



# Save Mount Diablo

## Financial Statements

**For the year ended  
March 31, 2021**

With Independent Auditors' Report Thereon

# Save Mount Diablo

(A California Not-for-Profit Corporation)

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**SAVE MOUNT DIABLO**  
1901 Olympic Boulevard, Suite 320  
Walnut Creek, CA 94596  
(925) 947-3535  
Email: [smdinfo@savemountdiablo.org](mailto:smdinfo@savemountdiablo.org)  
Web Site Address: [www.savemountdiablo.org](http://www.savemountdiablo.org)

## **INDEPENDENT AUDITORS' REPORT**

### **The Board of Directors Save Mount Diablo**

We have audited the accompanying financial statements of Save Mount Diablo (a California nonprofit organization) which comprise the statement of financial position as of March 31, 2021 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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.

#### ***Auditors' 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 auditors' 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 Save Mount Diablo as of March 31, 2021, 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.

*Regalia & Associates*

**Danville, California  
August 31, 2021**

## Save Mount Diablo

### Statement of Financial Position March 31, 2021

#### ASSETS

Current assets:	
Cash and cash equivalents	\$ 134,086
Grants and contributions receivable	279,239
Other receivables	5,202
Investments	7,081,325
Prepaid expenses and other assets	81,646
	<hr/>
Total current assets	7,581,498
	<hr/>
Noncurrent assets:	
Conservation land and easements	13,655,625
Conservation land structures, net	1,055,640
Grants and contributions receivable, net	359,126
Assets held under a charitable remainder trust	156,763
Beneficial interest in trust held by others	474,316
Land purchase options	485,899
Property and equipment, net	42,136
Deposits	9,011
	<hr/>
Total noncurrent assets	16,238,516
	<hr/>
	\$ 23,820,014

#### LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 93,593
Accrued payroll liabilities	180,100
Deferred revenue	7,604
Liability under charitable remainder trust, current portion	12,541
	<hr/>
Total current liabilities	293,838
	<hr/>
Liability under charitable remainder trust, noncurrent portion	72,770
	<hr/>
Total liabilities	366,608
	<hr/>
Net assets:	
Without donor restrictions	20,484,629
With donor restrictions	2,968,777
	<hr/>
Total net assets	23,453,406
	<hr/>
	\$ 23,820,014

**Save Mount Diablo**

**Statement of Activities and Changes in Net Assets  
Year Ended March 31, 2021**

<i>Changes in net assets:</i>	<b>Net Assets without Donor Restrictions</b>	<b>Net Assets with Donor Restrictions</b>	<b>Total</b>
Revenue and support:			
Contributions and grants	\$ 2,184,679	\$ 1,020,697	\$ 3,205,376
Investment income, net	544,512	-	544,512
Special events and programs	406,862	-	406,862
In kind contributions	17,218	-	17,218
Land revenue and management fees	22,246	-	22,246
Change in value of charitable remainder trusts	-	(19,863)	(19,863)
Other income	3,478	-	3,478
Subtotal	3,178,995	1,000,834	4,179,829
Net assets released from restriction	955,092	(955,092)	-
Total revenue and support	4,134,087	45,742	4,179,829
Expenses:			
Program services:			
Land use and acquisition	1,207,688	-	1,207,688
Stewardship	510,206	-	510,206
Education and outreach	537,685	-	537,685
Total program services	2,255,579	-	2,255,579
Supporting services:			
Management and general	550,041	-	550,041
Fundraising	671,390	-	671,390
Total expenses	3,477,010	-	3,477,010
Change in net assets before land acquisition and related costs	657,077	45,742	702,819
Land acquisition and related costs	785,237	-	785,237
Increase in net assets	1,442,314	45,742	1,488,056
Net assets at beginning of year	19,042,315	2,923,035	21,965,350
Net assets at end of year	<b>\$ 20,484,629</b>	<b>\$ 2,968,777</b>	<b>\$ 23,453,406</b>

## Save Mount Diablo

### Statement of Cash Flows Year Ended March 31, 2021

#### *Operating activities:*

Increase in net assets	\$ 1,488,056
Adjustments to reconcile to cash provided by operating activities:	
Depreciation expense (property and equipment)	26,986
Depreciation expense (conservation land structures)	92,037
Net realized and unrealized investment (gains)	(415,857)
Acquisition of conservation land reflected as an expense	749,484
Change in value of beneficial interest in trust held by others	60,721
Contributions restricted to permanent endowment	(7,000)
Changes in:	
Grants and contributions receivable	(40,959)
Other receivables	26,198
Prepaid expenses and other assets	18,685
Deposits	5,311
Accounts payable and accrued expenses	29,717
Accrued payroll liabilities	62,323
Deferred revenue	(46,176)
Cash provided by operating activities	<u>2,049,526</u>

#### *Investing activities:*

Purchase and acquisition of investments	(4,052,185)
Proceeds from sales and transfers of investments	2,676,923
Payments under land purchase option agreements	(85,000)
Acquisition of and improvements to conservation land	(787,713)
Cash used for investing activities	<u>(2,247,975)</u>

