NatureBridge

June 30, 2017

Independent Auditors' Report

and

Financial Statements

NatureBridge

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and Financial Statements

HOOD & STRONG LLP
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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, 2017, 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 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 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.

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, 2017 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, 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
December 18, 2017

NatureBridge

Statement of Financial Position

June 30, 2017 (with summarized comparative totals as of June 30, 2016)

	2017	2016
Assets		
Cash and cash equivalents	$ 3,928,648	$ 3,629,133
Accounts receivable, net	260,166	279,041
Pledges receivable, net	8,312,733	4,058,927
Inventory	54,612	59,396
Prepaid expenses and other assets	155,575	120,569
Investments at fair value	2,827,802	2,203,795
Property, equipment, and improvements, net	25,245,888	24,770,084
Total assets	$ 40,785,424	$ 35,120,945
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 1,790,734	$ 1,717,949
Deferred revenue	1,983,495	1,755,585
Deposits payable	35,201	33,991
Notes payable	2,064,864	4,530,547
Total liabilities	5,874,294	8,038,072
Net Assets:		
Unrestricted net assets	3,814,142	3,631,764
Temporarily restricted net assets	30,459,990	22,816,111
Permanently restricted net assets	636,998	634,998
Total net assets	34,911,130	27,082,873
Total liabilities and net assets	$ 40,785,424	$ 35,120,945

See accompanying notes to financial statements.

NatureBridge

Statement of Activities

Year ended June 30, 2017 (with summarized comparative totals for June 30, 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and Support:					
Program revenue:					
Field science programs, net of scholarships of $1,304,409 and $1,244,133, respectively	$ 9,331,825			$ 9,331,825	$ 9,758,905
Conferences and adult programs	1,182,492			1,182,492	1,209,555
Summer program revenue	570,331			570,331	530,908
Other income	827,234			827,234	508,723
Total program revenue	11,911,882			11,911,882	12,008,091
Other revenue:					
Investment income	91,278	$ 143,177		234,455	39,801
Miscellaneous income	201,584			201,584	11,411
Total other revenue	292,862	143,177		436,039	51,212
Public support:					
Donations and grants	1,294,851	5,709,379	$ 2,000	7,006,230	4,270,379
Donated goods and services	235,390			235,390	218,383
Total public support	1,530,241	5,709,379	2,000	7,241,620	4,488,762
Net assets released from restrictions	3,256,075	(3,256,075)		-	-
Total revenue and support	16,991,060	2,596,481	2,000	19,589,541	16,548,065
Expenses:					
Program services	13,254,402			13,254,402	12,586,624
General and administrative	1,943,493			1,943,493	1,782,921
Fundraising and development	1,610,787			1,610,787	1,584,989
Total operating expenses	16,808,682	-	-	16,808,682	15,954,534
Change in Net Assets from Operations	182,378	2,596,481	2,000	2,780,859	593,531
Capital campaign donations		5,047,398		5,047,398	2,510,489
Change in Net Assets	182,378	7,643,879	2,000	7,828,257	3,104,020
Net Assets - beginning of year	3,631,764	22,816,111	634,998	27,082,873	23,978,853
Net Assets - end of year	$ 3,814,142	$ 30,459,990	$ 636,998	$ 34,911,130	$ 27,082,873

See accompanying notes to financial statements.

NatureBridge

Statement of Cash Flows

Year ended June 30, 2017 (with summarized comparative totals for June 30, 2016)	2017	2016
Cash Flows from Operating Activities:		
Changes in net assets	$ 7,828,257	$ 3,104,020
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for non-operating use	(5,047,398)	(2,530,130)
Depreciation and amortization	597,047	559,939
Realized and unrealized (gain) loss of investments	(168,604)	15,630
Gain on sale of property, equipment, and improvements	(231,546)	
Provision for bad debts	5,045	24,929
Provision for imputed interest		(199,357)
Changes in operating assets and liabilities:		
Accounts receivable	18,875	34,019
Pledges receivable	(2,824,280)	94,680
Inventory	4,784	15,740
Prepaid expenses and other assets	(35,006)	13,494
Accounts payable and accrued expenses	512,857	(191,841)
Deferred revenue	227,910	75,570
Deposits payable	1,210	4,084
Net cash provided by operating activities	889,151	1,020,777
Cash Flows from Investing Activities:		
Proceeds from sales of investments	447,110	480,584
Investments in securities	(902,513)	(160,463)
Proceeds from disposals of property, equipment, and improvements	268,000	4,227
Purchases of property, equipment, and improvements	(1,466,560)	(6,245,100)
Net cash used by investing activities	(1,653,963)	(5,920,752)
Cash Flows from Financing Activities:		
Proceeds from notes payable	500,000	4,700,000
Payment to paydown principal of notes payable	(3,048,500)	
Receipt of funds restricted for capital projects	3,610,827	1,721,975
Receipt of permanently restricted funds	2,000	2,500
Net cash provided by financing activities	1,064,327	6,424,475
Net Change in Cash and Cash Equivalents	299,515	1,524,500
Cash and Cash Equivalents - beginning of year	3,629,133	2,104,633
Cash and Cash Equivalents - end of year	$ 3,928,648	$ 3,629,133
Supplemental Disclosure of Non Cash Operating and Financing Activities:		
Donated securities, for both operations and capital projects, converted immediately to cash, including $972,241 and $28,827, respectively, received in satisfaction of pledges arising in prior years	$ 1,274,950	$ 37,109
Property, equipment, and improvements included in accounts payable and accrued expenses	$ 83,709	$ 523,781
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 47,033	$ 26,000
Donated goods and services	$ 235,390	$ 218,383

