NatureBridge

June 30, 2018

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, 2018, 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, 2018 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, 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
December 10, 2018

NatureBridge

Statement of Financial Position

June 30, 2018 (with summarized comparative totals as of June 30, 2017)

Assets	2018	2017
Cash and cash equivalents	$ 5,553,510	$ 3,928,648
Accounts receivable, net	437,048	260,166
Pledges receivable, net	5,740,360	8,312,733
Inventory	49,788	54,612
Prepaid expenses and other assets	170,974	155,575
Investments at fair value	2,934,135	2,827,802
Property, equipment, and improvements, net	28,932,689	25,245,888
Total assets	$ 43,818,504	$ 40,785,424

Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 1,898,069	$ 1,790,734
Deferred revenue	2,126,300	1,983,495
Deposits payable	37,783	35,201
Notes payable	3,053,768	2,064,864
Total liabilities	7,115,920	5,874,294
Net Assets:		
Unrestricted net assets	4,016,378	3,814,142
Temporarily restricted net assets	32,049,208	30,459,990
Permanently restricted net assets	636,998	636,998
Total net assets	36,702,584	34,911,130
Total liabilities and net assets	$ 43,818,504	$ 40,785,424

See accompanying notes to financial statements.

NatureBridge

Statement of Activities

Year ended June 30, 2018 (with summarized comparative totals for June 30, 2017)

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and Support:					
Program revenue:					
Field science programs, net of scholarships of $1,414,058 and $1,304,409, respectively	$ 10,861,625			$ 10,861,625	$ 9,331,825
Conferences and adult programs	1,335,904			1,335,904	1,182,492
Summer program revenue	561,976			561,976	570,331
Other income	582,924			582,924	827,234
Total program revenue	13,342,429			13,342,429	11,911,882
Other revenue:					
Investment income	97,866	$ 61,936		159,802	234,455
Miscellaneous income	11,325			11,325	201,584
Total other revenue	109,191	61,936		171,127	436,039
Public support:					
Donations and grants	1,117,304	1,687,142		2,804,446	7,006,230
Donated goods and services	232,535	21,318		253,853	235,390
Total public support	1,349,839	1,708,460		3,058,299	7,241,620
Net assets released from restrictions	3,109,822	(3,109,822)		-	-
Total revenue and support	17,911,281	(1,339,426)		16,571,855	19,589,541
Expenses:					
Program services	13,963,145			13,963,145	13,254,402
General and administrative	2,123,307			2,123,307	1,943,493
Fundraising and development	1,622,593			1,622,593	1,610,787
Total operating expenses	17,709,045			17,709,045	16,808,682
Change in Net Assets from Operations	202,236	(1,339,426)		(1,137,190)	2,780,859
Non-Operating Revenue and Expenses:					
Capital campaign donations		3,445,879		3,445,879	5,047,398
Capital contributions released from restriction	517,235	(517,235)		-	-
Grants for capital projects	(517,235)			(517,235)	-
Total Non-Operating Changes	-	2,928,644		2,928,644	-
TOTAL CHANGES IN NET ASSETS	202,236	1,589,218		1,791,454	7,828,257
Net Assets - beginning of year	3,814,142	30,459,990	$ 636,998	34,911,130	27,082,873
Net Assets - end of year	$ 4,016,378	$ 32,049,208	$ 636,998	$ 36,702,584	$ 34,911,130

See accompanying notes to financial statements.