#### *Financing activities:*

Contributions restricted to permanent endowment	<u>7,000</u>
Cash provided by financing activities	<u>7,000</u>

Decrease in cash and cash equivalents	(191,449)
Cash and cash equivalents at beginning of year	<u>325,535</u>
Cash and cash equivalents at end of year	<u>\$ 134,086</u>

#### *Additional cash flow information:*

Taxes paid to Registry of Charitable Trusts	<u>\$ 150</u>
Interest paid	<u>\$ -</u>

**Save Mount Diablo**

**Statement of Functional Expenses  
Year Ended March 31, 2021**

	Program Services			<b>Total Program</b>	Management and general	Fund- raising	<b>Totals</b>
	Land use and acquisition	Steward- ship	Education and outreach				
Salaries, payroll taxes and benefits	\$ 255,323	\$ 265,609	\$ 311,253	\$ 832,185	\$ 452,513	\$ 408,418	\$ 1,693,116
Acquisitions of conservation land	749,484	-	-	749,484	-	-	749,484
Occupancy	36,852	37,252	37,029	111,133	40,163	61,575	212,871
Outside services	-	35,926	51,919	87,845	3,069	80,556	171,470
Legal and accounting	89,780	-	2,159	91,939	23,703	951	116,593
Land advocacy/permits/lobbying	63,041	12,723	4,334	80,098	549	4,701	85,348
Equipment/maintenance/rental	-	-	33,605	33,605	6,862	33,751	74,218
Insurance	-	26,190	12,076	38,266	4,089	6,243	48,598
Printing and copying	5,404	-	23,195	28,599	3	18,725	47,327
Communications	1,805	6,753	8,253	16,811	2,937	19,327	39,075
Miscellaneous	1,500	-	30,119	31,619	-	-	31,619
Supplies	137	4,456	10,835	15,428	1,665	10,229	27,322
Bank charges and other fees	-	-	468	468	4,220	14,714	19,402
Transportation	-	6,370	5,755	12,125	155	900	13,180
Postage and mailhouse	-	-	5,382	5,382	-	6,243	11,625
Travel/conferences/meals/meetings	4,362	9	-	4,371	3,731	4,350	12,452
Information technology	-	1,846	1,303	3,149	431	707	4,287
Total expenses before depreciation	1,207,688	397,134	537,685	2,142,507	544,090	671,390	3,357,987
Depreciation	-	113,072	-	113,072	5,951	-	119,023
Total expenses	<b>\$1,207,688</b>	<b>\$ 510,206</b>	<b>\$ 537,685</b>	<b>\$ 2,255,579</b>	<b>\$ 550,041</b>	<b>\$ 671,390</b>	<b>\$ 3,477,010</b>

## Notes to Financial Statements March 31, 2021

### 1. Organization and Activities

Save Mount Diablo (SMD) is a not-for-profit 501(c)(3) public benefit corporation organized for preserving Mount Diablo's peaks, surrounding foothills and watersheds through land acquisition and preservation strategies designed to protect the mountain's natural beauty, biological diversity and historic and agricultural heritage; enhancing our area's quality of life; and providing recreational opportunities consistent with protection of natural resources. In support of this mission, SMD:

- Protects natural land through purchases, gifts, and cooperative efforts with public and private entities.
- Educates the public regarding threats to the mountain's flora, fauna, and rugged beauty and the history and heritage of the mountain and its surrounding foothills.
- Partners with landowners to preserve their property and to ensure that they receive fair value in any transaction aimed at preserving open space.
- Works in partnership with Mount Diablo State Park, East Bay Regional Park District, and other public and private entities to increase and manage natural lands and to identify mitigation opportunities.
- Participates in the land use planning process for projects that could impact Mount Diablo and its surrounding foothills.
- Aids in the restoration of habitat and the preservation of rare species.
- Offers technical advice to community and neighborhood groups regarding preservation of natural lands.
- Hosts recreational events to build public awareness and to carry out our programs.
- Temporarily owns, and responsibly manages, lands prior to their transfer to a public agency for permanent preservation.
- Encourages recreation and public enjoyment of Mount Diablo's park lands, consistent with the protection of their natural resources.

### 2. Summary of Significant Accounting Policies

***Basis of Presentation*** – The financial statements of SMD have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

***Measure of Operations*** – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SMD's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

***Use of Estimates*** - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents*** – SMD's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Notes to Financial Statements  
March 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

**Concentrations of Credit Risk** – Financial instruments that potentially subject SMD to concentrations of credit risk consist principally of cash and cash equivalents and deposits. SMD maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. SMD manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, SMD has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and individuals supportive of SMD's mission.

**Grants and Pledges Receivable** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are met.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. Any allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

**Property and Equipment** – SMD's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. SMD reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition.

**Investments and Endowment** – SMD follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that SMD could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of March 31, 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Investments include cash and equivalents, certificates of deposit, stocks, bonds, mutual funds, and exchange-traded funds. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statement of activities and changes in net assets.

*(continued)*

Notes to Financial Statements  
March 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

**Investments and Endowment** *(continued)* – SMD’s endowment consists of a diverse mixture of funds. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by ASC 958.320, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. SMD has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SMD classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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.