See accompanying notes to financial statements.

NatureBridge

Statement of Functional Expenses

Year ended June 30, 2017 (with summarized comparative totals for June 30, 2016)

	2017				2016
	Program Services	General and Administrative	Fundraising and Development	Total	Total
Personnel	$ 8,134,449	$ 1,251,120	$ 990,111	$ 10,375,680	$ 9,395,982
Occupancy and supplies	1,950,596	145,810	155,345	2,251,751	2,138,874
Food	1,631,032			1,631,032	1,675,924
Outside services	301,623	335,088	60,330	697,041	621,706
Depreciation and amortization	418,913	100,246	77,888	597,047	559,939
Travel and meetings	176,023	55,793	292,301	524,117	749,346
Insurance	206,860	11,808	9,174	227,842	227,832
Contracted transportation	166,614			166,614	195,637
Other expenses	268,292	43,628	25,638	337,558	389,294
Total expenses	$ 13,254,402	$ 1,943,493	$ 1,610,787	$ 16,808,682	$ 15,954,534

See accompanying 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 Park. 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 environmental 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 accounting principles generally accepted in the United States of America (U.S. GAAP).

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 environmental 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 unrestricted 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.

Gifts In-kind and 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.

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 statement 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 Accounting Standards Codification 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 expenses 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 and amortization 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.

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. Notes Payable

The Organization imputes interest on below-market interest bearing notes with a maturity date of more than one year. The Organization calculates imputed interest expense based on the market rate in effect at the date of issue. Imputed interest discount is amortized throughout the term of the note.

k. 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.

l. Income Taxes

The Organization is exempt from federal and state taxes under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code, and is not 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.

m. Estimates

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

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, 2016 from which the summarized information was derived.

o. New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. This ASU sets forth the FASB's modifications to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for the Organization as of July 1, 2018. Early application of the amendments in the update is permitted. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

p. Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order to conform to the 2017 presentation. These reclassifications had no impact on net assets or the change in net assets.

q. Subsequent Events

The Organization has evaluated all subsequent events from June 30, 2017 through December 18, 2017, the date these financial statements were available to be issued. Except as mentioned in Note 5, there were no material subsequent events that required recognition or disclosure in the financial statements.

Note 2 - Pledges Receivable:

Pledges receivable consist primarily of amounts associated with capital projects, education programs, and other projects at June 30, 2017 and 2016 as follows:

	2017	2016
Receivable in less than one year	$ 3,098,231	$ 2,450,850
Receivable in one to five years	5,445,798	1,686,082
Total pledges receivable	8,544,029	4,136,932
Less discount to net present value	(231,296)	(78,005)
Net pledges receivable	$ 8,312,733	$ 4,058,927

Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 1.80% to 2.40% depending upon 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, 2017 and 2016:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds (level 1)	$ 1,559,424	$ 1,910,348	$ 1,248,016	$ 1,438,596
Bond mutual funds (level 1)	884,099	917,454	718,004	765,199
Total	$ 2,443,523	$ 2,827,802	$ 1,966,020	$ 2,203,795

The following summarizes the investment income for the years ended June 30, 2017 and 2016:

	2017	2016
Realized and unrealized gain (loss) on investments	$ 168,604	$ (15,630)
Interest and dividend income	65,851	55,431
Total	$ 234,455	$ 39,801

Note 4 - Property, Equipment, and Improvements:

Property, equipment, and improvements at June 30, 2017 and 2016 consist of the following:

	2017	2016
Capitalized development costs	$ 21,838,724	$ 21,290,007
Buildings and improvements	6,991,372	6,721,604
Equipment and furniture	2,557,260	2,516,958
Vehicles	440,416	412,260
Total	31,827,772	30,940,829
Less: accumulated depreciation and amortization	(6,581,884)	(6,170,745)
Net property, equipment and improvements	$ 25,245,888	$ 24,770,084

Depreciation expense for the years ended June 30, 2017 and 2016 was $371,050 and $333,245, respectively. Amortization of leasehold improvements for the years ended June 30, 2017 and 2016 was $225,997 and $226,694, respectively.

