NatureBridge

June 30, 2013

Independent Auditors' Report

and

Financial Statements

NatureBridge

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HOOD & STRONG LLP

CERTIFIED PUBLIC ACCOUNTANTS

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, 2013, 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, 2013 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, 2012 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 6, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
December 16, 2013

NatureBridge

Statement of Financial Position

June 30, 2013 (with summarized comparative information as of June 30, 2012)

	2013	2012
Assets		
Cash and cash equivalents	$ 5,942,874	$ 4,456,702
Accounts receivable, net	181,289	152,665
Pledges receivable	2,252,842	1,153,623
Inventory	81,419	70,091
Prepaid expenses and other assets	126,358	218,829
Investments at fair value	2,351,665	3,422,278
Property, equipment, and improvements, net	10,812,762	12,790,394
Total assets	$ 21,749,209	$ 22,264,582
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 1,220,179	$ 1,171,971
Capital lease payable	12,247	16,801
Deferred revenue	1,280,428	1,447,680
Deposits payable	25,618	26,967
Total liabilities	2,538,472	2,663,419
Net assets:		
Unrestricted net assets	4,438,464	4,767,394
Temporarily restricted net assets	14,142,275	14,206,021
Permanently restricted net assets	629,998	627,748
Total net assets	19,210,737	19,601,163
Total liabilities and net assets	$ 21,749,209	$ 22,264,582

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

NatureBridge

Statement of Activities

Year ended June 30, 2013 (with summarized comparative information for June 30, 2012)

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and Support					
Program revenue:					
Field science programs, net of scholarships of $888,588 and $1,219,861, respectively	$ 7,140,211			$ 7,140,211	$ 7,927,417
Conferences and adult programs	1,169,202			1,169,202	1,151,771
Summer program revenue	396,811			396,811	445,687
Other income	383,799			383,799	395,817
Total program revenue	9,090,023			9,090,023	9,920,692
Other revenue:					
Retail sales, net of cost of goods sold	11,145			11,145	(11,811)
Investment income	38,295	$ 124,542		162,837	88,582
Miscellaneous income	2,874			2,874	
Loss on disposal of property and equipment					(114,549)
Total other revenue	52,314	124,542		176,856	(37,778)
Public support:					
Donations and grants	1,162,585	5,448,514	$ 2,250	6,613,349	3,043,529
Donated goods and services	110,866			110,866	92,457
Total public support	1,273,451	5,448,514	2,250	6,724,215	3,135,986
Net assets released from restrictions	3,568,069	(3,568,069)			
Total revenue and support	13,983,857	2,004,987	2,250	15,991,094	13,018,900
Expenses					
Program services	10,647,647			10,647,647	11,418,184
General and administrative	2,321,885			2,321,885	2,575,602
Fundraising and development	1,343,255			1,343,255	1,286,696
Total operating expenses	14,312,787			14,312,787	15,280,482
Change in Net Assets from Operations	(328,930)	2,004,987	2,250	1,678,307	(2,261,582)
Other Changes					
Net assets released from restrictions for capital projects	2,068,733	(2,068,733)			
Yosemite Environment Education Center - Phase 1 costs	(2,068,733)			(2,068,733)	
Total other changes		(2,068,733)		(2,068,733)	
Total Changes in Net Assets	(328,930)	(63,746)	2,250	(390,426)	(2,261,582)
Net Assets - beginning of year	4,767,394	14,206,021	627,748	19,601,163	26,249,640
Prior period adjustment					(4,386,895)
Net Assets - beginning of year	4,767,394	14,206,021	627,748	19,601,163	21,862,745
Net Assets - end of year	$ 4,438,464	$ 14,142,275	$ 629,998	$ 19,210,737	$ 19,601,163

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

NatureBridge

Statement of Cash Flows

Year ended June 30,2013 (with summarized comparative information for June 30, 2012)