**Fair Value Measurements** – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). SMD groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

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

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Notes to Financial Statements  
March 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

**Conservation Land and Structures** – Capitalized costs for acquisition of conservation land consist of the purchase price and related closing costs. SMD records the expenditures incurred for the acquisition of conservation land in program expenses and an offsetting item related to the acquisition of conservation land for the same amount on the statement of activities. Conservation land is not depreciated; however, structures located on conservation land and all improvements on the conservation land are depreciated over an estimated useful life of ten to twenty years.

**Deed of Conservation Easements** – A perpetual conservation easement is a voluntary legal agreement between a landowner and a qualified organization, such as a land trust, to protect the natural or cultural resources of that land forever. The conservation easements will protect the resources that SMD purchased the property to save, by having the landowner help steward the land while also allowing them to live on the land they love, when applicable. The agreements limit the landowners' rights on the property in order to protect the land's conservation values. SMD has valued the easements at \$1 in the financial statements as management does not believe these deeds have any commercial value.

**Net Assets** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and Board-designated endowment, and has opted to do so. See Note 13 for additional information pertaining to components of Board-designated funds.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Donated Services and In-Kind Contributions** – Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Notes to Financial Statements  
March 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

**Revenue and Revenue Recognition** – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

**Functional Allocation of Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires SMD to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries, payroll taxes and benefits, occupancy, and other overhead) have been allocated based on time and effort using SMD’s payroll allocations which are based on periodic review of personnel time and resource utilization. Other expenses (such as land acquisition and related costs, outside services, and other direct costs) have been allocated based on either specific or direct relationships of the disbursements to the expense categories or based on other meaningful allocation strategies.

**Income Taxes** – SMD has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that SMD continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. SMD may periodically receive unrelated business income requiring SMD to file separate tax returns under federal and state statutes. Under such conditions, SMD calculates and accrues the applicable taxes.

Financial statement presentation follows the recommendations of *ASC 740, Income Taxes*. Under ASC 740, SMD is required to report information regarding its exposure to various tax positions taken by SMD and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that SMD has adequately evaluated its current tax positions and has concluded that as of March 31, 2021, SMD does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

**Advertising** – Advertising costs are expensed as incurred. Advertising amounted to \$15,885 for the year ended March 31, 2021 and is a component of printing and copying as reflected on the statement of functional expenses.

Notes to Financial Statements  
March 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

**Recent and Relevant Accounting Pronouncements** – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of August 31, 2021 (the date of the Independent Auditors' Report), SMD management has made this evaluation and has determined that SMD has the ability to continue as a going concern.

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) Removes inconsistencies and weaknesses in existing revenue requirements, (2) Provides a more robust framework for addressing revenue issues, (3) Improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) Provides more useful information to users of financial statements through improved disclosure requirements, and (5) Simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets. This new pronouncement is effective for fiscal years beginning after December 15, 2021, and early implementation is allowed. SMD is currently assessing the impact that adoption of this ASU will have on its financial statements.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, SMD has incorporated these clarifying standards within the audited financial statements.

## Save Mount Diablo

### Notes to Financial Statements March 31, 2021

#### 3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and interest-bearing money market) that, at the time of purchase, have a maturity date of three months or less. The components of cash and cash equivalents are as follows at March 31, 2021:

Checking and cash accounts (noninterest-bearing)	\$ 62,085
Money market account	72,001
Total cash and cash equivalents	<u>\$ 134,086</u>

Balances in the money market account earned interest at a rate of 0.08% per annum at March 31, 2021.

#### 4. Grants and Contributions Receivable

Grants and contributions receivable are expected to be collected as follows at March 31, 2021:

Less than one year	\$ 279,239
One to five years	175,346
Over five years	263,872
Subtotal	<u>718,457</u>
Less: Unamortized discount	(80,092)
Subtotal	<u>638,365</u>
Total amounts due within one year	(279,239)
Total grants and contributions receivable, noncurrent (net)	<u>\$ 359,126</u>

Grants and contributions receivable represent amounts due from various sources, including individuals, foundations, and others. Grants and contributions receivable are recorded in the period in which the promise is received at the estimated current collectible amount. Grants and contributions receivable are discounted to present value using a discount rate based upon risk adjusted rates at the date of the pledge. Included in the grants and contributions receivable over five years category are two irrevocable bequests with a combined estimated value of \$190,612 (net of a discount of \$73,260). Management periodically evaluates all receivables for collectability and records an allowance for any amounts estimated to be uncollectible. At March 31, 2021, there were no allowances for uncollectible grants and contributions as management believes the balances to be fully collectible.

#### 5. Liquidity

SMD regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. SMD has various sources of liquidity at its disposal, including cash and cash equivalents, investments, a Board-designated emergency reserve fund, and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, SMD considers all expenditures related to its mission of preserving Mount Diablo's peaks, surrounding foothills and watersheds to be general expenditures.

*(continued)*

## Save Mount Diablo

### Notes to Financial Statements March 31, 2021

#### 5. Liquidity *(continued)*

In addition to the financial assets available to meet general expenditures over the next 12 months, SMD operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of SMD's cash.

