



Report of Independent Auditors  
and Financial Statements

**Save Mount Diablo**

March 31, 2024 and 2023

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## **Report of Independent Auditors**

The Board of Directors  
Save Mount Diablo

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Save Mount Diablo (SMD), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SMD, as of March 31, 2024 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SMD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SMD's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SMD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SMD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matter**

#### ***Prior Period Financial Statements***

The financial statements of SMD as of and for the year ended March 31, 2023, were audited by other auditors whose report thereon dated February 1, 2024, expressed an unmodified opinion.



San Francisco, California  
December 13, 2024

## **Financial Statements**

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**Save Mount Diablo**  
**Statements of Financial Position**  
**March 31, 2024 and 2023**

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	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 468,118	\$ 529,567
Grants and contributions receivable	105,081	154,878
Investments	8,003,577	6,035,611
Prepaid expenses and other assets	123,615	162,070
Total current assets	8,700,391	6,882,126
<b>NONCURRENT ASSETS</b>		
Conservation land and easements	14,731,703	13,658,465
Conservation land structures and improvements, net	1,341,493	950,955
Grants and contributions receivable, net	82,119	123,538
Assets held under a charitable remainder trust	146,456	125,241
Beneficial interest in trust held by others	435,095	432,535
Land purchase options	720,549	657,949
Right-of-use assets	1,101,433	1,245,372
Property and equipment, net	228,391	123,339
Deposits	18,673	18,673
Total noncurrent assets	18,805,912	17,336,067
Total assets	\$ 27,506,303	\$ 24,218,193

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See accompanying notes.

**Save Mount Diablo**  
**Statements of Financial Position**  
**March 31, 2024 and 2023**

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 114,562	\$ 127,872
Accrued payroll liabilities	200,341	194,910
Deferred revenue	25,426	18,620
Right-of-use liabilities, current portion	152,212	10,334
Liability under charitable remainder trust, current portion	11,716	10,019
Total current liabilities	504,257	361,755
Liability under charitable remainder trust, noncurrent portion	34,362	52,028
Note payable	537,500	-
Right-of-use liabilities, noncurrent portion	1,086,641	1,235,038
Total noncurrent liabilities	1,658,503	1,287,066
Total liabilities	2,162,760	1,648,821
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	17,269,379	17,115,203
Board designated	5,122,759	3,682,589
Total without donor restrictions	22,392,138	20,797,792
With donor restrictions	2,951,405	1,771,580
Total net assets	25,343,543	22,569,372
Total liabilities and net assets	\$ 27,506,303	\$ 24,218,193

See accompanying notes.

**Save Mount Diablo**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended March 31, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions of cash and other financial assets	\$ 2,839,366	\$ 2,524,603	\$ 5,363,969	\$ 2,508,450	\$ 303,135	\$ 2,811,585
Investment income (loss), net	405,715	62,827	468,542	(208,344)	(4,901)	(213,245)
Special events and programs	579,384	-	579,384	658,348	-	658,348
Contributions of nonfinancial assets	60,420	-	60,420	79,723	-	79,723
Land revenue and management fees	17,986	-	17,986	16,286	-	16,286
Other income (loss)	12,383	-	12,383	8,985	(72,285)	(63,300)
Net assets released from restriction	1,407,605	(1,407,605)	-	287,319	(287,319)	-
Total revenue and support	<u>5,322,859</u>	<u>1,179,825</u>	<u>6,502,684</u>	<u>3,350,767</u>	<u>(61,370)</u>	<u>3,289,397</u>
<b>EXPENSES</b>						
Program services						
Land use and acquisition	696,935	-	696,935	685,609	-	685,609
Stewardship	706,718	-	706,718	773,725	-	773,725
Education and outreach	538,817	-	538,817	284,696	-	284,696
Total program services	<u>1,942,470</u>	<u>-</u>	<u>1,942,470</u>	<u>1,744,030</u>	<u>-</u>	<u>1,744,030</u>
Supporting services						
Management and general	882,232	-	882,232	855,062	-	855,062
Fundraising	903,811	-	903,811	887,458	-	887,458
Total supporting services	<u>1,786,043</u>	<u>-</u>	<u>1,786,043</u>	<u>1,742,520</u>	<u>-</u>	<u>1,742,520</u>
Total expenses	<u>3,728,513</u>	<u>-</u>	<u>3,728,513</u>	<u>3,486,550</u>	<u>-</u>	<u>3,486,550</u>
CHANGES IN NET ASSETS	1,594,346	1,179,825	2,774,171	(135,783)	(61,370)	(197,153)
NET ASSETS, BEGINNING OF YEAR	<u>20,797,792</u>	<u>1,771,580</u>	<u>22,569,372</u>	<u>20,933,575</u>	<u>1,832,950</u>	<u>22,766,525</u>
NET ASSETS, END OF YEAR	<u>\$ 22,392,138</u>	<u>\$ 2,951,405</u>	<u>\$ 25,343,543</u>	<u>\$ 20,797,792</u>	<u>\$ 1,771,580</u>	<u>\$ 22,569,372</u>