	2013	2012
Cash Flows from Operating Activities		
Changes in net assets	$ (390,426)	$ (2,261,582)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Contributions restricted for non-operating use	(1,840,545)	(1,414,477)
Donated securities	(63,411)	(23,056)
Depreciation	484,696	472,067
Disposal of property, equipment and improvements	2,068,733	114,549
(Gain) loss in investments	(88,802)	6,289
Provision for bad debts	20,115	(4,631)
Changes in operating assets and liabilities:		
Accounts receivable	(48,739)	(27,572)
Pledges receivable	(1,587,056)	462,800
Inventory	(11,328)	39,951
Prepaid expenses and other assets	92,471	(22,707)
Accounts payable and accrued expenses	48,208	(70,498)
Deferred revenue	(167,252)	79,880
Deposits payable	(1,349)	1,185
Net cash used in operating activities	(1,484,685)	(2,647,802)
Cash Flows from Investing Activities		
Proceeds from sales of investments	2,138,222	1,542,276
Investments in securities and time deposit	(427,559)	(150,365)
Purchases of property, equipment and improvements	(575,797)	(725,300)
Net cash provided by investing activities	1,134,866	666,611
Cash Flows from Financing Activities		
Receipt of funds restricted for capital projects	1,838,295	1,412,077
Receipt of permanently restricted funds	2,250	2,400
Repayment of capital lease agreement	(4,554)	(4,165)
Net cash provided by financing activities	1,835,991	1,410,312
Net Change in Cash and Cash Equivalents	1,486,172	(570,879)
Cash and Cash Equivalents - beginning of year	4,456,702	5,027,581
Cash and Cash Equivalents - end of year	$ 5,942,874	$ 4,456,702
Supplemental Disclosure of Non Cash Investing Activities		
Donated securities in satisfaction of pledges arising in prior year	$ 487,837	$ 279,834
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 2,455	$ 2,087
Donated goods and services	$ 110,866	$ 92,457

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

NatureBridge

Statement of Functional Expenses

Year ended June 30, 2013 (with summarized comparative information for June 30, 2012)

	2013				2012
	Program Services	General and Administrative	Fundraising	Total	Total
Personnel	$ 6,514,248	$ 1,568,755	$ 707,957	$ 8,790,960	$ 9,129,354
Occupancy and supplies	1,569,074	167,842	138,177	1,875,093	1,971,913
Food	1,159,005			1,159,005	1,483,759
Outside services	190,139	377,310	136,509	703,958	1,119,770
Travel and meetings	120,414	98,258	302,842	521,514	421,589
Depreciation and amortization	390,156	63,554	30,986	484,696	472,067
Contracted transportation	298,309			298,309	168,914
Insurance	155,503	5,788	2,887	164,178	165,305
Grants paid to others	48,875			48,875	36,500
Other expenses	201,924	40,378	23,897	266,199	311,311
Total expenses	$ 10,647,647	$ 2,321,885	$ 1,343,255	$ 14,312,787	15,280,482

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 deliver hands-on environmental field science education 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, field 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.

In its first forty years of operations, the Organization maintained separate legal entities at each of its locations. Combined financial statements were prepared on an annual basis to report the activities of all the entities. During 2012, Yosemite Institute, Headlands Institute and Olympic Park Institute were merged with the Organization to create a single legal entity.

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.

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 and such amounts 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 create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

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 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 foodstuffs are included in inventory, which is stated at the lower of cost (determined on the first-in, first-out basis) or market.

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: 2 to 10 years for equipment (including vehicles) and lesser of 2 to 27 years for lease term leasehold improvements.

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 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. Over the last two years, the Organization's General and Administrative costs have increased significantly as compared to prior years. The increase is consistent with major initiatives identified in the Organization's strategic plan. In part, the increase was made possible because of a major grant received in 2011 which focuses on strengthening the Organization's technology infrastructure, enabling staffing additions to examine and enhance its science-based climate change curriculum in preparation for introducing it to a web-based national audience, expanding communications and marketing tools as part of a national branding initiative, and broadening the reach of its volunteer efforts, including that of its Board of Directors.

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 years prior to 2009 and 2008, 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. Examples of management's use of estimates include fixed assets useful lives, fair value of investments, allowance for doubtful accounts, imputed interest rates used to arrive at net present value calculations and the allocation of expenses to program activities and supporting services.

m. Reclassifications

Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation. These reclassifications had no impact on net assets or the change in net assets.

n. Subsequent Events

The Organization has evaluated all subsequent events through December 16, 2013, the date these financial statements were available to be issued and has determined that there are no subsequent events which require disclosure, except as discussed in Note 11.

o. New 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. Management is currently evaluating the effect of adoption 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, 2013 and 2012 as follows:

	2013	2012
Receivable in less than one year	$ 1,887,074	$ 482,970
Receivable in one to five years	375,532	697,448
Total pledges receivable	2,262,606	1,180,418
Less discount to net present value	(9,764)	(26,795)
Net pledges receivable	$ 2,252,842	$ 1,153,623

Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 1.20% to 2.72% depending upon of the year the pledge occurred.

