Golden Gate National Parks Conservancy

Financial Statements

September 30, 2022
(With Summarized Comparative Information
For the Year Ended September 30, 2021)

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Golden Gate National Parks Conservancy (a California nonprofit corporation) (the "Conservancy"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities 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 Golden Gate National Parks Conservancy as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Golden Gate National Parks Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Gate National Parks Conservancy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Golden Gate National Parks Conservancy's 2021 financial statements, and our report dated July 12, 2022 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Francisco, California

May 31, 2023

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Financial Position
September 30, 2022
(With Comparative Totals for September 30, 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 40,133,652	$ 49,653,652
Accounts receivable, net	5,488,392	7,277,805
Contributions receivable	2,299,350	3,325,113
Employee retention tax credit receivable	4,846,923	-
Inventories	2,328,070	2,706,537
Prepaid expenses	946,132	926,265
Short-term investments	-	4,723,378
Total current assets	56,042,519	68,612,750
Long-term assets		
Contributions receivable, net	3,535,682	5,454,092
Investments	16,528,956	24,256,149
Furniture, fixtures and equipment, net	1,146,545	1,422,510
Deposits and other assets, net	249,876	281,974
Total long-term assets	21,461,059	31,414,725
Total assets	$ 77,503,578	$ 100,027,475
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 8,862,926	$ 9,711,368
Accrued payroll related expenses	3,985,203	4,029,690
Deferred revenue	380,851	2,218,475
Capital lease obligations	98,964	84,819
Total current liabilities	13,327,944	16,044,352
Long-term liabilities		
Deferred revenue	231,971	401,097
Other long-term liability	525,000	-
Deferred rent liability	509,116	468,338
Refundable advances	8,968	2,780,725
Agency funds payable	611,514	703,066
Capital lease obligations	65,185	164,150
Note payable	-	150,000
Total long-term liabilities	1,951,754	4,667,376
Total liabilities	15,279,698	20,711,728
Net assets		
Without donor restrictions		
Undesignated	11,760,048	3,250,984
Board-designated	12,456,067	12,484,961
Total net assets without donor restrictions	24,216,115	15,735,945
With donor restrictions	38,007,765	63,579,802
Total net assets	62,223,880	79,315,747
Total liabilities and net assets	$ 77,503,578	$ 100,027,475

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

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Activities
September 30, 2022
(With Comparative Totals for September 30, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
Support and revenue				
Program revenue	$ 32,988,933	$ -	$ 32,988,933	$ 15,843,558
Contributed income	3,095,371	12,252,115	15,347,486	11,919,497
Employee retention tax credit	4,846,923	-	4,846,923	-
Gifts in kind	17,530	-	17,530	38,970
Special events, net of donor benefits	2,272,105	-	2,272,105	86,950
Cooperative agreement reimbursements	5,801,412	-	5,801,412	5,709,338
Other income	510,334	-	510,334	144,989
Net assets released from restrictions	36,325,709	(36,325,709)	-	-
Total support and revenue	85,858,317	(24,073,594)	61,784,723	33,743,302
Expenses				
Program services				
Park interpretation and visitor services	17,280,057	-	17,280,057	12,432,644
Park enhancements, restoration and stewardship	38,746,506	-	38,746,506	46,395,111
Youth, volunteer and community programs	7,107,139	-	7,107,139	3,749,507
Total program services	63,133,702	-	63,133,702	62,577,262
Management and general	8,866,421	-	8,866,421	7,590,415
Fundraising	3,531,266	-	3,531,266	2,740,664
Total expenses	75,531,389	-	75,531,389	72,908,341
Change in net assets from operations	10,326,928	(24,073,594)	(13,746,666)	(39,165,039)
Endowment and investment activities				
Contributed income	-	30,925	30,925	25,000
Net realized and unrealized gain (loss) on investments	(1,287,269)	(1,549,830)	(2,837,099)	5,531,965
Interest and dividend income	158,511	20,462	178,973	258,199
Total endowment and investment activities	(1,128,758)	(1,498,443)	(2,627,201)	5,815,164
Non-operating expense	718,000	-	718,000	-
Change in net assets	8,480,170	(25,572,037)	(17,091,867)	(33,349,875)
Net assets, beginning of year	15,735,945	63,579,802	79,315,747	112,665,622
Net assets, end of year	$ 24,216,115	$ 38,007,765	$ 62,223,880	$ 79,315,747

