

Service cost	$ 275,953
Interest cost	36,282
Expected return on plan assets	59,202
Prior service amortization	-
Recognized net actuarial gain	(13,366)
	$ 239,667

Assumptions - Weighted average assumptions used to determine benefit obligations and net periodic benefit cost for the year were as follows:

Discount rate - net periodic benefit cost	5%
Expected long term rate of return on plan assets	5%
Rate of compensation increase	5%
Discount rate - benefit obligation	5%

The overall expected long-term rate of return on plan assets is determined by the plans' historical long-term investment performance, current asset allocation and estimate of future long-term return rates.

16. Cash Balance Retirement Plan (continued)

Plan assets - Weighted average asset allocation of the Conservancy's pension plans was as follows:

	Policy Allocation Target	Allocation of Plan Assets
Intermediate-Term Bonds	30.0%	28.0%
Large Cap Stocks	25.0%	27.4%
Small Cap Stocks	10.0%	10.9%
Foreign Stocks	35.0%	33.6%

The Conservancy's Investment Policy for the Cash Balance Plan outlines the governance structure for decision making, set investment objectives and restrictions, and establish criteria for selecting and evaluating investment managers. The Finance Committee, consisting of members of the Board, both supported by independent consultants, are responsible for monitoring compliance with the investment policies noted above.

Benefits paid - No benefits were paid for the year ended September 30, 2018.

Contributions - The Conservancy contributed $427,183 to the Cash Balance Plan during the year ended September 30, 2018.

Cash flows - Based on the Company's forecast at September 30, 2018, the Company expects to contribute $450,000 to the Cash Balance during the year ending September 30, 2019.

The Conservancy anticipates future benefit payments, which reflect future service, to be paid from the pension plans as follows:

Years Ending September 30	
2020	$ -
2020	809,951
2021	8,745
2022	1,854
2023	6,829
Thereafter	824,038
Total	$1,651,417

17. Contingencies

The Conservancy is contingently liable in connection with claims and contracts arising in the normal course of its activities. In addition, the Conservancy receives funds from various federal and state government funded programs, which are subject to audit by cognizant governmental agencies. The Conservancy's management believes that the outcome of such matters will not have a significant effect on the Conservancy's financial position.

18. Concentrations

Credit risk

Financial instruments, which potentially subject the Conservancy to credit risk, consist primarily of cash and cash equivalents, accounts and contributions receivable, and investments. The Conservancy maintains cash and cash equivalents with various financial institutions. At times, such amounts might exceed Federal Deposit Insurance Corporation limits. The Conservancy manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. Accounts and contributions receivable are due from various individuals, companies and governmental agencies. The Conservancy's investments have been placed with major financial institutions and counterparties. The Conservancy closely monitors these financial instruments.

Revenues

Revenues from programs on Alcatraz Island, including audio and interpretive tour fees, and sales of educational publications and interpretive merchandise, totaled approximately 70% of program revenue for the year ended September 30, 2018.

Approximately 9% of contributed income for the year ended September 30, 2018, including the net proceeds from special events, was attributable to various members of the Board of Trustees.

19. Commitments

The Conservancy has entered into various construction contracts for trail enhancement and conservation projects totaling approximately $6.5 million. As of September 30, 2018, the total remaining balances on these contracts for work to be completed, was approximately $3.8 million. The Conservancy also had outstanding purchase commitments for publications and other interpretive merchandise approximating $1.46 million at September 30, 2018.

20. Subsequent Event

The Conservancy entered into a lease with the Port of San Francisco on December 17, 2018 for two portions of the ferry embarkation site for Alcatraz Island (the "Embarkation Site") in connection with a revitalization of the Embarkation Site to significantly enhance the visitor experience. Planned improvements include new visitor amenities such as a new café (Phase I) and interpretive retail space (Phase II) that will allow park visitors to begin their Alcatraz experience before setting foot on Alcatraz Island. The lease expires on June 30, 2049, unless terminated early and contains two 10-year renewal options. The lease provides for Base Rent of $15,300 and $20,986 per month for Phases I and II of the Embarkation Site, respectively, to commence 270 days after each Phase is turned over to the Conservancy (the "Rent Commencement Date). Base Rent will be phased in at 70% and 85% of Base Rent for the first and second year beginning after each Rent Commencement Date, respectively. Percentage Rent is also due beginning on each Rent Commencement Date equal to the difference between 7.5% of monthly gross revenue for each Phase and the Base Rent for such calendar month in any month in which the Percentage Rent exceeds the Base Rent. The Conservancy will be responsible for initial tenant improvements as stated in the lease agreement with a cost estimated at $3.7 million. The Conservancy will own and maintain the tenant improvements during the term of the lease and will be entitled to a rent credit of not more than $554,000 for the initial tenant improvements. The rent credit will be amortized on a straight-line basis over a 48-month period starting upon completion of Phase I and Phase II, to be taken at a rate of 70% of the total monthly rent due.