NatureBridge

Statement of Cash Flows

Year ended June 30, 2018 (with summarized comparative totals for June 30, 2017)	2018	2017
Cash Flows from Operating Activities:		
Changes in net assets	$ 1,791,454	$ 7,828,257
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for non-operating use	(3,445,879)	(5,047,398)
Depreciation and amortization	535,455	597,047
Realized and unrealized gain on sale of investments	(66,562)	(168,604)
Provision for bad debts	16,075	5,045
Provision for imputed interest	(175,961)	
Gain on sale of property, equipment, and improvements		(231,546)
Changes in operating assets and liabilities:		
Accounts receivable	(176,882)	18,875
Pledges receivable	1,593,684	(2,824,280)
Inventory	4,824	4,784
Prepaid expenses and other assets	(15,399)	(35,006)
Accounts payable and accrued expenses	(124,678)	512,857
Deferred revenue	142,805	227,910
Deposits payable	2,582	1,210
Net cash provided by operating activities	81,518	889,151
Cash Flows from Investing Activities:		
Proceeds from sales of investments	3,743,761	447,110
Investments in securities	(3,783,532)	(902,513)
Proceeds from disposals of property, equipment, and improvements		268,000
Purchases of property, equipment, and improvements	(3,872,878)	(1,466,560)
Net cash used by investing activities	(3,912,649)	(1,653,963)
Cash Flows from Financing Activities:		
Proceeds from notes payable	2,690,000	500,000
Payment to paydown principal of notes payable	(1,642,500)	(3,048,500)
Receipt of funds restricted for capital projects	4,408,493	3,610,827
Receipt of permanently restricted funds		2,000
Net cash provided by financing activities	5,455,993	1,064,327
Net Change in Cash and Cash Equivalents	1,624,862	299,515
Cash and Cash Equivalents - beginning of year	3,928,648	3,629,133
Cash and Cash Equivalents - end of year	$ 5,553,510	$ 3,928,648
Supplemental Disclosure of Non Cash Operating and Financing Activities:		
Donated securities, for both operations and capital projects, converted immediately to cash, including $103,029 and $972,241, respectively, received in satisfaction of pledges arising in prior years	$ 671,119	$ 1,274,950
Property, equipment, and improvements included in accounts payable and accrued expenses	$ 315,722	$ 83,709
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 33,404	$ 47,033
Donated goods and services	$ 253,853	$ 235,390

See accompanying notes to financial statements.

NatureBridge

Statement of Functional Expenses

Year ended June 30, 2018 (with summarized comparative totals for June 30, 2017)

	2018				2017
	Program Services	General and Administrative	Fundraising	Total	Total
Personnel	$ 8,531,650	$ 1,407,378	$ 1,004,444	$ 10,943,472	$ 10,375,680
Occupancy and supplies	2,097,390	153,847	172,456	2,423,693	2,251,751
Food	1,947,490			1,947,490	1,631,032
Outside services	194,959	355,765	76,807	627,531	697,041
Travel and meetings	235,143	52,956	272,143	560,242	524,117
Depreciation and amortization	399,267	78,633	57,555	535,455	597,047
Insurance	182,143	11,750	9,155	203,048	227,842
Contracted transportation	160,584			160,584	166,614
Other expenses	214,519	62,978	30,033	307,530	337,558
	$ 13,963,145	$ 2,123,307	$ 1,622,593	$ 17,709,045	$ 16,808,682

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.

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 statements of activities and represent the change in the fair value of investments from one year to another. Revenues are primarily from program fees and contributions. Dividends and interest income are accrued when earned.

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 other than quoted prices 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 are 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, 2017 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. Subsequent Events

The Organization has evaluated all subsequent events from June 30, 2018 through December 10, 2018, the date these financial statements were available to be issued. In November 2018, a wildfire in Southern California severely damaged the two sites in the Santa Monica Mountains National Recreation Area where the Organization provides programs to youth. One of the facilities is owned by the National Park Service. The other is owned and managed by a private third party who also use the facility for programs. Due to the extent of the damage in the entire area, the Organization made the decision to close operations for these two sites in 2019 and explore options for re-opening in 2020 and beyond. Information is still being obtained to determine the financial impact of the fire but is not expected to be material to the financial statements. Except as mentioned in this paragraph, there were no other 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, 2018 and 2017 as follows:

	2018	2017
Receivable in less than one year	$ 2,829,450	$ 3,098,231
Receivable in one to five years	3,023,583	5,445,798
Total pledges receivable	5,853,033	8,544,029
Less discount to net present value	(112,673)	(231,296)
Net pledges receivable	$ 5,740,360	$ 8,312,733

Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 1.80% to 3.40% 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, 2018 and 2017:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds (level 1)	$ 1,771,889	$ 1,764,889	$ 1,559,424	$ 1,910,348
Bond mutual funds (level 1)	1,168,190	1,169,246	884,099	917,454
Total	$ 2,940,079	$ 2,934,135	$ 2,443,523	$ 2,827,802

Fair value measurements are defined in Note 1g.