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

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Cash Flows
September 30, 2022
(With Comparative Totals for September 30, 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (17,091,867)	$ (33,349,875)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	473,513	1,156,635
Net realized and unrealized (gain) loss on investments	2,837,099	(5,531,965)
Loss on write-off of fixed assets	10,100	265,454
Change in discount on contributions receivable	(138,271)	(316,267)
Permanently restricted contributions	(30,925)	(25,000)
Changes in assets and liabilities		
Accounts receivable, net	1,789,413	(5,900,569)
Contributions receivable	3,082,444	14,662,219
Inventories	378,467	1,224,726
Prepaid expenses	(19,867)	(300,932)
Employee retention credit receivable	(4,846,923)	-
Deposits and other assets	32,098	54,961
Accounts payable and accrued liabilities	(848,442)	(1,925,068)
Accrued payroll related expenses	(44,487)	(1,542)
Deferred revenue	(2,006,750)	285,333
Other long-term liability	525,000	-
Deferred rent liability	40,778	372,696
Refundable advances	(2,771,757)	607,038
Agency funds payable	(91,552)	155,595
Net cash used in operating activities	(18,721,929)	(28,566,561)
Cash flows from investing activities		
Purchases of investments	(4,529,568)	(12,737,666)
Proceeds from maturities or sales of investments	14,143,040	13,571,292
Purchases of furniture, fixtures and equipment	(207,648)	(143,034)
Net cash provided by investing activities	9,405,824	690,592
Cash flows from financing activities		
Principal payments on note payable	(150,000)	-
Principal payments on capital lease obligations	(84,820)	(47,422)
Receipt of permanently restricted contributions	30,925	25,000
Net cash used in financing activities	(203,895)	(22,422)
Change in cash and cash equivalents	(9,520,000)	(27,898,391)
Cash and cash equivalents, beginning of year	49,653,652	77,552,043
Cash and cash equivalents, end of year	$ 40,133,652	$ 49,653,652
Supplemental schedule of noncash investing and financing activities		
Acquisition of furniture, fixtures and equipment through capital lease financing	$ -	$ 296,391

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 the nonprofit partner of the National Park Service overseeing the Golden Gate National Recreation Area — 84,000 acres of national parkland spanning the San Francisco Bay Area, including Muir Woods, Ocean Beach, Crissy Field, and Alcatraz Island. The Conservancy is a membership organization created to preserve the Golden Gate National Parks, enhance the experiences of park visitors, and build a community dedicated to conserving the parks for the future. With its local and federal partners, the Conservancy is committed to the work of supporting Bay Area national parks as places where the Conservancy can further racial and social justice for our community and climate resilience for these protected lands 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 Presidio's Main Post to create a world-class public space welcoming everyone.

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 on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Conservancy and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* represent resources available to support any of the Conservancy's activities. Net assets without restriction designated by the Board of Trustees for park projects and programs are reported as board-designated.

- *Net Assets With Donor Restrictions* 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, or the portion of net assets held in perpetuity by donor-imposed stipulations, for which the income from these contributions is available to support the activities of the Conservancy as stipulated by the donor.

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

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 investments and investments with redemption restrictions, 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 is 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 1 - 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 1, includes listed equity and debt securities.

- Level 2 - 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 1. These inputs may include quoted prices for identical instruments on an inactive market. Fair value is determined through the use of models or other valuation methodologies.

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

Fair value measurements (continued)

- Level 3 - 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 Conservancy had no Level 3 investments as of September 30, 2022.

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

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. The allowance for uncollectible accounts was $13,489 as of September 30, 2022.

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 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, such contributions are treated as being without donor restriction.