See accompanying notes.

**Save Mount Diablo  
Statement of Functional Expenses  
Year Ended March 31, 2024**

	Program Services				Supporting Services		Total
	Land Use and Acquisition	Stewardship	Education and Outreach	Total Program	Management and General	Fundraising	
Salaries, payroll taxes and benefits	\$ 447,528	\$ 266,500	\$ 254,049	\$ 968,077	\$ 669,979	\$ 403,416	\$ 2,041,472
Occupancy	40,920	29,864	33,778	104,562	61,418	41,419	207,399
Outside services	18,441	1,911	10,265	30,617	3,931	120,565	155,113
Legal and accounting	8,328	211	8,031	16,570	48,432	282	65,284
Land advocacy/permits/lobbying	40,260	49,666	-	89,926	-	-	89,926
Equipment/maintenance/rental	609	5,936	9,643	16,188	940	49,100	66,228
Grants and sponsorships	49,038	53,885	41,023	143,946	61	40	144,047
Insurance	4,406	36,272	13,577	54,255	6,804	4,411	65,470
Communications	47,891	1,064	51,851	100,806	1,713	78,805	181,324
Food and supplies	6,722	31,400	35,948	74,070	8,772	116,443	199,285
Bank charges and other fees	3,382	43,409	23,616	70,407	10,008	23,485	103,900
Transportation	5,139	7,626	4,191	16,956	997	2,449	20,402
Travel/conferences/meals/meetings	3,678	4,426	11,955	20,059	2,390	3,963	26,412
Information technology	20,593	24,862	40,890	86,345	26,117	51,371	163,833
Bad debt	-	-	-	-	-	7,119	7,119
Depreciation	-	149,686	-	149,686	40,670	943	191,299
<b>Total expenses</b>	<b>\$ 696,935</b>	<b>\$ 706,718</b>	<b>\$ 538,817</b>	<b>\$ 1,942,470</b>	<b>\$ 882,232</b>	<b>\$ 903,811</b>	<b>\$ 3,728,513</b>

See accompanying notes.

**Save Mount Diablo  
Statement of Functional Expenses  
Year Ended March 31, 2023**

	Program Services				Supporting Services		Total
	Land Use and Acquisition	Stewardship	Education and Outreach	Total Program	Management and General	Fundraising	
Salaries, payroll taxes and benefits	\$ 451,122	\$ 410,115	\$ 40,948	\$ 902,185	\$ 660,003	\$ 394,238	\$ 1,956,426
Occupancy	52,746	59,939	8,114	120,799	71,926	52,015	244,740
Outside services	3,044	33,193	10,385	46,622	212	54,056	100,890
Legal and accounting	36,942	940	75	37,957	30,639	3,190	71,786
Land advocacy/permits/lobbying	20,000	34,547	292	54,839	-	-	54,839
Equipment/maintenance/rental	749	6,363	7,857	14,969	1,021	73,111	89,101
Grants and sponsorships	6,000	-	108,451	114,451	-	-	114,451
Insurance	4,182	29,271	6,674	40,127	5,704	3,993	49,824
Communications	45,025	2,162	53,709	100,896	2,239	65,836	168,971
Food and supplies	10,976	34,396	28,005	73,377	14,060	151,584	239,021
Bank charges and other fees	16,347	5,414	793	22,554	7,097	25,842	55,493
Transportation	2,447	10,496	3,558	16,501	-	3,303	19,804
Travel/conferences/meals/meetings	16,811	1,702	1,041	19,554	1,255	3,273	24,082
Information technology	19,218	28,892	14,794	62,904	23,706	52,936	139,546
Bad debt	-	-	-	-	-	3,924	3,924
Loss on disposal of fixed assets	-	-	-	-	3,300	-	3,300
Depreciation	-	116,295	-	116,295	33,900	157	150,352
<b>Total expenses</b>	<b>\$ 685,609</b>	<b>\$ 773,725</b>	<b>\$ 284,696</b>	<b>\$ 1,744,030</b>	<b>\$ 855,062</b>	<b>\$ 887,458</b>	<b>\$ 3,486,550</b>

See accompanying notes.