The following summarizes the investment income for the years ended June 30, 2018 and 2017:

	2018	2017
Realized and unrealized gain on investments	$ 66,562	$ 168,604
Interest and dividend income	71,596	64,516
Total	$ 138,158	$ 233,120

Note 4 - Property, Equipment, and Improvements:

Property, equipment, and improvements at June 30, 2018 and 2017 consist of the following:

	2018	2017
Capitalized development costs	$ 25,756,579	$ 21,838,724
Buildings and improvements	7,123,030	6,991,372
Equipment and furniture	2,591,084	2,557,260
Vehicles	524,317	440,416
Total	35,995,010	31,827,772
Less: accumulated depreciation and amortization	(7,062,321)	(6,581,884)
Net property, equipment and improvements	$ 28,932,689	$ 25,245,888

Depreciation expense for the years ended June 30, 2018 and 2017 was $305,183 and $371,050, respectively. Amortization of leasehold improvements for the years ended June 30, 2018 and 2017 was $230,272 and $225,997, 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, 2018 and 2017 was $24,934,171 and $21,245,706, respectively. Completion of phase one of the project is anticipated in the fiscal year ending June 30, 2019. Upon completion, the Organization will gift the facilities to the National Park Service. The gift will result in a significant decrease in Property, Equipment & Improvements on the Statement of Financial Position. Grant expense of an equal amount will be reflected in the Statement of Activities along with corresponding entries to release net assets from restriction.

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.

On 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 to bridge additional written pledge commitments. Of the $3,000,000, $2,000,000 and $690,000 were advanced to the Organization in July 2017 and March 2018, respectively.

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 $7,890,000 less $4,691,000 paid during the year are reflected net of the discount on the Statement of Financial Position. Early payment of the loan obligation and receipt of the additional loan advance, resulted in an adjustment of $175,961 to the discount.

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

2019	$ 1,031,833
2020	981,333
2021	1,185,834
	3,199,000
Less discounts	145,232
	$ 3,053,768

Interest expense amounted to $136,462 and $75,541 for the year ended June 30, 2018 and 2017, respectively, and was recorded as capitalized development cost of the NESC.

Note 6 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2018 and 2017 consist of the following:

	2018	2017
Capital projects	$ 27,720,802	$ 24,792,158
Social and emotional learning	2,482,426	3,427,334
Scholarships	882,079	793,079
Environmental science program	238,352	524,483
Fieldbuilding	7,990	191,955
Other programs	717,559	730,981
Total	$ 32,049,208	$ 30,459,990

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, 2018 and 2017:

	2018	2017
Social and emotional learning	$ 997,070	$ 749,197
Scholarships	929,086	920,985
Environmental science program	555,513	598,463
Capital projects	517,235	
Other programs	444,187	636,650
Fieldbuilding	183,966	350,780
Total	$ 3,627,057	$ 3,256,075

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, 2018:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 384,580	$ 636,998	$ 1,021,578
Investment return	36,274		36,274
Appropriation of endowment assets for expenditures	(42,556)		(42,556)
Endowment net assets, end of year	$ 378,298	$ 636,998	$ 1,015,296

Note 8 - Commitments:

Operating Leases

The Organization leases office space in California, Virginia and Washington under operating lease agreements that expire through 2023. Obligations under these lease agreements are as follows as of June 30:

2019		293,000
2020		171,000
2021		70,000
2022		37,000
2023		21,000
Total	$	592,000

Rent expense amounted to $1,517,080 and $1,360,957 for the years ended June 30, 2018 and 2017, 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 $1,007,664 and $876,324 for the years ended June 30, 2018 and 2017, 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 six National Parks: Yosemite, Marin Headlands (Golden Gate National Recreation Area), Olympic National Park, Santa Monica Mountains National Recreation Area, Channel Islands National Park 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, 2018 and 2017, $103,396 and $100,260, 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 $165,436 and $153,644 in 2018 and 2017, 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 diversified and subject to a formal investment policy.

Approximately 67% and 64% of pledges receivable are due from three major donors in 2018 and 2017, respectively.

Approximately 22% and 16% of pledges receivable are Board of Directors gifts to the Organization in 2018 and 2017, respectively.