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.

Deferred revenue

Deferred revenue consists primarily of advances received on contracts for construction, habitat restoration, project management, conservation management, and native seed collection and amplification services, as well as 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.

Deferred rent liability

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Conservancy recognizes rent expense on a straight-line basis over the non-cancelable lease term. The Conservancy includes option renewal periods as part of the lease term where failure to exercise such options would result in an economic penalty in such amount that renewal appears to be reasonably assured.

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

Refundable advances

Refundable advances represent funds received from a conditional grant receivable of $2.075 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. During the year ended September 30, 2022, based on communication with the donor, it was determined all conditions were met and the revenue was fully recognized.

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.

Revenue recognition

The Conservancy recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest 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.

At September 30, 2022, there were no conditional contributions that have not been recognized in the accompanying statement of activities. Funds received in advance on such conditional gifts are included in refundable advances in the statement of financial position.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions are reported as donor-restricted support and net assets released from restrictions when the restriction is met in the same period as the contribution is received.

A portion of the Conservancy's revenue is derived from cost-reimbursable federal and non-federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as cooperative agreement reimbursements revenue when the Conservancy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Conservancy received cost-reimbursable grants of $2,380,381 that have not been recognized at September 30, 2022 because qualifying expenditures have not yet been incurred.

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.

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

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. No donated professional services were received during the year ended September 30, 2022. 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 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, 2022 totaled $17,530.

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 on estimates made by the Conservancy's management.

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 donor restricted endowment 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 $109,946 for the year ended September 30, 2022.

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

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets. The Conservancy adopted ASU 2020-07 with a date of the initial application of October 1, 2021. The adoption of ASU 2020-07 did not have a significant impact on the Conservancy's financial position, results of operations, or cash flows.

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, 2021, from which the summarized information is derived. Certain 2021 amounts have been reclassified to conform to the 2022 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 2019 and 2018, respectively.

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

COVID-19 pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, had a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Conservancy has been closely monitoring its investment portfolio and its liquidity and has actively worked to minimize impact of the declines. As a result of the COVID-19 pandemic, in March 2020, the Conservancy was required to close down all of the visitor centers and touring operations that it manages, raising substantial doubt about the Conservancy's ability to continue as a going concern within one year after the date that the financial statements were available to be issued. Since July of 2021, the Conservancy reopened its sites.

In order to mitigate the financial impact of its COVID-19 closure, the Conservancy obtained a $150,000 Economic Disaster Injury Loam " ("EIDL") (see Note 9) as well as Paycheck Protection Program ("PPP") loans of $6,155,984 in April 2020 and $2,000,000 in February 2021. The Conservancy also furloughed 124 employees on June 30, 2020 which were subsequently terminated during the year ended September 30, 2021.

The Conservancy continued to take the following measures during the year ending September 30, 2022: applied for a $8,500,000 revolving line-of-credit with a bank (see Note 10); applied for relief through the Employee Retention Credit ("ERC") program for which credits of approximately $4,800,000 were recognized (see Note 27); and drastically cut expenses guided by a new strategic focus to support Bay Area national parks as places where the Conservancy can further racial and social justice for our community and climate resilience for these protected lands.

As a result of the above, the doubts raised about the Conservancy's ability to continue as a going concern were alleviated as of the date the financial statements were available to be issued.

Subsequent events

The Conservancy has performed an evaluation of subsequent events through May 31, 2023, the date the financial statements were available to be issued. There were no subsequent events that would require adjustments to or disclosures in these financial statements.

2. Contributions Receivable

Contributions receivable, net at September 30, 2022 are expected to be received as follows:

Year Ending September 30,	
2023	$ 2,299,350
2024	3,498,902
	5,798,252
Less discount on multi-year contributions receivable	(79,719)
Subtotal	5,718,533
Receivable from charitable remainder unitrust	116,499
Contributions receivable, net	$ 5,835,032

3. Investments

Investments consisted of the following at September 30, 2022:

Equity securities and funds	$ 10,591,022
Fixed income funds	501,125
Alternative investments	5,436,809
Total	$ 16,528,956

Included in the investment balance is the Cash Balance Retirement Plan assets totaling $1,470,435 as of September 30, 2022 (see Note 22).