Note 3 - Investments and Fair Value Measurements:

Investments, which are carried at fair value, consist of the following at June 30, 2013 and 2012:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds (level 1)	$ 985,668	$1,215,717	$ 946,659	$1,075,563
Bond mutual funds (level 1)	1,106,363	1,135,948	2,041,208	2,088,004
Time deposit (level 2)			258,711	258,711
Total	$2,092,031	$2,351,665	$3,246,578	$3,422,278

The following summarizes the investment income for the year ended June 30, 2013 and 2012:

	2013	2012
Gain (loss) on investments	$ 88,802	$ (6,289)
Interest and dividend income	74,035	94,871
Total	$ 162,837	$ 88,582

Note 4 - Property, Equipment and Improvements:

Property, equipment, and improvements at June 30, 2013 and 2012 consist of the following:

	2013	2012
Capitalized development costs	$ 6,774,098	$ 8,855,872
Buildings and improvements	6,617,129	6,455,916
Equipment and furniture	2,100,013	1,695,513
Vehicles	355,995	355,995
Total	15,847,235	17,363,296
Less: accumulated depreciation	(5,034,473)	(4,572,902)
Net property and equipment	$ 10,812,762	$ 12,790,394

Depreciation expense for the years ended June 30, 2013 and 2012 was $220,224 and $185,981, respectively. Amortization of leasehold improvements for the years ended June 30, 2013 and 2012 was $264,472 and $286,086, respectively.

Capitalized development costs consist primarily of a future Environmental Education Center in Yosemite National Park.

Total capitalized development costs for the project through June 30, 2012 were $8,107,022. In 2013 construction of the utilities infrastructure began on Henness Ridge, the site selected as the most suitable site for the new facility. During the year management evaluated the total costs of the project to date and concluded the carrying value of the capitalized development costs should be adjusted. Initial planning efforts included costs associated with selecting the most suitable site among several alternative sites. Management concluded the costs most directly attributable to the future economic value of the Henness Ridge site were $6,038,289. As a result of the evaluation, $2,068,733 was expensed resulting in release from restriction of the same amount. Additional capitalized development costs of $168,556 were incurred during the year, bringing the total capitalized to $6,206,845 as of June 30, 2013. The majority of the utilities infrastructure costs will be incurred during the building season in the Sierras, between July and November 2013, depending on weather conditions and other factors. Total cost of the utilities infrastructure construction is expected to be approximately $2.5 million. Subsequent construction is planned in 2014 and future years as funds become available for the project.

Note 5 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2013 and 2012 consist of the following:

	2013	2012
Capital projects	$ 12,274,081	$ 10,553,389
Diversity initiative	581,883	1,985,531
Other programs	1,286,311	1,667,101
Total	$ 14,142,275	$ 14,206,021

The Organization fulfilled the time and/or use restrictions of the following temporarily restricted net assets therefore they were released to unrestricted net assets for the year ended June 30, 2013 and 2012:

	2013	2012
Capital projects	$ 2,095,233	$ -
Diversity initiative	1,919,654	2,482,898
Other programs	1,621,915	908,108
Total	$ 5,636,802	$ 3,391,006

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

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, 2013 and 2012.

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.

As of June 30, 2013, endowment net asset composition by type of fund was as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 238,890	$ 629,998	$ 868,888

Changes in endowment net assets for the year ended June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	$ 178,610	$ 627,748	$ 806,358
Investment return	69,872		69,872
Contributions		2,250	2,250
Appropriation of endowment assets for expenditures	(9,592)		(9,592)
Endowment net assets, ending of year	$ 238,890	$ 629,998	$ 868,888

Note 7 - Commitments:

Operating Leases

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

2014	$ 214,136
2015	210,720
2016	207,622
2017	174,987
2018	172,317
Thereafter (2019 through 2021)	455,459
Total	$ 1,435,241

Rent expense amounted to $1,068,362 and 1,020,095 for the year ended June 30, 2013 and 2012, respectively.

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, 2013 and 2012, $75,557 and $77,190, 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 matching contribution of 100% of the employee's contribution, up to the greater of 3% of annual salary or $1,200. Pension plan expense amounted to $165,264 and $135,634 in 2013 and 2012, respectively.

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 80% of pledges receivable are due from two major donors in 2013. Approximately 74% of pledges receivable are due from three major donors in 2012.

Approximately 21% and 67% of pledges receivable are Board of Directors gifts to the Organization in 2013 and 2012, respectively.

Note 11 - Temporary Suspension of Field Science Programs:

In Aug 2012, Yosemite National Park temporarily closed facilities used by the Organization for student housing. The closure resulted in cancellation of reservations of approximately sixty schools. Programs were suspended until mid-October 2012 which resulted in a decrease in program revenue of approximately $1,300,000 and a decrease in related program expense of approximately $660,000 for the year ended June 30, 2013. 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.

Management of the Organization is still assessing the fiscal year 2014 financial impact of the program disruption.