**Save Mount Diablo**  
**Statements of Cash Flows**  
**Years Ended March 31, 2024 and 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,774,171	\$ (197,153)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation (property and equipment)	71,036	37,465
Depreciation (conservation land structures and improvements)	120,263	150,351
Net realized and unrealized (gains) losses on investments	(269,318)	301,021
Change in discount on contributions and grants receivable	(2,081)	-
Change in discount on right of use liability	48,946	-
Loss on uncollectible promises to give	7,119	3,924
(Gain) loss on disposal of fixed assets	(1,518)	3,300
Land purchase options converted to conservation easements	37,400	-
Change in value of beneficial interest in trust held by others	(2,560)	95,857
Contributions restricted to permanent endowment	(230,498)	(7,500)
Changes in operating assets and liabilities		
Grants and contributions receivable	86,178	(13,504)
Prepaid expenses and other assets	38,455	(66,854)
Assets held under a charitable remainder trust	(21,215)	-
Right-of-use assets	143,939	-
Deposits	-	(9,662)
Accounts payable and accrued expenses	(13,310)	62,813
Accrued payroll	5,431	22,643
Right-of-use liabilities	(55,465)	-
Liability under charitable remainder trust	(15,969)	-
Deferred revenue	6,806	(4,030)
Net cash provided by operating activities	<u>2,727,810</u>	<u>378,671</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(9,329,853)	(4,803,951)
Proceeds from sales of investments	7,631,205	4,593,975
Purchases of property and equipment	(174,570)	(102,614)
Payments under land purchase option agreements	(100,000)	(120,000)
Purchases of conservation land and easements	(1,073,238)	-
Purchases of conservation structures and improvements	(510,801)	(110,561)
Net cash used in investing activities	<u>(3,557,257)</u>	<u>(543,151)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on note payable	537,500	-
Contributions restricted to permanent endowment	230,498	7,500
Net cash provided by financing activities	<u>767,998</u>	<u>7,500</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>(61,449)</u>	<u>(156,980)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>529,567</u>	<u>686,547</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 468,118</u></u>	<u><u>\$ 529,567</u></u>

See accompanying notes.

# Save Mount Diablo

## Notes to Financial Statements

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### **Note 1 – Organization and Activities**

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

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

### **Note 2 – Summary of Significant Accounting Policies**

**Basis of presentation** – The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting policies generally accepted in the United States of America (U.S. GAAP).

## Save Mount Diablo Notes to Financial Statements

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**Use of estimates** – The preparation of the financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Description of net assets** – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Without donor restrictions* – Net assets without donor restrictions represent resources that have not been restricted by a donor and are available to support SMD's operations and net assets with donor restrictions which become available for use by SMD in accordance with the intentions of donors. Net assets without donor restriction may be designated for specific purposes by SMD's Board of Directors. As of March 31, 2024 and 2023, the Board has designated \$5,122,759 and \$3,682,589, respectively (see Note 11).

*With donor restrictions* – Net assets subject to donor-imposed restrictions that will be met by either actions of SMD and/or the passage of time, or that must be maintained in perpetuity by SMD. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

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

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

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statements of activities and changes in net assets. Any allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management periodically evaluates all receivables for collectability and records an allowance for any amounts estimated to be uncollectible. At March 31, 2024 and 2023, there were no allowances for uncollectible grants and contributions as management believes the balances to be fully collectible.

**Investments and endowment** – SMD follows the provisions of Accounting Standards Codification (ASC) 958-320, *Investments – Debt and Equity Securities of Not-for-Profit Entities*, and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that SMD could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of March 31, 2024 and 2023. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

## **Save Mount Diablo**

### **Notes to Financial Statements**

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

SMD's endowment consists of a diverse mixture of funds. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by ASC 958.320, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. SMD has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SMD classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

**Conservation land and easements** – Capitalized costs for acquisition of conservation land consist of the purchase price and related closing costs. SMD records the expenditures incurred for the acquisition of conservation land in program expenses and an offsetting item related to the acquisition of conservation land for the same amount on the statements of activities and changes in net assets. Conservation land is not depreciated.