Investment loss, net was comprised of the following for the year ended September 30, 2022:

Net realized and unrealized loss on investments	($ 2,641,239)
Interest and dividend income	178,973
Advisory fees	(195,860)
Investment loss, net	($ 2,658,126)

Included in investment loss, net is $211,263 of unrealized loss related to a non-endowment donor restricted fund.

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, 2022, 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				
Equity Securities and Funds:				
Large/Mid Cap	$ 352,470	$ 352,470		
Developed International	475,539	475,539		
Small Cap	141,309	141,309		
Fixed Income Funds:				
Intermediate Term Bonds	501,125	501,125		
Total investments in the fair value hierarchy	1,470,443	1,470,443		
Other investments measured at NAV*	15,058,513	-		
Total investments measured at fair value	16,528,956	1,470,443		
Charitable remainder unitrust	116,499	-	$ 116,499	$ -
Total assets measured at fair value	$ 16,645,455	$ 1,470,443	$ 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 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, 2022:

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	$2,975,547	2	N/A	N/A	N/A	Quarterly	90 days written notice w/ 25% investor level gate
Large Mid-Cap	$1,728,308	1	N/A	N/A	N/A	Quarterly	60 days written notice
Developed International Equity	$1,771,984	1	N/A	N/A	N/A	Next liquidity date 12/31/2023	90 days written notice
Developed International Equity	$1,261,002	1	N/A	N/A	N/A	Monthly	60 days written notice
Emerging Markets Equity	$854,798	1	N/A	N/A	N/A	Monthly	30 days written notice
Small Cap	$1,030,065	1	N/A	N/A	N/A	Quarterly	90 days written notice. 25% of capital balance
Long/Short Hedged Equity	$1,800,868	2	N/A	N/A	N/A	Quarterly	60 days written notice
Long/Short Hedged Equity	$951,103	1	N/A	N/A	N/A	Next liquidity date 10/31/2023; early redemption after 1 year with fees	60 days written notice
Long/Short Hedged Equity	$1,088,286	1	N/A	N/A	N/A	Annually	75 days written notice
Multi-Strategy Hedge Funds	$1,251,300	1	N/A	N/A	N/A	Quarterly	70 days notice (85 if more than 10% of outstanding shares)
Private Equity	$345,252	1	N/A	$62,500	N/A	Discretion of Fund Manager	Discretion of Fund Manager

5. Liquidity and Availability

The table below presents financial assets available for general expenditures within one year at September 30, 2022:

Financial assets at year-end:	
Cash and cash equivalents	$ 40,133,652
Accounts receivable, net	5,488,392
Contributions receivable, net	5,835,032
Employee retention tax credit receivable	4,846,923
Investments	16,528,956
Total financial assets at year-end	72,832,955
Less amounts not available to be used within one year:	
Restricted by donors for future projects	(25,688,090)
Board-designated net assets	(12,456,067)
Portion of donor-restricted endowment to be retained in perpetuity	(6,634,455)
Investments in non-liquid securities	(5,585,448)
Refundable advances	(8,968)
Cash Balance Retirement Plan investments	(1,470,435)
Future expendable donor-restricted endowment	(1,786,993)
Deferred revenue to be earned in future years	(231,971)
Agency funds payable	(611,514)
	(54,473,941)
Financial assets available to meet cash needs for general expenditures within one year	$ 18,359,014

The Conservancy receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended September 30, 2022, restricted contributions of $3,493,414 were included in financial assets available to meet cash needs for general expenditures within one year. The Conservancy also considers $404,813 appropriated from the future expendable donor-restricted endowment to be available to meet cash needs for general expenditures as of September 30, 2022. In October 2021, the Conservancy obtained a line of credit in the amount of $8,500,000 that also became available to fund general expenditures. The line of credit is secured by $5,000,000 which is included in the Conservancy's cash and cash equivalents balance as of September 30, 2022. The Conservancy 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. The Conservancy has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. The Conservancy has a policy to target a year-end balance of reserves of undesignated net assets without restriction at 90 days of expected expenditures. To achieve these targets, the Conservancy forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the year ended September 30, 2022, the level of liquidity and reserves was managed within the policy requirements.

6. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment, net as of September 30, 2022 consisted of the following:

Equipment	$ 4,226,933
Vehicles	558,426
Total	4,785,359
Less accumulated depreciation	(3,638,814)
Furniture, fixtures and equipment, net	$ 1,146,545

Depreciation amounted to $473,513 for the year ended September 30, 2022.

7. Deposits and Other Assets

Deposits and other assets as of September 30, 2022 consisted of the following:

Deposits	$ 137,675
Prepaid SaaS	112,201
Total deposits and other assets	$ 249,876

8. Capital Lease Obligations

In April 2021, the Conservancy entered into capital lease agreements for a new POS system with a combined capitalized cost of $296,391. The POS system was placed into service during the year ended September 30, 2022, and depreciation expense amounted to $69,831 for the year then ended. The various leases include interest of 15.52% and expire in April 2024.

Future minimum lease payments under the lease terms are as follows:

Year Ending September 30,	
2023	$ 117,602
2024	68,601
	186,203
Less imputed interest:	(22,054)
	$ 164,149

9. Note Payable

The Conservancy received an Economic Disaster Injury Loan from the Small Business Administration for $150,000 on June 24, 2020. The note bears interest at 2.75% from the loan issuance date and requires interest and principal payments of $641 beginning 12 months from the date of the note. The Conservancy paid off the note in full in October 2021.

10. Line of Credit

In October 2021, the Conservancy entered into an agreement with a bank to secure a line of credit in the amount of $8,500,000. The line has two components including a $5 million cash collateralized portion bearing interest at the greater of 1.75% or the bank's prime rate plus 1.5% with a maturity date of February 1, 2025 and a $3.5 million unsecured portion bearing interest at the greater of 2.5% or the bank's prime rate with a maturity date of November 1, 2023. There was no outstanding balance on the line of credit as of September 30, 2022.

The line of credit agreement contains various covenants and restrictions. As of September 30, 2022, the Conservancy was in compliance with all covenants. Subsequent to year-end, the bank provided an extension through May 31, 2023 for submission of its September 30, 2022 audited financial statements.

11. Board-Designated Net Assets

Board-designated net assets for the following park projects and programs as of September 30, 2022:

Park preservation and enhancement	$ 5,736,391
Greg Moore Parks for All fund	5,250,000
Crissy Field enhancement and repair	1,297,168
Alcatraz Preservation and Embarkation	172,508
Total board-designated net assets	$ 12,456,067

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 will be recovered through future audio tour fees.

12. Net Assets with Donor Restrictions and Net Assets Released From Restrictions

Net assets with donor restrictions include the following as of September 30, 2022:

Subject to expenditure for specified purpose:	
Presidio Tunnel Tops project	$ 7,136,566
Other park improvements and conservation projects	8,540,538
One Tam initiative	3,651,741
Community engagement, education and outreach	2,139,595
Crissy Field projects and programs	5,363,128
Other Presidio trails and projects	92,514
Youth programs	187,615
National Park Service projects	72,722
Conservancy programs fund	1,855,335
	29,039,754
Subject to the passage of time:	
For periods after September 30, 2022	141,750
Subject to Conservancy spending policy and appropriation:	
Investment in perpetuity (including amounts above original gift amounts) which, once appropriated, is expendable to support:	
Other Presidio trails and projects	3,437,799
Crissy Field projects and programs	2,846,195
Other park improvements and conservation projects	2,164,271
Youth programs	377,996
	8,826,261
Total net assets with donor restrictions	$ 38,007,765

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, 2022 as follows:

Subject to expenditure for specified purpose:	
Presidio Tunnel Tops project	$ 28,364,684
One Tam initiative	1,429,097
Community engagement, education and outreach	2,984,645
Other park improvements and conservation projects	1,306,337
Youth programs	136,185
Other Presidio trails and projects	139,233
Crissy Field projects and programs	99,079
National Park Service projects	73,881
Conservancy programs fund	1,398,309
	35,931,450
Subject to the passage of time:	
For periods after September 30, 2021	60,000
Endowment earnings appropriated for expenditure	334,259
Total net assets released from restrictions	$ 36,325,709

13. Endowment

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

	Accumulated Gains/(Losses)	Original Gift Amount	Total With Donor Restrictions
James R. Harvey Restoration Fund	$ 1,014,113	$ 2,423,686	$ 3,437,799
Bernard Osher Endowment	693,443	2,152,752	2,846,195
Ted Chong Endowment Fund	7,960	25,768	33,728
Anne Kincaid Endowment Fund	35,890	102,888	138,778
Mark Kutnink Endowment	164,282	318,436	482,718
Peabody Endowment	(1,593)	55,925	54,332
Greg Hind Endowment	277,711	1,555,000	1,832,711
	$ 2,191,806	$ 6,634,455	$ 8,826,261

The James R. Harvey Restoration Fund was established as an endowment to benefit the ongoing preservation and restoration of the Presidio. The Bernard 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 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. The Peabody Endowment was established for the benefit of habitat restoration and conservation activities at Tennessee Hollow and Mountain Lake in the Presidio.

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 the following as donor-restricted endowment to be retained in perpetuity: (1) the original value of gifts donated to the donor-restricted endowment, (2) the original value of subsequent gifts to the donor-restricted endowment, and (3) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The future expendable portion of the donor-restricted endowment assets is classified as net assets with donor restrictions 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.

13. Endowment (continued)

Endowment net asset composition by type of fund

	Accumulated Gains/(Losses)	Original Gift Amount	Total With Donor Restrictions
Donor-restricted endowment funds	$ 2,191,806	$ 6,634,455	$ 8,826,261
Total	$ 2,191,806	$ 6,634,455	$ 8,826,261

Changes in endowment net assets

	Accumulated Gains/(Losses)	Original Gift Amount	Total With Donor Restrictions
Endowment net assets, beginning of year	$ 3,844,170	$ 6,603,530	$ 10,447,700
Investment return			
Investment income	20,462	-	20,462
Net depreciation (realized and unrealized)	(1,338,567)	-	(1,338,567)
Total investment return	(1,318,105)	-	(1,318,105)
Contributions	-	30,925	25,000
Appropriations of endowment assets for expenditure	(334,259)	-	(334,259)
Endowment net assets, end of year	$ 2,191,806	$ 6,634,455	$ 8,826,261

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, 2022, there was one underwater investment in the amount of $1,593.

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 rate of return of approximately 4.5 percent annually. Actual returns in any given year may vary from this amount.

13. Endowment (continued)

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.

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.

14. Gifts in Kind

Gifts in kind consisted of the following for the year ended September 30, 2022:

Office supplies	$ 15,881
Donated beer	1,649
	$ 17,530

Gifts in kind valuation techniques

Office supplies consist of disposable surgical masks. Office supplies and donated beer are valued using the wholesale purchase prices.

Donor restrictions and gifts in kind use

All gifts in kind are unrestricted. The Conservancy uses donated surgical masks at various locations for COVID-19 safety protocols. Donated beer was used during the Trails Forever event during the year ended September 30, 2022.

15. Concession Revenue and Fees

On January 1, 2019 the Conservancy entered into an agreement with the National Parks Service to remit a 5% fee on specific concession items sold at the Alcatraz Island Contact Station, Fort Point Visitor Contact Station, and Marin Headlands Visitor Center. On April 10, 2020 the agreement was amended to include specified items sold at the Lands End Lookout Visitor Contact Station, Golden Gate Bridge Welcome Center, Crissy Field Warming Hut, and Muir Woods Visitor Center. During the year ended September 30, 2022, the Conservancy's concessions gross revenue under the agreement with the National Parks Service was $647,122 and the Conservancy paid $32,354 in concessions fees to the National Parks Service. The concessions gross revenue is included in program revenue on the statement of activities.