Capitalized development costs consist primarily of costs to develop a future National Environmental Science Center (NESC) in Yosemite National Park. The total balance of capitalized development costs related to the NESC for the years ended June 30, 2017 and 2016 was $21,245,706 and $20,552,382, respectively. Completion of the project is anticipated in January 2018 and the facility is expected to open to students in the fall of 2018. The estimated cost to complete the initial phase is approximately $3.9 million.

Note 5 - Note Payable:

During the year ended June 30, 2016, the Organization entered into a credit agreement with The David and Lucile Packard Foundation (the Foundation). Under the terms of the agreement, the Foundation agreed to make a program-related investment loan of up to $5,200,000 for construction of the NESC provided certain conditions were met. In 2016 $4,700,000 was advanced to the Organization. During the year ended June 30, 2017, the remaining $500,000 was advanced to the Organization.

The stated interest rate in the credit agreement is 1%. The Organization calculated imputed interest based on a market rate of 4% obtained from a financial institution. The calculation resulted in a discount of $199,357 which will be amortized over the life of the loan. Total advances of $5,200,000 less $3,048,500 paid during the year are reflected net of the discount on the Statement of Financial Position.

Estimated principal payments under the credit agreement are as follows as of June 30:

2018	$ 587,000
2019	682,500
2020	297,000
2021	585,000
	2,151,500
Less discounts	86,636
	$ 2,064,864

Interest expense amounted to $75,541 and $59,262 for the year ended June 30, 2017 and 2016, respectively, and was recorded as capitalized development cost of the NESC.

In July 28, 2017, the Organization and the Foundation amended the credit agreement by providing an additional loan advance to the Organization up to $3,000,000 of which $2,000,000 was advanced to the Organization in July 2017.

Note 6 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2017 and 2016 consist of the following:

	2017	2016
Capital projects	$ 24,792,158	$ 19,802,697
Social and emotional learning	3,427,334	749,197
Scholarships	793,079	964,130
Environmental science program	524,483	488,042
Fieldbuilding	191,955	123,680
Other programs	730,981	688,365
Total	$ 30,459,990	$ 22,816,111

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, 2017 and 2016:

	2017	2016
Scholarship	$ 920,985	$ 901,278
Social and emotional learning	749,197	121,802
Environmental science program	598,463	757,121
Fieldbuilding	350,780	357,087
Other programs	636,650	551,336
Capital projects		18,156
Total	$ 3,256,075	$ 2,706,780

Note 7 - 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, 2017 and 2016.

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.

Changes in endowment net assets for the year ended June 30, 2017:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 348,134	$ 634,998	$ 983,132
Investment return	84,832		84,832
Contributions		2,000	2,000
Appropriation of endowment assets for expenditures	(48,386)		(48,386)
Endowment net assets, end of year	$ 384,580	$ 636,998	$ 1,021,578

Note 8 - 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:

2018	$ 240,000
2019	244,000
2020	142,000
2021	41,000
2022	7,000
Total	$ 674,000

Rent expense amounted to $1,360,957 and $1,257,372 for the years ended June 30, 2017 and 2016, respectively. In addition to office space, total rent expense includes the cost of lodging for students who participate in the Organization's programs. Student lodging expense amounted to $876,324 and $848,492 for the years ended June 30, 2017 and 2016, 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 five National Parks: Yosemite, Marin Headlands (Golden Gate National Recreation Area), Olympic National Park, Santa Monica Mountains National Recreation Area and Prince William Forest Park. Under the terms of these agreements, the Organization may occupy certain buildings and grounds for a specified number of years. Expiration dates of the agreements vary and currently expire between and 2019 and 2031. During the term of the agreements, 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 9 - 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, 2017 and 2016, $100,260 and $93,373, respectively, were received from this fund.

Note 10 - 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. Pension plan expense amounted $153,644 and $142,571 in 2017 and 2016, respectively.

Note 11 - 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 64% of pledges receivable are due from three major donors in 2017. Approximately 46% of pledges receivable were due from two major donors in 2016.

Approximately 16% and 55% of pledges receivable are Board of Directors gifts to the Organization in 2017 and 2016, respectively.