

NATUREBRIDGE

JUNE 30, 2014



INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

NatureBridge

Independent Auditors' Report and Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
NATUREBRIDGE
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of **NatureBridge** which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows 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 audits 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 of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NatureBridge as of June 30, 2014 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.

Report on Summarized Comparative Information

We have previously audited NatureBridge's June 30, 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 16, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
December 9, 2014

NatureBridge

Statement of Financial Position

June 30, 2014 (with summarized comparative information as of June 30, 2013)

	2014	2013
Assets		
Cash and cash equivalents	\$ 6,204,280	\$ 5,942,874
Accounts receivable, net	511,274	181,289
Pledges receivable	828,425	2,252,842
Inventory	88,477	81,419
Prepaid expenses and other assets	154,668	126,358
Investments at fair value	2,349,810	2,351,665
Property, equipment, and improvements, net	12,981,180	10,812,762
Total assets	\$ 23,118,114	\$ 21,749,209
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,620,937	\$ 1,232,426
Deferred revenue	1,391,155	1,280,428
Deposits payable	26,227	25,618
Total liabilities	3,038,319	2,538,472
Net Assets:		
Unrestricted net assets	3,963,651	4,438,464
Temporarily restricted net assets	15,484,146	14,142,275
Permanently restricted net assets	631,998	629,998
Total net assets	20,079,795	19,210,737
Total liabilities and net assets	\$ 23,118,114	\$ 21,749,209

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

NatureBridge

Statement of Activities

Year ended June 30, 2014 (with summarized comparative information for June 30, 2013)

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and Support:					
Program revenue:					
Field science programs, net of scholarships of \$889,263 and \$888,588, respectively	\$ 8,091,924			\$ 8,091,924	\$ 7,140,211
Conferences and adult programs	1,079,196			1,079,196	1,169,202
Summer program revenue	486,222			486,222	396,811
Other income	443,818			443,818	383,799
Total program revenue	10,101,160			10,101,160	9,090,023
Other revenue:					
Investment income	55,053	\$ 206,317		261,370	162,837
Miscellaneous income	69,803			69,803	14,019
Total other revenue	124,856	206,317		331,173	176,856
Public support:					
Donations and grants	1,258,333	3,412,165	\$ 2,000	4,672,498	6,613,349
Donated goods and services	158,890			158,890	110,866
Total public support	1,417,223	3,412,165	2,000	4,831,388	6,724,215
Net assets released from restrictions	2,276,611	(2,276,611)		-	
Total revenue and support	13,919,850	1,341,871	2,000	15,263,721	15,991,094
Expenses:					
Program services	10,814,041			10,814,041	10,647,647
General and administrative	1,918,260			1,918,260	2,321,885
Fundraising and development	1,662,362			1,662,362	1,343,255
Total operating expenses	14,394,663			14,394,663	14,312,787
Change in Net Assets from Operations	(474,813)	1,341,871	2,000	869,058	1,678,307
Other Changes:					
National Environmental Science Center - Phase 1 costs					(2,068,733)
Total other changes	-	-	-	-	(2,068,733)
Total Changes in Net Assets	(474,813)	1,341,871	2,000	869,058	(390,426)
Net Assets - beginning of year	4,438,464	14,142,275	629,998	19,210,737	19,601,163
Net Assets - end of year	\$ 3,963,651	\$ 15,484,146	\$ 631,998	\$ 20,079,795	\$ 19,210,737

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

NatureBridge

Statement of Cash Flows

Year ended June 30, 2014 (with summarized comparative information for June 30, 2013)