**Conservation land structures and improvements** – Capitalized costs for acquisition and purchase of land structures and improvements consist of the purchase price and related closing costs. Land structures and improvements located on conservation land and all improvements on the conservation land are depreciated over an estimated useful life of ten to twenty years.

**Land purchase options** – Land purchase options, also known as option agreements, represent contracts entered by SMD to purchase land or a conservation easement at a fixed price. On December 7, 2023, SMD entered an option agreement with the Ginocchio family giving SMD time to raise funds to buy the 98-acre Ginocchio Schwendel Ranch for \$1.37 million. The option must be exercised by SMD by December 7, 2024, and SMD plans to do that. Once the option is exercised SMD must then close escrow on the land by March 7, 2025.

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

## Save Mount Diablo Notes to Financial Statements

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**Leases** – SMD has adopted Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* (ASU 2016-02). SMD also adopted the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities* (ASU 2021-09), to allow lessees that are not public business entities to elect, as an accounting policy, to use a risk-free rate as the discount rate for leases by class of underlying asset.

Transactions give rise to leases SMD receives substantially all of the economic benefits from, and has the ability to direct, the use of the specified property and equipment. SMD primarily has lessee activity that is classified as operating leases.

Operating lease asset represents the right to use an underlying asset for the lease term and operating lease liability represents obligations to make lease payments arising from the lease. Operating lease asset and liability are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, SMD uses the risk-free rate at lease commencement to perform lease classification tests and to measure operating lease liability and operating lease asset. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain options renewal periods were not included in the determination of the operating lease liability and operating lease asset if management determined it was not reasonably certain that the lease would be extended.

SMD has agreements with lease and nonlease components, such as common area maintenance, and has elected to account for the lease and nonlease components as separate components. SMD has elected not to recognize operating lease asset and operating lease liability for leases of terms less than 12 months.

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

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

**Revenue and revenue recognition** – Revenue is recognized in accordance with authoritative guidance, including ASU 2018-08, *Not-for-Profit Entities (Topic 958)* and ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

## Save Mount Diablo Notes to Financial Statements

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**Special events and programs** – Special events and programs are recognized in accordance with ASC 606, *Revenue from Contracts with Customers*. The core principle of ASC 606 is to recognize revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. To achieve the core principle of ASC 606, SMD performs the following steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) we satisfy a performance obligation.

The performance obligation is satisfied when the customer obtains control over the service performed over the period. There are no contract assets or contract liabilities related to this revenue stream.

**Contributed nonfinancial assets** – Contributed services and costs are reflected at the fair value of the contribution received in accordance with ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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

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

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

For the year ended March 31, 2024, 54% of total contributions of cash and other financial assets was from one donor. For the year ended March 31, 2023, there were no donors who individually represented 10% or more of total contributions of cash and other financial assets.

## Save Mount Diablo Notes to Financial Statements

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

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

During the years ended March 31, 2024 and 2023, SMD had expenditures of conservation land and improvements of \$1,624,370 and \$190,123, respectively. These expenditures are capitalized on the statements of financial position as of March 31, 2024 and 2023, and therefore not included in the statements of functional expenses for the years ended March 31, 2024 and 2023. These expenditures are programmatic in nature as they directly relate to SMD's mission to preserve land.

**Income taxes** – SMD is a 501(c)(3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code and under Section 23701d of the State Revenue and Taxation Code. SMD is, however, subject to tax on business income unrelated to their exempt purpose. No provision for income taxes is reflected in the accompanying financial statements for the years ended March 31, 2024 and 2023, since SMD had no taxable income from unrelated business activities.

SMD believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

**Recent accounting pronouncements** – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-23), which requires the measurement of all expected credit losses for financial assets held based on historical experience, current conditions, and reasonable and supportable forecasts. This pronouncement is effective for fiscal years beginning after December 15, 2022. On April 1, 2023, SMD adopted ASU 2016-13. The adoption did not have a material impact on SMD's financial statements.