The following table shows the total financial assets held by SMD and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 134,086
Investments	7,081,325
Grants and contributions receivable	279,239
Other receivables	5,202
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	(2,198,349)
Net assets with donor restrictions in perpetuity	(770,428)
Board-designated emergency reserve fund	(1,730,558)
Board-designated legal defense fund	(100,127)
Board-designated endowment fund	(1,795,066)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 905,324</u>

A significant portion of the support that SMD receives is restricted by donors or designated by the Board. Because donor restrictions require resources to be used in a particular manner or in a future period, SMD must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditure within one year. Although SMD does not intend to expend financial resources from its Board-designated reserves, these amounts could be made available, if necessary. Additionally, as part of SMD's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

#### 6. Property and Equipment

Property and equipment consist of the following at March 31, 2021:

Office furniture	\$ 19,232
Stewardship equipment	59,316
Computer equipment	181,054
Vehicles	40,808
Other	2,660
Less accumulated depreciation	(260,934)
Total property and equipment, net	<u>\$ 42,136</u>

Depreciation expense related to property and equipment for the year ended March 31, 2021 amounted to \$26,986 and is a component of depreciation expense on the statement of functional expenses.

## Save Mount Diablo

### Notes to Financial Statements March 31, 2021

#### 7. Conservation Land and Easements

SMD has acquired various parcels of land which have been funded primarily by contributions and grants. A summary of conservation land and easements, excluding values of conservation land structures, is as follows at March 31, 2021:

##### Conservation Land:

2001	Wright Canyon	76 acres	\$ 521,258
2005-2007	Mangini Property	207 acres	1,467,460
2006	Young Property	18 acres	303,304
2007	Marsh Creek 1	9 acres	318,983
2008	Marsh Creek 4	3 acres	351,988
2010	Dry Creek	5 acres	84,044
2010	Oak Hill Lane, Morgan Territory	40 acres	352,595
2011	Thomas Home Ranch	11 acres	12,300
2011	Marsh Creek 5	7 acres	126,080
2011	Marsh Creek 6	6 acres	433,174
2011	Marsh Creek 7	8 acres	494,950
2012	Highland Springs	105 acres	497,023
2012	Lot 25 at Diablo Estates	5 acres	178,150
2013	Curry Canyon Ranch	1,081 acres	6,670,392
2013	Marsh Creek 8	51 acres	364,873
2017	Anderson Ranch	95 acres	814,564
2020	Smith Canyon	28 acres	664,484
	Total conservation land		13,655,622
	<b>Conservation easements</b>		<b>3</b>
	<b>Total conservation land and easements</b>		<b>\$ 13,655,625</b>

A summary of structures and capital improvements related to conservation land is as follows at March 31, 2021:

Structures	\$ 1,039,694
Capital improvements	535,925
Total cost	1,575,619
Less: Accumulated depreciation	(519,979)
	\$ 1,055,640

Depreciation expense related to structures and capital improvements for the year ended March 31, 2021 amounted to \$92,037 and is a component of depreciation expense on the statement of functional expenses.

##### Conservation Land:

**Wright Canyon** – The 76.3-acre Wright Canyon property was purchased by SMD in 2001 for \$640,000 plus closing costs. The land is high in conservation values and is contiguous with previously conserved lands. The purchase value included the acquisition of conservation land structures. SMD's caretakers now live in the house on the property.

*(continued)*

Notes to Financial Statements  
March 31, 2021

7. Conservation Land and Easements *(continued)*

**Mangini Property** – The 207.8-acre Mangini property was purchased by SMD in 2007 for \$1,454,530 plus closing costs. The land is high in conservation value and is contiguous with previously conserved lands. The land will also be a future public educational preserve for SMD.

**Young Property** – In 2006, SMD acquired 18 acres of Young Canyon for \$300,000 plus closing costs. It is located between Mount Diablo State Park and the Concord Mt. Diablo Trail Ride Association on North Peak's slopes. It is small, but very rich botanically and crossed by a heavily used horse trail. It drops from a high 1,420-foot knoll near an area called Cardinet Oaks into a mossy, fern-filled stream canyon, then slopes back up to a rocky meadow of wildflowers. Breezes there never seem to stop. Hawks call and turkey vultures float by on thermals.

**Marsh Creek 1** – As a result of contributions from numerous supporters, SMD acquired the Marsh Creek 1 property for \$315,000 plus closing costs in November 2007. Marsh Creek 1 is a strategic purchase because it is located in a priority acquisition zone, which is an area almost completely surrounded by public land and wildlife.

**Marsh Creek 4** – SMD acquired the Marsh Creek 4 property for \$325,000 plus closing costs in December 2008. Marsh Creek 4 is a 2.65-acre property across from Marsh Creek 2. The creek crosses the property, maintaining a healthy riparian habitat with high resource values. A culvert connects the property and creek with Marsh Creek 2.