16. 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, 2022:

Gross sales	$ 13,566,524
Less cost of goods sold	(4,434,401)
Gross profit	$ 9,132,123

17. 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, 2022:

Total program service expenses	$ 63,137,889
Less cost of goods sold	(4,434,401)
Less donated supplies	(17,530)
Aid to the Park	$ 58,685,958

18. 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, 2022:

	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
Grants made	$ -	$32,117,983	$ 9,000	$32,126,983	$ 28,000	$ -	$32,154,983
Employee compensation and benefits	9,680,380	2,572,961	4,989,871	17,243,21	4,451,929	1,569,544	23,264,685
Professional fees and contract services	117,710	1,312,792	572,082	2,002,584	2,762,055	549,045	5,313,684
Cost of interpretive goods sold	4,434,401	-	-	4,434,401	-	-	4,434,401
Occupancy costs	1,146,700	86,356	153,496	1,386,552	307,381	27,356	1,721,289
Information technology	396,419	113,678	239,228	749,325	758,399	143,354	1,651,078
Depreciation and amortization	117,683	121,321	109,932	348,936	120,018	4,559	473,513
Planning and design	5,750	234,857	50,260	290,867	-	15,281	306,148
Construction services	-	30,587	-	30,587	-	-	30,587
Landscaping	-	1,845,841	154,135	1,999,976	-	-	1,999,976
Equipment rental	401,493	19,733	70,375	491,601	20,891	167,952	680,444
Materials and supplies	187,406	167,689	255,193	610,288	34,321	101,872	746,481
Office expenses	73,487	25,434	267,304	366,225	120,378	858,234	1,344,837
Insurance	260,634	51,267	97,478	409,379	6,000	28,163	443,542
Investment advisory fees	-	-	-	-	195,860	-	195,860
Bank and merchant fees	371,063	-	360	371,423	32,176	47,290	450,889
Printing	4,115	19,147	27,038	50,300	60,407	142,795	253,502
Advertising and promotion	-	-	-	-	109,946	-	109,946
Conferences, meetings and travel	76,133	26,860	111,387	214,380	21,666	3,321	239,367
Bad debt expense	6,683	-	-	6,683	-	-	6,683
Interest	-	-	-	-	32,854	-	32,854
Special event donor benefits	-	-	-	-	-	(127,500)	(127,500)
Total	17,280,057	38,746,506	7,107,139	63,133,702	9,062,281	3,531,266	75,727,249
Less advisory fees netted from investment return	-	-	-	-	(195,860)	-	(195,860)
Total expenses per Statement of Activities	$17,280,057	$38,746,506	$7,107,139	$63,133,702	$8,866,421	$3,531,266	$75,531,389

19. Lease Obligations

The Conservancy leases certain office equipment, warehouse facilities, audio tour headsets, office space and vehicles and space at the Port of San Francisco under operating leases through 2069. The aggregate future minimum annual rental payments under noncancelable operating leases in effect at September 30, 2022, are as follows:

Years Ending September 30,	
2023	$ 1,025,469
2024	275,146
2025	237,181
2026	209,025
2027	214,250
Thereafter	15,842,196
Total	$17,803,267

Rent expense for the year ended September 30, 2022 was $1,340,543.

The Conservancy entered into a lease with the Port of San Francisco on December 17, 2019 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. No rent is due during periods in which Alcatraz Island is closed. The Rent Commencement Date for Phase I began on July 1, 2020; Phase II had not been turned over to the Conservancy as of September 30, 2022.

20. 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. No contributions were made by the Conservancy for the year ended September 30, 2022.

21. 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, 2022.

22. 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. The Plan was subsequently amended to conform to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

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.