	2014	2013
Cash Flows from Operating Activities:		
Changes in net assets	\$ 869,058	\$ (390,426)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for non-operating use	(1,032,000)	(1,516,500)
Depreciation and amortization	528,467	484,696
Disposal of property, equipment and improvements	-	2,068,733
Gain in investments	(195,558)	(88,881)
Provision for bad debts	40,108	20,115
Changes in operating assets and liabilities:		
Accounts receivable	(370,093)	(48,739)
Pledges receivable	(177,783)	(1,423,264)
Inventory	(7,058)	(11,328)
Prepaid expenses and other assets	(28,310)	92,471
Accounts payable and accrued expenses	388,511	43,654
Deferred revenue	110,727	(167,252)
Deposits payable	609	(1,349)
Net cash provided by (used in) operating activities	126,678	(938,070)
Cash Flows from Investing Activities:		
Proceeds from sales of investments	754,803	1,587,053
Investments in securities and time deposit	(557,390)	(427,559)
Purchases of property, equipment and improvements	(2,696,885)	(575,797)
Net cash (used in) provided by investing activities	(2,499,472)	583,697
Cash Flows from Financing Activities:		
Receipt of funds restricted for capital projects	2,632,200	1,838,295
Receipt of permanently restricted funds	2,000	2,250
Net cash provided by financing activities	2,634,200	1,840,545
Net Change in Cash and Cash Equivalents	261,406	1,486,172
Cash and Cash Equivalents - beginning of year	5,942,874	4,456,702
Cash and Cash Equivalents - end of year	\$ 6,204,280	\$ 5,942,874

Supplemental Disclosure of Non Cash Operating and Financing Activities:

Donated securities, for both operations and capital projects, converted immediately to cash, including \$10,791 and \$487,837, respectively, received in satisfaction of pledges arising in prior years	\$ 30,495	\$ 551,248
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Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 3,112	\$ 2,455
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The accompanying notes are an integral part of these financial statements.

NatureBridge

Statement of Functional Expenses

Year ended June 30, 2014 (with summarized comparative information for June 30, 2013)

	2014				2013
	Program Services	General and Administrative	Fundraising	Total	Total
Personnel	\$ 6,473,421	\$ 1,142,250	\$ 888,985	\$ 8,504,656	\$ 8,790,960
Occupancy and supplies	1,561,424	156,039	184,894	1,902,357	1,875,093
Food	1,451,834	-	-	1,451,834	1,159,005
Outside services	154,025	366,842	173,940	694,807	703,958
Travel and meetings	121,816	104,015	321,602	547,433	521,514
Depreciation and amortization	362,291	99,932	66,244	528,467	484,696
Contracted transportation	221,768	-	-	221,768	298,309
Insurance	162,077	11,809	9,845	183,731	164,178
Grants paid to others	85,000	-	-	85,000	48,875
Other expenses	220,385	37,373	16,852	274,610	266,199
Total expenses	\$ 10,814,041	\$ 1,918,260	\$ 1,662,362	\$ 14,394,663	\$ 14,312,787

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

NatureBridge

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies:

a. Organization

Founded in 1971 and based in San Francisco, NatureBridge (the Organization) is the largest residential environmental education partner of the National Park Service (NPS). Its mission is to foster environmental literacy to sustain our planet through hands-on environmental science programs in some of the richest and most beautiful classrooms – our national parks. The Organization currently operates in six national parks: Yosemite National Park, Golden Gate National Recreation Area, Olympic National Park, Santa Monica Mountains National Recreation Area, Channel Islands National Park, and Prince William Forest. Revenues are primarily from program fees and contributions.

The Organization provides its core program, environmental science education, to a diverse audience including youth, K-12 teachers, teens, and online communities. The Organization also works with leaders in the field of environmental education to advance its mission nationwide. Each year, the Organization serves more than 30,000 participants through residential field science, youth leadership, and teacher training programs.

b. Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The financial statements are presented for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets – Net assets that are not subject to any donor-imposed restrictions.

Temporarily restricted net assets – Net assets that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted net assets – Net assets that are limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Organization.

NatureBridge

Notes to Financial Statements

c. Revenue Recognition

Program Revenue

Program revenue consists of tuition and fees associated with the Organization's residential field science, youth leadership, and teacher training programs. Revenue from these programs is recognized in the period in which the services are provided. Accounts receivable consist primarily of amounts due from the Organization's participant user groups which are expected to be received in the current year. Amounts received in advance are recorded as deferred revenue.

Contributions

Contributions and pledges are recognized at their fair value when received. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that meet certain criteria are recognized at fair value in the period received. These donated services must create or enhance non-financial assets or must require specialized skills, be provided by individuals possessing those skills and represent services which would have been purchased if not provided by donation.