## **Save Mount Diablo Notes to Financial Statements**

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**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. SMD recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. SMD does not recognize subsequent events that provide evidence about conditions that did not exist at statement of financial position date and before the financial statements are available to be issued.

SMD has evaluated events subsequent through December 13, 2024, the date which the financial statements were available to be issued.

### **Note 3 – Liquidity and Funds Available**

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

## Save Mount Diablo Notes to Financial Statements

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In addition to the financial assets available to meet general expenditures over the next 12 months, SMD operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of SMD's cash and cash equivalents. The following table shows the total financial assets held by SMD and the amounts of those financial assets readily available within one year to meet general expenditures:

	2024	2023
Cash and cash equivalents	\$ 468,118	\$ 529,567
Investments	8,003,577	6,035,611
Grants and contributions receivable	187,200	278,416
Assets held under a charitable remainder trust	146,456	125,241
Beneficial interest in trust held by others	435,095	432,535
Total financial assets	9,240,446	7,401,370
Less amounts not available to be used within one year		
Noncurrent portion of assets held under a charitable remainder trust	(146,456)	(125,241)
Noncurrent portion of beneficial interest in trust held by others	(435,095)	(432,535)
Noncurrent portion of grants and contributions receivable	(82,119)	(123,538)
Net assets with donor restrictions for programs	(2,103,065)	(1,151,178)
Net assets with donor restrictions in perpetuity	(848,340)	(620,402)
Board-designated emergency reserve fund	(1,523,066)	(1,523,066)
Board-designated legal defense fund	(100,000)	(100,000)
Board-designated endowment fund	(3,499,693)	(2,059,523)
Financial assets available to meet general expenditures over the next year	\$ 502,612	\$ 1,265,887

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

## Save Mount Diablo Notes to Financial Statements

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### Note 4 – Grants and Contributions Receivable

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

	2024	2023
Less than one year	\$ 105,081	\$ 154,878
One to five years	62,372	18,000
Over five years	50,000	137,872
Total grants and contributions receivable	217,453	310,750
Less unamortized discount	(30,253)	(32,334)
Grants and contributions receivable, net	\$ 187,200	\$ 278,416

### Note 5 – Investments and Fair Value Measurements

In accordance with U.S. GAAP, fair value guidance establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of asset or liability and the characteristics specific thereto. Items such as listed securities investments, for which fair value can be measured from actively quoted market prices, will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The three-level hierarchy for fair value measurements is defined as follows:

**Level 1** – Quoted prices are available in active markets for identical items as of the reporting date and are observable.

**Level 2** – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**Level 3** – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the item. The inputs into the determination of fair value require significant management judgment or estimation.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Securities recorded using Level 2 fair values are priced using standard inputs, when available, which include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data. Inputs used also take into consideration market indicators, industry, and economic events.

## Save Mount Diablo Notes to Financial Statements

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The following summarizes the composition of financial instruments, at fair value as of March 31, 2024:

	<u>Totals</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 3,429,981	\$ 3,429,981	\$ -	\$ -
Mutual funds	931,319	931,319	-	-
Exchange traded funds	276,852	276,852	-	-
Domestic equities	281,103	281,103	-	-
Fixed income securities	2,876,527	-	2,876,527	-
Certificates of deposit	207,795	-	207,795	-
Assets held under charitable remainder trust	146,456	146,456	-	-
Beneficial interest in trust held by others	435,095	-	-	435,095
	<u>\$ 8,585,128</u>	<u>\$ 5,065,711</u>	<u>\$ 3,084,322</u>	<u>\$ 435,095</u>

The following summarizes the composition of financial instruments, at fair value as of March 31, 2023:

	<u>Totals</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 880,586	\$ 880,586	\$ -	\$ -
Mutual funds	1,000,662	1,000,662	-	-
Exchange traded funds	751,557	751,557	-	-
Domestic equities	729,209	729,209	-	-
Fixed income securities	2,673,597	-	2,673,597	-
Assets held under charitable remainder trust	125,241	125,241	-	-
Beneficial interest in trust held by others	432,535	-	-	432,535
	<u>\$ 6,593,387</u>	<u>\$ 3,487,255</u>	<u>\$ 2,673,597</u>	<u>\$ 432,535</u>