During 2021, the Conservancy amended the Plan Document for the Cash Balance Plan to reduce the benefits for executive participants in the plan to $0 for the plan year ended December 31, 2021 and also to allow participants to receive distributions of their plan assets in the same year in which they terminate their employment with the Conservancy.

The funded status of the plan is as follows:

Plan Assets at fair value	$1,470,435
Accumulated benefits obligation	(1,440,889)
	$ 29,546

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

Service cost	$ 63,089
Interest cost	48,775
Expected return on plan assets	(50,103)
Prior service amortization	-
Amortization of gains	2,045
	$ 63,806

22. Cash Balance Retirement Plan (continued)

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	0%
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.

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%	34.1%
Large Cap Stocks	25.0%	24.0%
Small Cap Stocks	10.0%	9.6%
Foreign Stocks	35.0%	32.3%
Cash	0.0%	0.0%

The Conservancy's Investment Policy for the Cash Balance Plan outlines the governance structure for decision making, sets investment objectives and restrictions, and establishes 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 - The Conservancy paid benefits of $2,984 for the year ended September 30, 2022.

Contributions - The Conservancy made no contributions to the Cash Balance Plan during the year ended September 30, 2022.

Cash flows - Based on the Conservancy's forecast at September 30, 2022, the Conservancy does not expect to contribute to the Cash Balance Plan during the year ending September 30, 2023.

22. Cash Balance Retirement Plan (continued)

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

Years Ending September 30	
2023	$ 935,761
2024	20,736
2025	43,063
2026	168,193
2027	33,700
Thereafter	117,257
Total	$ 1,318,710

23. 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.

24. Concentrations

Credit risk

Financial instruments, which potentially subject the Conservancy to credit risk, consist primarily of cash and cash equivalents, accounts receivable, 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 receivable 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 53% of program revenue for the year ended September 30, 2022.

Approximately 41% of contributed income for the year ended September 30, 2022, including the net proceeds from special events, was attributable to various members of the Board of Trustees.

25. Commitments

The Conservancy has entered into various construction contracts for trail enhancement and conservation projects totaling approximately $2.7 million. As of September 30, 2022, the total remaining balances on these contracts for work to be completed, was approximately $960,000. The Conservancy also had outstanding purchase commitments for publications and other interpretive merchandise approximating $553,500 at September 30, 2022.

26. Paycheck Protection Program

On February 3, 2021, the Conservancy received loan proceeds of $2,000,000 from a promissory note issued by City National Bank under the PPP which was established under the Coronavirus Aid Relief and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration. The term of the loan was five years and the annual interest rate was 1%. Payments of principal and interest were deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. Proceeds received under the PPP loan were recognized as revenue when the Conservancy has incurred expenditures in compliance with the promissory note provisions and when the barrier and right of return have been overcome. The Conservancy recognized the full $2,000,000 of the loan proceeds as contributed income during the year ended September 30, 2021 based on qualifying expenditures made under the PPP that are expected to be forgiven. In March 2022, the Conservancy received notification from the SBA that its PPP loan was forgiven.

27. Employee Retention Credit

The CARES Act, as modified by the Consolidated Appropriations Act of 2021 ("CAA"), contains a relief provision for businesses known as the ERC. This provision provides a refundable payroll tax credit for "qualified wages" paid to employees after March 12, 2020, and before January 1, 2022. The ERC provides a refundable payroll tax credit to employers who continued to pay employees despite COVID-19 business difficulties and interruptions that either render certain non-essential employees unproductive or cause a significant decline in receipts. The Conservancy has estimated that it is qualifies for ERC for the first, second and third quarters in 2021 totaling $4,846,923 based on a decline in gross receipts. The ERC has been recognized as revenue during the year ended September 30, 2022 in accordance with the conditional contribution guidance under FASB ASC 958-605, Not-For-Profit Entities Revenue Recognition. As of September 30, 2022, no ERC funds had been collected and therefore the balance is recorded as a receivable in the statement of financial position. In April 2023, the Conservancy received its first ERC payment in the amount of $1,653,582.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Conservancy met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC credits has been recorded on the Conservancy's financial statements.