**Dry Creek** – SMD acquired the Briones Valley property (also known as "Dry Creek") in Brentwood for \$84,000 plus closing costs in August 2010. Dry Creek is a 5.18-acre property within a half mile of Brentwood subdivisions. The parcel backs up to the new 3,695-acre Marsh Creek State Park and is at the heart of the East Contra Costa County Habitat Conservation Plan's highest priority acquisition zone. The parcel is surrounded by high quality endangered species habitat for the San Joaquin kit fox, burrowing owls, and California tiger salamander, and is a transitional zone from the seasonal wetlands of Briones Valley to the State Park's oak savannah.

**Oak Hill Lane, Morgan Territory** – SMD acquired the Oak Hill Lane property for \$350,000 plus closing costs in December 2010. Oak Hill Lane consists of four 10-acre parcels on the northern slope of Mount Diablo and is close to the Wright Canyon and Viera North Peak properties. Oak Hill Lane climbs from 960 to 1,240 feet in elevation allowing for 40 acres of spectacular views in all directions. It possesses resources including grassland, chaparral, blue and live oak woodlands, riparian vegetation, and the unique blue oak/narrowleaf golden bush – California juniper (which is locally rare). Once Oak Hill Lane is restored, it will fill a critical gap between protected lands and improve species movement in the Marsh Creek – Morgan Territory area.

**Thomas Home Ranch** – SMD acquired the Thomas – North property for \$1,376,000 plus closing costs in September 2011. The property is a 145.5-acre grassland parcel and is the gateway to both Kirker Pass and to Nortonville Canyon, part of the very significant Concord Naval Weapons Station to Black Diamond Mines corridor, and adjacent to Keller Landfill protected open space. It includes a major canyon and creek intersecting, including two major branches of Kirker Creek. SMD sold 134.98 acres of the property in 2012 to East Bay Regional Park District for conservation purposes. In 2017, SMD entered into an option agreement to sell the remaining 10.50-acres for \$204,200 to the East Bay Regional Park District. This option agreement has not been exercised as of March 31, 2021.

*(continued)*

Notes to Financial Statements  
March 31, 2021

7. **Conservation Land and Easements** *(continued)*

**Marsh Creek 5** – SMD acquired the Marsh Creek 5 property for \$125,000 plus closing costs in July 2011. Marsh Creek 5 is a 7.4-acre parcel located in Morgan Territory and is near the western end of the Dark Canyon section of the riparian corridor. The property includes most of a steep volcanic knoll, rising more than 300 feet in one tenth of a mile. Acquisition of the property prevents development and enhances previously preserved areas and will expand access to the regional trail system.

**Marsh Creek 6** – SMD acquired the Marsh Creek 6 parcel for \$395,000 plus closing costs in October 2011. The property is a wooded 5.74 acres, mostly consisting of steep volcanic knolls and is visible from a variety of protected lands from both directions of Marsh Creek. Along with Marsh Creek 5, the property is a part of six small extrusions of Coast Range Ophiolite rhyodacite, the only such mineral deposits in Central or Eastern Contra Costa County. The property is rich with birds and Marsh Creek possibly supports California red-legged frogs and Alameda whipsnakes.

**Marsh Creek 7** – SMD acquired the Marsh Creek 7 parcel for \$574,000 plus closing costs in October 2011. The purchase price included the acquisition of conservation land structures. The parcel is part of important wildlife corridors between Clayton Ranch and Black Diamond Mines to Round Valley. The property includes oak woodland, grassland, Marsh Creek riparian habitat and some large rock outcroppings. This property likely supports ground squirrels, California tiger salamanders, burrowing owls, American badgers, and possibly San Joaquin kit foxes, among other species.

**Highland Springs** – SMD acquired the Highland Springs property for \$495,000 plus closing costs in September 2012. Highland Springs is a dramatic property in the Tassajara area, the first acquisition in the area by SMD, on the rugged west face of Highland Ridge just below the peak. Its location and high visibility are just as much of a preservation priority as the property's natural resources. Highland Springs is 105 acres carved by two beautiful steep stream canyons on the western face of Highland Ridge. Highland Springs is near the lovely natural Tassajara Valley which is being threatened by nearby urban development.

**Lot 25 at Diablo Estates** – In March 2012, SMD accepted a dedication offer at Petar Court/Lot 25 from the City of Clayton. Lot 25 is 5 acres of woodland and canyon near Mount Diablo State Park, including 500 feet of previously unprotected Mount Diablo Creek with intact riparian vegetation including maple, cottonwood, sycamore, oak, buckeye, and willow trees. The old house site and flat area along the creek are now studded with 150 live and valley oak trees planted to restore the corridor.

**Curry Canyon Ranch** – Curry Canyon Ranch has been at the top of SMD's priority list of lands to protect since SMD's founding more than 40 years ago. This 1,081-acre property has incredible topography from Curry Creek to steep wooded and shaded canyon walls and grassland ridges. It has more than a mile of exposed sandstone cliffs – the most significant exposed rock habitats left unprotected in the county. Surrounded by Mount Diablo State Park on three sides, Curry Canyon Ranch is a key wildlife corridor and trail connector. In May 2013, SMD purchased Curry Canyon Ranch for \$7,200,000 plus closing costs, with the help of a generous grant from the Coastal Conservancy and a loan, making it the largest and most expensive purchase in SMD's history. The purchase value includes acquired conservation land structures.