Allowance for Doubtful Accounts

The Organization provides for losses on accounts and pledges receivable using an allowance method based on management's estimates and analysis of specific accounts and pledges made.

d. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments acquired within three months of their maturity so that the risk of changes in value due to changes in interest rates is negligible.

e. Inventory

Costs of retail items held for sale as well as food items are included in inventory, which is stated at the lower of cost (determined on the first-in, first-out basis) or market.

NatureBridge

Notes to Financial Statements

f. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and represent the change in the fair value of investments from one year to another.

g. Fair Value Measurements

The Organization accounts for its financial instruments, which are required to be measured at fair value on a recurring basis according to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. Fair value is defined as the price that would be received upon sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

This standard requires the Organization to classify its financial assets and liabilities based on a valuation method using three levels:

Level 1: Quoted market prices unadjusted in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

h. Fair Value of Financial Instruments

The Organization has determined that the amounts reported for cash and cash equivalents, accounts receivable, prepaid and other assets, accounts payable and accrued expenses, deferred revenue, and deposits have carrying amounts that approximate fair value because of the short maturity of these financial instruments.

i. Property, Equipment, and Improvements

The Organization records property, equipment, and improvements in excess of \$1,500 at historical cost, or if donated, at fair value at the date of donation. Depreciation is determined on the straight-line method over the lesser of the estimated useful lives or lease terms as follows: 3 to 10 years for equipment (including vehicles) and 3 to 25 years for leasehold improvements.

NatureBridge

Notes to Financial Statements

Construction in progress and internally developed software are capitalized during the development phase of a project. Once a project is completed and is placed in service, the cost is depreciated or amortized over the estimated useful life of the building or software application. Capitalized costs that are determined to be impaired are expensed in the period the impairment occurs.

j. Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

k. Income Taxes

The Organization is exempt from federal and state taxes by a group exemption under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code, and is considered by the Internal Revenue Service to be an organization other than a private foundation.

Management evaluated the Organization's tax positions and concluded that it has maintained its tax-exempt status and that the Organization has taken no uncertain tax positions that would require adjustments in the financials statements to comply with provisions of this guidance. The Organization is generally no longer subject to tax examinations by federal and state authorities for tax years prior to 2010 and 2009, respectively.

l. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m. Reclassifications

Certain reclassifications have been made to the 2013 financial statements in order to conform to the 2014 presentation. These reclassifications had no impact on net assets or the change in net assets.

n. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

NatureBridge

Notes to Financial Statements

o. Subsequent Events

The Organization has evaluated all subsequent events through December 9, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

p. Newly Adopted Pronouncement

In October 2012, FASB issued the Accounting Standards Update No. 2012-05 – Statement of Cash Flows (Topic 230) *Not-for-Profit Entities – Classifications of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The update requires a not-for-profit entity to classify sales proceeds of donated financial assets consistent with cash donations as an operating activity, if such assets were converted nearly immediately into cash, unless the donor restricted the use of the proceeds to long-term purposes, in which case those cash receipts should be classified as a financing activity. If those assets were not immediately converted to cash, the proceeds upon sale should be classified as an investing activity. This guidance is effective prospectively for annual periods, beginning after June 15, 2013. The Organization has adopted the guidance of this pronouncement and it did not have a significant impact on its financial statements.

Note 2 - **Pledges Receivable:**

Pledges receivable consist primarily of amounts associated with capital projects, education programs, and other projects at June 30, 2014 and 2013 as follows:

	2014	2013
Receivable in less than one year	\$514,240	\$1,887,074
Receivable in one to five years	322,667	375,532
Total pledges receivable	836,907	2,262,606
Less discount to net present value	(8,482)	(9,764)
Net pledges receivable	\$828,425	\$2,252,842

Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 1.20% to 2.27% depending upon the year the pledge occurred.