## Save Mount Diablo Notes to Financial Statements

### Note 6 – Conservation Land and Easements

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

		2024	2023
Conservation land			
2001	Wright Canyon	76 acres	\$ 521,258
2005–2007	Mangini Property	207 acres	\$ 1,467,460
2006	Young Property	18 acres	303,304
2007	March Creek 1	9 acres	321,822
2008	Marsh Creek 4	3 acres	351,988
2010	Dry Creek	5 acres	84,044
2010	Oak Hill Lane, Morgan Territory	40 acres	352,595
2011	Thomas Home Ranch	11 acres	12,300
2011	Marsh Creek 5	7 acres	126,080
2011	Marsh Creek 6	6 acres	433,174
2011	Marsh Creek 7	8 acres	494,950
2012	Highland Springs	105 acres	497,023
2012	Lot 25 at Diablo Estates	5 acres	178,150
2013	Curry Canyon Ranch	1,081 acres	6,670,392
2013	Marsh Creek 8	51 acres	364,873
2017	Anderson Ranch	95 acres	814,564
2020	Smith Canyon	28 acres	664,484
2023	Krane Pond	6.69 acres	465,608
2023	Balcerzak Inholding	10 acres	607,630
	Conservation land	14,731,699	13,658,461
Conservation easements		4	4
Conservation land and easements		\$ 14,731,703	\$ 13,658,465

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

		2024	2023
Structures		\$ 1,517,724	\$ 1,039,694
Capital improvements		658,967	628,346
Total cost		2,176,691	1,668,040
Less accumulated depreciation		(835,198)	(717,085)
Conservation structures and improvements, net		\$ 1,341,493	\$ 950,955

Depreciation expense related to structures and capital improvements for the year ended March 31, 2024 and 2023, amounted to \$120,263 and \$102,313, respectively, and is a component of depreciation expense on the statements of functional expenses.

## Save Mount Diablo Notes to Financial Statements

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### Conservation Land

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

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

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

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

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

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

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

## **Save Mount Diablo**

### **Notes to Financial Statements**

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*Thomas Home Ranch* – SMD acquired the Thomas – North property for \$1,376,000 plus closing costs in September 2011. The property is a 145.5-acre grassland parcel and is the gateway to both Kirker Pass and to Nortonville Canyon, part of the very significant Concord Naval Weapons Station to Black Diamond Mines corridor, and adjacent to Keller Landfill protected open space. It includes a major canyon and creek intersecting, including two major branches of Kirker Creek. SMD sold 134.98 acres of the property in 2012 to East Bay Regional Park District for conservation purposes. In 2017, SMD entered into an option agreement to sell the remaining 10.50-acres for \$204,200 to the East Bay Regional Park District. This option agreement has not been exercised as of March 31, 2024.

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

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

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

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

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

## **Save Mount Diablo Notes to Financial Statements**

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*Curry Canyon Ranch* – Curry Canyon Ranch has been at the top of SMD’s priority list of lands to protect since SMD’s founding more than 53 years ago. This 1,081-acre property has incredible topography from Curry Creek to steep wooded and shaded canyon walls and grassland ridges. It has more than a mile of exposed sandstone cliffs – the most significant exposed rock habitats left unprotected in the county. Surrounded by Mount Diablo State Park on three sides, Curry Canyon Ranch is a key wildlife corridor and trail connector. In May 2013, SMD purchased Curry Canyon Ranch for \$7,200,000 plus closing costs, with the help of a generous grant from the Coastal Conservancy and a loan, making it the largest and most expensive purchase in SMD’s history. The purchase value includes acquired conservation land structures.

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

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

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

*Krane Pond* – SMD acquired the Krane Pond property for \$400,000 plus closing costs in December 2023. Krane Pond is a 6.69-acre parcel with a vital and large water source for Mount Diablo’s wildlife. The ecological significance of Krane Pond far eclipses its size.

*Balcerzak Inholding* – SMD acquired the Balcerzak inholding for \$1,075,000 plus closing costs in August 2023. The Balcerzak inholding is one of the few remaining inholdings within Mount Diablo State Park - private land surrounded by public land. This property includes a large log cabin house, barns, and outbuildings as well as converging stream canyons and oak woodland and chaparral habitats, near Save Mount Diablo’s 1,080-acre Curry Canyon Ranch property.