*(continued)*

Notes to Financial Statements  
March 31, 2021

**7. Conservation Land and Easements** *(continued)*

**Marsh Creek 8** – In July 2013, 14350 Marsh Creek Road, also known as “Big Bend,” was purchased for \$690,684 plus closing costs. The purchase value includes acquired conservation land structures. It is a 51-acre property located in a beautiful part of Marsh Creek’s Dark Canyon. The property is one of the rare locations along Marsh Creek with a large, relatively undeveloped flood plain. The property’s dominant feature is a large U-shaped bend in the creek, 3,100 feet in length, that provides high value creek habitat with a water source for wildlife and is also critical habitat for threatened species like the Western Pond turtle and California red-legged frog which have already been confirmed on the site. Because of Big Bend’s history and diverse habitats, it has high potential to be restored to its natural state.

**Anderson Ranch** – In 2017, SMD acquired 95 acres of Anderson Ranch for \$800,000 plus closing costs. Anderson Ranch is located adjacent to the Contra Costa County Marsh Creek Detention Facility and close to SMD’s Marsh Creek 4 and Marsh Creek 6 properties. It is visible from Marsh Creek Road and rises to a beautiful plateau on the north end of Morgan Territory Ridge. The property includes a 2,100-foot section of Marsh Creek and two beautiful ponds. California red-legged frog has been verified on-site and small volcanic domes are found on the north end of Morgan Territory Ridge.

**Smith Canyon** – In 2020, SMD purchased 28.73 acres of Smith Canyon for \$650,000 plus closing costs. Smith Canyon offers direct access from Morgan Territory Road to Curry Canyon, increasing the recreational potential for both Smith Canyon and Curry Canyon Ranch, so its protection adds to the important corridor of conserved lands in the Mount Diablo area, which is critical for wildlife and water resources. California red-legged frog and Alameda whipsnake are special status species likely to be present on the property. The land also affords beautiful scenic vistas to passersby on the public Morgan Territory Road. Smith Canyon drains directly into Marsh Creek and its vegetation includes grassland, blue oak woodland, and a live oak-bay riparian corridor.

**Conservation Easements:**

**Marsh Creek 2** – SMD acquired the Marsh Creek 2 property for \$320,000 plus closing costs in May 2008. Marsh Creek 2 is a 17-acre property at the entrance to the narrowest part of Marsh Creek Canyon. The property is highly visible, with grassland slopes above Marsh Creek Road, a steep wooded canyon and a large oak-covered knoll. In May 2017, SMD sold the property for \$220,000. Per the terms of the sale agreement, SMD placed a conservation easement on the property which is held at a value of \$1 as of March 31, 2021.

**Viera North Peak** – SMD acquired the Viera North Peak property for \$975,000 plus closing costs in September 2009. Viera North Peak is a 165-acre parcel on the southeastern slopes of Mount Diablo’s second highest peak. The parcel contains abundant high-quality habitat, rare plants, exotic geology and soils, and elevations ranging from 1,000 to 2,300 feet. On July 24, 2017, SMD sold the property for \$1,080,000. Per the terms of the sale agreement, SMD is working towards securing a conservation easement on that land.

*(continued)*

Notes to Financial Statements  
March 31, 2021

**7. Conservation Land and Easements** *(continued)*

**Curry Creek 2** – Curry Creek 2 was purchased in May 2013 for \$536,000 plus closing costs. It is a 4.9-acre property with a 635-foot-high quality gravel bottomed-segment of Curry Creek, with sycamores and other riparian vegetation. There are confirmed records of Alameda whipsnakes. In October 2016, SMD sold the property to a private party for \$490,000. Per the terms of the sale agreement, SMD placed a perpetual conservation easement on the property which is held at a value of \$1 as of March 31, 2021.

**Land Under Option:**

**Concord Mt. Diablo Trail Ride Association – Conservation Easement** – SMD signed a two-year option agreement to purchase a perpetual Conservation Easement for \$1,040,000 on about 154 acres of land owned by the Concord Mt. Diablo Trail Ride Association. This land is high in conservation values, is located on the slopes of Mount Diablo itself, and is also contiguous with Mount Diablo State Park. The option agreement must be exercised by December 2021. As of March 31, 2021, total option payments of \$50,350 are included with land purchase options on the statement of financial position.

**North Peak Ranch** – SMD has signed a ten-year option agreement to purchase the 88.5- acre North Peak Ranch for a total purchase price of approximately \$1.1 million. This property rises from Marsh Creek Road just east of Clayton onto the slopes of North Peak, Mt. Diablo’s second tallest and more rugged peak. It shares a boundary with Mt. Diablo State Park. The property is beautiful and heavily wooded. Two tributary creeks drop down the steep slopes over moss covered rocky cataracts and small grottos then meet Mt. Diablo Creek just off site. Payments made toward the option agreement are classified as land purchase options on the statement of financial position. At March 31, 2021, total option payments and related acquisition costs are \$435,549.

**8. Investments and Fair Value Measurements**

Investments are stated at market value, based primarily on quoted market prices for those or similar instruments. SMD invests in mutual funds, exchange-traded funds (ETFs), equities, bonds, and certificates of deposit.