NatureBridge

Notes to Financial Statements

Note 3 - Investments and Fair Value Measurements:

Investments, which are carried at fair value, consist of the following at June 30, 2014 and 2013:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds (level 1)	\$ 1,081,050	\$ 1,429,751	\$ 985,668	\$ 1,215,717
Bond mutual funds (level 1)	879,639	920,059	1,106,363	1,135,948
Total	\$ 1,960,689	\$ 2,349,810	\$ 2,092,031	\$ 2,351,665

The following summarizes the investment income for the year ended June 30, 2014 and 2013:

	2014	2013
Gain on investments	\$ 195,558	\$ 88,881
Interest and dividend income	65,812	73,956
Total	\$ 261,370	\$ 162,837

Note 4 - Property, Equipment and Improvements:

Property, equipment, and improvements at June 30, 2014 and 2013 consist of the following:

	2014	2013
Capitalized development costs	\$ 9,329,974	\$ 6,774,098
Buildings and improvements	6,658,590	6,617,129
Equipment and furniture	2,034,990	2,100,013
Vehicles	384,723	355,995
Total	18,408,277	15,847,235
Less: accumulated depreciation	(5,427,097)	(5,034,473)
Net property and equipment	\$ 12,981,180	\$ 10,812,762

NatureBridge

Notes to Financial Statements

Depreciation expense for the years ended June 30, 2014 and 2013 was \$282,931 and \$220,224, respectively. Amortization of leasehold improvements for the years ended June 30, 2014 and 2013 was \$245,536 and \$264,472, respectively.

Capitalized development costs consist primarily of costs to develop a future National Environmental Science Center (NESC) in Yosemite National Park. During the year ended June 30, 2013, management evaluated the total costs of the NESC since inception and concluded the carrying value of these costs should be adjusted downward to reflect only those costs directly attributable to the future economic value of the NESC. As a result, management expensed \$2,068,733, which primarily reflected certain costs associated with selecting the most suitable site among several alternative sites.

The total balance of capitalized development costs related to the NESC for the years ended June 30, 2014 and 2013 was \$8,497,914 and \$6,206,845, respectively.

Management anticipates completion of maintenance and administrative buildings in 2015 at a cost of approximately \$3.6 million.

Note 5 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2014 and 2013 consist of the following:

	2014	2013
Capital projects	\$ 13,409,199	\$ 12,274,081
Diversity initiative	624,249	581,883
Other programs	1,450,698	1,286,311
Total	\$ 15,484,146	\$ 14,142,275

The Organization fulfilled the time and/or use restrictions of the following temporarily restricted net assets which were released to unrestricted net assets during the years ended June 30, 2014 and 2013:

	2014	2013
Diversity initiative	\$ 1,266,051	\$ 1,919,654
Other programs	1,010,560	1,621,915
Capital projects	-	2,095,233
Total	\$ 2,276,611	\$ 5,636,802

NatureBridge

Notes to Financial Statements

Note 6 - Permanently Restricted Net Assets:

The Organization's permanently restricted net assets consist of eleven endowment funds, which have been established for a variety of purposes. These funds are invested in perpetuity, the income from which is expendable for operations. Certain of the endowment funds of the Organization are subject to donor restrictions requiring that the income be used only for specified purposes, while income from the remaining endowments may be used for the general purposes of the Organization.

Interpretation of Relevant Law

The Board of Directors of the Organization 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, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

NatureBridge

Notes to Financial Statements

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 Board of Directors requires the Organization to retain as a fund of perpetual duration. No endowment funds had a net deficiency of this nature as of June 30, 2014 and 2013.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to preserve the purchasing power of the endowment fund and at the same time provide a regular and growing distribution of funds for the use of the Organization, consistent with the terms of the endowment fund distribution policy and the terms governing each of the individual endowment funds. A balanced approach is to be taken between risk, preservation of capital, income and growth.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year an amount of five percent of its investment portfolio's average asset based on an eighteen month trailing average of accumulated contributions and earnings within the fund. The Board of Directors may request all, a portion, or none of the appropriation be distributed in accordance with the endowment fund's purpose as defined by the endowment agreement or applicable board resolution. Any portion of the distribution not appropriated by the Board shall be kept in the endowment fund, be governed by the endowment investment policy, and be available for future distribution in accordance with the distribution policy.