## **Save Mount Diablo**

### **Notes to Financial Statements**

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#### **Conservation Easements**

*Marsh Creek 2* – SMD acquired the Marsh Creek 2 property for \$320,000 plus closing costs in May 2008. Marsh Creek 2 is a 17-acre property at the entrance to the narrowest part of Marsh Creek Canyon. The property is highly visible, with grassland slopes above Marsh Creek Road, a steep wooded canyon and a large oak-covered knoll. In May 2017, SMD sold the property for \$220,000. Per the terms of the sale agreement, SMD placed a conservation easement on the property which is held at a value of \$1 as of March 31, 2024 and 2023.

*Viera North Peak* – SMD acquired the Viera North Peak property for \$975,000 plus closing costs in September 2009. Viera North Peak is a 165-acre parcel on the southeastern slopes of Mount Diablo's second highest peak. The parcel contains abundant high-quality habitat, rare plants, exotic geology and soils, and elevations ranging from 1,000 to 2,300 feet. On July 24, 2017, SMD sold the property for \$1,080,000. Per the terms of the sale agreement, SMD is working towards securing a conservation easement on that land. This conservation is held at a value of \$1 as of March 31, 2024 and 2023.

*Curry Creek 2* – Curry Creek 2 was purchased in May 2013 for \$536,000 plus closing costs. It is a 4.9-acre property with a 635-foot-high quality gravel bottomed-segment of Curry Creek, with sycamores and other riparian vegetation. There are confirmed records of Alameda whipsnakes. In October 2016, SMD sold the property to a private party for \$490,000. Per the terms of the sale agreement, SMD placed a perpetual conservation easement on the property which is held at a value of \$1 as of March 31, 2024 and 2023.

*Concord Mt. Diablo Trail Ride Association* – SMD acquired this perpetual conservation easement on about 154 acres of land owned by the Concord Mt. Diablo Trail Ride Association for \$1,040,000 plus closing costs in January 2022. This land is high in conservation values, is located on the slopes of Mount Diablo itself, and is also contiguous with Mount Diablo State Park. This conservation easement is held at a value of \$1 as of March 31, 2024 and 2023.

#### **Land Under Options:**

*North Peak Ranch* – SMD has signed a ten-year option agreement to purchase the 88.5-acre North Peak Ranch for a total purchase price of approximately \$1.1 million. This property rises from Marsh Creek Road just east of Clayton onto the slopes of North Peak, Mt. Diablo's second tallest and more rugged peak. It shares a boundary with Mt. Diablo State Park. The property is beautiful and heavily wooded. Two tributary creeks drop down the steep slopes over moss covered rocky cataracts and small grottos then meet Mt. Diablo Creek just off site. Payments made toward the option agreement are classified as land purchase options on the statement of financial position. At March 31, 2024 and 2023, total option payments and related acquisition costs are \$720,549 and \$620,549, respectively.

*Krane Pond* – During the year ended March 31, 2023, SMD signed a one-year option agreement to purchase the 6.69-acre Krane Pond property for a total purchase price of approximately \$500,000. The property is a vital water source for Mount Diablo's wildlife, one that contains water throughout most summers, unlike many of the creeks and other ponds found on Mount Diablo. Payment made toward the option agreement are classified as land purchase options on the statements of financial position. As of March 31, 2023, land purchase options were \$37,400. During the year ended March 31, 2024, escrow was closed on this property, and it is accounted for under conservation land and easements on the statement of financial position as of March 31, 2024.

## **Save Mount Diablo Notes to Financial Statements**

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### **Note 7 – Assets Held and Liabilities Under Split-Interest Agreements**

**Beneficial interest in trust held by others** – SMD has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, SMD has neither possession nor control over the assets of the trust.

At the date of receipt of notice of the beneficial interest, SMD recorded a contribution with donor restrictions in the statement of activities and a beneficial interest in trust held by others was recorded in the statement of financial position at fair value using present value techniques and a risk-adjusted rate designed to reflect the assumptions market participants would use in pricing the expected distribution to be received under the agreement. Management has determined that the estimated fair value of the beneficial interest in trust held by others amounted to \$435,095 and \$432,535 at March 31, 2024 and 2023, respectively.