The cost and market value of investments are as follows:

	<b>As of March 31, 2021</b>	
	<b>Cost</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 2,782,631	\$ 2,782,631
Mutual funds	941,956	1,287,165
Exchange traded funds	48,205	49,305
Equities	722,933	744,222
Fixed income securities	2,128,956	2,218,002
	\$ 6,624,681	\$ 7,081,325

*(continued)*

Notes to Financial Statements  
March 31, 2021

**8. Investments and Fair Value Measurements**

SMD has directed its Finance Committee to be responsible for oversight of the investment portfolio. This committee sets the investment policies, including the appropriate risk exposures within the context of SMD's endowment policies and needs (see Note 10).

In determining fair value, SMD utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then Level 2 fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Financial instruments carried at fair value as of March 31, 2021, are classified as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 2,782,631	\$ 2,782,631	\$ -	\$ -
Mutual funds	1,287,165	1,287,165	-	-
Exchange traded funds	49,305	49,305	-	-
Equities	744,222	744,222	-	-
Fixed income securities	2,218,002	-	2,218,002	-
Assets held under charitable remainder trust*	156,763	156,763	-	-
	<u>\$ 7,238,088</u>	<u>\$ 5,020,086</u>	<u>\$ 2,218,002</u>	<u>\$ -</u>

\* Assets consist of mutual funds and other marketable investments, all of which are considered level 1 assets.

**9. Assets Held and Liabilities Under Split-Interest Agreements**

Beneficial Interest in Trust Held by Others - SMD has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, SMD has neither possession nor control over the assets of the trust. At the date of receipt of notice of the beneficial interest, SMD recorded a contribution with donor restrictions in the statement of activities and a beneficial interest in trust held by others was recorded in the statement of financial position at fair value using present value techniques and a risk-adjusted rate designed to reflect the assumptions market participants would use in pricing the expected distribution to be received under the agreement. Management has determined that the estimated fair value of the beneficial interest in trust held by others amounted to \$474,316 at March 31, 2021.

*(continued)*

Notes to Financial Statements  
March 31, 2021

**9. Assets Held and Liabilities Under Split-Interest Agreements** *(continued)*

Charitable Remainder Trust – SMD acts as trustee for an irrevocable charitable remainder trust. This trust is governed by a trust agreement which provides for a unitrust amount equal to 8% of the net fair market value of the assets of the trust to be paid annually to the original donor. Upon the death of the original donor, SMD shall receive all remaining principal and income from the trust. SMD has recorded the trust assets at fair market value and a related liability for future payments to be made to the specified beneficiary. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and any changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability, if any, will be removed and recognized as income. Management has determined that the estimated fair value of the charitable remainder trust amounted to \$156,763 at March 31, 2021. The total liability under the charitable remainder trust amounted to \$85,311 at March 31, 2021, split between \$12,541 current and \$72,770 noncurrent.

**10. Stewardship Endowment Fund**

In 2017, SMD created the Stewardship Endowment Fund to financially support, in perpetuity, SMD's stewardship obligations for its conserved lands and other properties under its care.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment fund includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

***Investment Return Objectives, Risk Parameters, and Strategies***

SMD has adopted investment and spending policies for endowment assets, established by the Finance Committee and approved by the Board of Directors, that attempt to maintain the corpus and the purchasing power of those endowment assets over the long term. Accordingly, the primary investment goal is to provide income to support stewardship program activity, grow the principal to at least keep pace with inflation in order to provide income at appropriate levels to support future stewardship activities, manage risk, and generate an even, steady, pay-out stream from the Stewardship Endowment Fund in order to deliver a consistent quality stewardship program.

Actual returns in any given year may vary. Investment risk is measured in terms of the total restricted fund balance. Investment of assets is managed with the goal of not exposing the assets to unacceptable levels of risk.

*(continued)*

Notes to Financial Statements  
March 31, 2021

**10. Stewardship Endowment Fund** *(continued)*

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

In accordance with the California Uniform Prudent Management of Institutional Funds Act (UPMIFA), SMD considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 SMD, and (7) SMD's investment policies.

SMD did not spend the corpus of any of its net assets restricted in perpetuity during the year ended March 31, 2021. SMD had net investment earnings related to the endowment portfolio amounting to \$350,923 for the year ended March 31, 2021.

***Funds with Deficiencies***

From time to time, the fair value of assets associated with donor-restricted funds may fall below the level that current law requires SMD to retain for a fund of perpetual duration (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. There were no deficiencies during the year ended March 31, 2021.

Endowment net asset composition by type and the change in endowment net assets for the year ended March 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose Restrictions	Restrictions in Perpetuity	
<b>Endowment net assets at March 31, 2020</b>	<b>\$ 1,044,143</b>	<b>\$ -</b>	<b>\$ 783,291</b>	<b>\$ 1,827,434</b>
Contributions	400,000	-	7,000	407,000
Investment return:				
Investment income	23,829	-	-	23,829
Net realized gains	68,701	-	-	68,701
Net unrealized gains	258,408	-	-	258,408
Investment expenses	(15)	-	-	(15)
Total investment return	350,923	-	-	350,923
Change in value of charitable remainder trusts	-	-	(19,863)	(19,863)
<b>Endowment net assets at March 31, 2021</b>	<b>\$ 1,795,066</b>	<b>\$ -</b>	<b>\$ 770,428</b>	<b>\$ 2,565,494</b>

**11. Related Party Transactions**

Members of the Board of Directors made cash or security donations to SMD of \$128,810 during the year ended March 31, 2021. Included in grants and pledges receivable at March 31, 2021 are \$325,000 of donations made by current and/or former members of the Board of Directors.