NatureBridge

Notes to Financial Statements

As of June 30, 2014, endowment net asset composition by type of fund was as follows:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 350,640	\$ 631,998	\$ 982,638

Changes in endowment net assets for the year ended June 30, 2014:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 238,890	\$ 629,998	\$ 868,888
Investment return	118,309		118,309
Contributions		2,000	2,000
Appropriation of endowment assets for expenditures	(6,559)		(6,559)
Endowment net assets, end of year	\$ 350,640	\$ 631,998	\$ 982,638

Note 7 - Commitments:

Operating Leases

The Organization leases office space in California and Washington under operating lease agreements that expire through 2021. Obligations under these lease agreements are as follows as of June 30:

2015	\$ 215,652
2016	212,554
2017	179,919
2018	177,250
2019	178,821
Thereafter (2020 through 2021)	278,281
Total	\$ 1,242,477

Rent expense amounted to \$1,071,756 and \$1,068,362 for the years ended June 30, 2014 and 2013, respectively.

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Notes to Financial Statements

Cooperative Agreements with the National Park Service

Beginning in 1984, the Organization entered into cooperative agreements with the U.S. Department of the Interior, National Park Service, with regard to land and facilities use and educational programs at four National Parks: Yosemite, Marin Headlands (Golden Gate National Recreation Area), Olympic National Park and Santa Monica Mountains National Recreation Area. Under the terms of these agreements, the Organization will occupy certain buildings and grounds through 2031. During that time, the Organization will provide various educational programs as approved by the Park Service and comply with its rules, regulations and directives.

Under the agreements, the Organization will also provide capital improvements and maintenance to the facilities, all of which remain the property of the government. The Organization will not have a right of possessory interest to most of these assets.

Any substantive changes in the cooperative agreements could have significant effects on how the Organization conducts its activities and services.

Note 8 - National Geographic Society:

In December 2003, the Organization and the Education Foundation Division of the National Geographic Society executed a Memorandum of Agreement to create the Yosemite National Institute Geography Education Fund, which is a permanently restricted endowment. The Organization contributed \$615,000, which was matched by the National Geographic Society. The \$1,230,000 is invested by the National Geographic Society and any income generated will be used to support programs by the Organization or other charitable organizations similar to the Organization to improve geography education at Yosemite National Park, Olympic National Park, the Golden Gate National Recreation Area, or such other locations as shall be mutually agreed upon. If certain terms of the agreement are breached, the funds will be returned to the Organization. During the years ended June 30, 2014 and 2013, \$80,839 and \$75,557, respectively, were received from this fund.

Note 9 - Tax-Deferred 403(b) Plan:

The Organization has a 403(b) contributory tax-deferred pension plan covering all eligible employees. After one year of service, the Organization provides a discretionary matching contribution of 100% of the employee's contribution, up to the greater of 3% of annual salary or \$1,200. The Organization suspended the employer match in 2014. Pension plan expense amounted \$165,264 in 2013.

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Notes to Financial Statements

Note 10 - Concentrations of Credit Risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, accounts and pledges receivable and investments. The Organization maintains its cash accounts at various institutions. Cash balances at these institutions may, from time to time, exceed Federal Deposit Insurance Corporation insurable limits. Accounts receivables are due from various entities. An allowance for doubtful accounts is also maintained. Investments are subject to a formal investment policy.

Approximately 36% of pledges receivable are due from one major donor in 2014. Approximately 80% of pledges receivable are due from two major donors in 2013.

Approximately 65% and 21% of pledges receivable are Board of Directors gifts to the Organization in 2014 and 2013, respectively.

Note 11 - Temporary Suspension of Field Science Programs:

In October 2013, the United States government announced a partial shutdown in federal operations. Due to the closure of National Parks, a number of programs were cancelled. In response to the closure, a number of schools cancelled their reservations, while other schools rescheduled their field science programs until later in the year. The closure of campuses in October resulted in a decrease in program revenue of approximately \$280,000 and a decrease in related program expense of approximately \$115,000 for the year ended June 30, 2014.