Notes to Financial Statements  
March 31, 2021

**12. Net Assets**

SMD's net assets consist of the following:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions, including net assets designated by the Board for special purposes, consist of the following at March 31, 2021:

Cumulative net assets without donor restrictions from operating activities	\$ 16,858,878
Board-designated net assets for:	
Stewardship endowment fund	1,795,066
Emergency reserve fund	1,730,558
Legal defense fund	100,127
Total net assets without donor restrictions	\$ 20,484,629

**Net Assets with Donor Restrictions**

Net assets restricted by donors to a particular use and/or for use at a particular time or period consist of the following at March 31, 2021:

Forever Wild – land acquisition	\$ 1,766,294
Forever Wild – stewardship	135,470
Viera North Peak management funds	193,599
Other projects	102,951
Legal defense fund	35
Total net assets with donor restrictions	\$ 2,198,349

Net assets restricted by donors where use of the principal (corpus) is restricted into perpetuity consist of the following at March 31, 2021:

Stewardship endowment fund	\$ 770,428
Total net assets with donor restrictions	\$ 2,968,777

**13. Retirement Plan**

SMD offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b) as an Employer Contributory Plan (the "Retirement Plan"). The Retirement Plan is operated by Lincoln Financial Group and provides employees with the opportunity to defer a portion of their salary subject to annual statutory limitation. Employees must be employed for six months in order to be eligible to participate in the Retirement Plan. SMD will match employee contributions dollar for dollar up to a maximum discretionary amount to be set by the Board of Directors each year. For the year ending March 31, 2021, the maximum match was 5.5% of employees' annual salary. SMD contributed \$35,961 to the plan for the year ended March 31, 2021.

Notes to Financial Statements  
March 31, 2021

**14. Lease Commitments**

SMD leases office space and certain office equipment under multi-year operating lease agreements. The office lease requires a monthly payment of \$16,414 as of March 31, 2021. SMD is responsible for its proportionate share of building, maintenance, and operating expenses. Total rent expense amounted to \$212,871 for the year ended March 31, 2021. SMD also leases certain office equipment under multi-year agreements which require total monthly payments of \$461 as of March 31, 2021.

At March 31, 2021, minimum future lease payments for operating leases with a term of one year or more are as follows:

Year ending March 31, 2022	\$ 208,044
Year ending March 31, 2023	211,789
Year ending March 31, 2024	17,422

**15. In-Kind Contributions**

During the year ended March 31, 2021, SMD was the recipient of a variety of in-kind contributions, including pro-bono services and other items. The values of these contributions met the criteria for recognition under *ASC 958.605.30-11 Revenue Recognition of Not-For-Profit Entities*. The estimated values of these contributions are summarized as follows:

Advertising	\$ 11,290
Outside services	3,000
Supplies and equipment	2,338
Legal	454
Food	136
Total in-kind contributions	\$ 17,218

**16. Contingencies**

In the normal course of business, SMD could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate SMD to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond SMD's control, such as general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit in accounts at domestic and foreign financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies.

**Notes to Financial Statements  
March 31, 2021**

**17. Capital Campaign**

SMD launched the quiet phase of its Forever Wild capital campaign in 2013 with a campaign goal of \$15 million. By the end of 2015, generous donors had contributed \$6.6 million. With that sum, SMD was able to acquire the extraordinary 1,081-acre Curry Canyon Ranch. Campaign donors made it possible to purchase additional properties as well, including Big Bend and Hanson Hills in the Marsh Creek Area. At the end of 2015, as planned, the longtime Executive Director transitioned into retirement. In that same year, SMD hired a new Executive Director, a veteran land conservation leader. With new staff leadership and strong programs, SMD's Board of Directors approved Phase II of the Forever Wild campaign. Great strides have been made with now over \$14.7 million having been raised against the \$15 million goal.

In addition to all the monies raised in this second phase, additional properties have been conserved or put under contract (North Peak Ranch, Anderson Ranch, Smith Canyon, Concord Mt. Diablo Trail Ride Association), a Stewardship Endowment Fund was created which already has over \$2.6 million committed to it, and SMD doubled the size of its Legal Defense Fund. Subsequent to March 31, 2021, SMD was able to raise the remaining funds needed to reach the \$15 million goal.

**18. COVID-19**

Although the COVID-19 threat has abated, the worldwide threat continues to (a) impact financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which SMD conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management continues to monitor and evaluate its options. These financial statements do not contain any adjustments related to economic losses which may or may not be realized.

**19. Subsequent Events**

In compliance with *ASC 855, Subsequent Events*, SMD has evaluated subsequent events through August 31, 2021, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.