**Charitable remainder trust** – SMD acts as trustee for an irrevocable charitable remainder trust. This trust is governed by a trust agreement which provides for a unitrust amount equal to 8% of the net fair market value of the assets of the trust to be paid annually to the original donor. Upon the death of the original donor, SMD shall receive all remaining principal and income from the trust. SMD has recorded the trust assets at fair market value and a related liability for future payments to be made to the specified beneficiary. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and any changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability, if any, will be removed and recognized as income. Management has determined that the estimated fair value of the charitable remainder trust amounted to \$146,456 and \$125,241 at March 31, 2024 and 2023, respectively. The total liability under the charitable remainder trust amounted to \$46,078 and \$62,047 at March 31, 2024 and 2023, respectively.

### **Note 8 – Note Payable**

In August 2023, in connection with the close of the Balcerzak property (see Note 6), SMD entered into a promissory note agreement with a financial institution. The total amount of the note was \$537,500 and bears interest at 9% annually. The note calls for monthly interest only payments until maturity in September 2025, at which time all principal and unpaid interest is due. The note is secured by a deed of trust on the Balcerzak property. As of March 31, 2024, the principal outstanding balance was \$537,500.

**Save Mount Diablo**  
**Notes to Financial Statements**

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**Note 9 – Property and Equipment**

Property and equipment consist of the following at March 31:

	2024	2023
Office furniture	\$ 60,731	\$ 19,232
Stewardship equipment	103,103	47,348
Computer equipment	248,007	227,956
Vehicles	136,335	136,335
Leasehold improvements	28,292	2,660
Less accumulated depreciation	(348,077)	(310,192)
Property and equipment, net	\$ 228,391	\$ 123,339

Depreciation expense during the years ended March 31, 2024 and 2023, was \$71,036 and \$37,465, respectively.

**Note 10 – Stewardship Endowment Fund**

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

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

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

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

## Save Mount Diablo Notes to Financial Statements

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**Spending policy and how the investment objectives relate to spending policy** – In accordance with the California Uniform Prudent Management of Institutional Funds Act, SMD considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of SMD, and (7) SMD’s investment policies.

SMD had net investment earnings (losses) related to the endowment portfolio amounting to \$123,574 and (\$141,250) for the years ended March 31, 2024 and 2023, respectively.

**Funds with deficiencies** – From time to time, the fair value of assets associated with donor-restricted funds may fall below the level that current law requires SMD to retain for a fund of perpetual duration (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. There were no deficiencies during the years ended March 31, 2024 and 2023.

Endowment net asset composition by type and the change in endowment net assets for the years ended March 31, 2024 and 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at March 31, 2022	\$ 1,900,773	\$ 685,187	\$ 2,585,960
Contributions	300,000	7,500	307,500
Investment loss			
Investment income	38,549	-	38,549
Net realized losses	(62,555)	-	(62,555)
Net unrealized losses	(117,244)	-	(117,244)
Total investment loss	(141,250)	-	(141,250)
Change in value of charitable remainder trusts	-	(72,285)	(72,285)
Endowment net assets at March 31, 2023	2,059,523	620,402	2,679,925
Contributions	2,026,532	230,498	2,257,030
Investment return			
Investment income	30,108	-	30,108
Net realized gains	21,937	-	21,937
Net unrealized gains	71,529	-	71,529
Total investment return	123,574	-	123,574
Change in value of charitable remainder trusts	-	(2,560)	(2,560)
Endowment net assets at March 31, 2024	<u>\$ 4,209,629</u>	<u>\$ 848,340</u>	<u>\$ 5,057,969</u>

## Save Mount Diablo Notes to Financial Statements

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### Note 11 – Net Assets

SMD's net assets consist of the following:

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

	<u>2024</u>	<u>2023</u>
Cumulative net assets without donor restrictions from operating activities	\$ 17,269,379	\$ 17,115,203
Board-designated net assets for		
Stewardship endowment fund	3,499,693	2,059,523
Emergency reserve fund	1,523,066	1,523,066
Legal defense fund	<u>100,000</u>	<u>100,000</u>
Net assets without donor restrictions	<u>\$ 22,392,138</u>	<u>\$ 20,797,792</u>

**Net assets with donor restrictions** – Net assets restricted by donors to a particular use and/or for use at a particular time or period consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Land acquisition and stewardship	\$ 1,083,978	\$ 679,551
Viera North Peak management funds	206,524	190,812
Education fund	159,997	184,000
Other specific projects	594,846	71,780
Legal defense fund	<u>57,720</u>	<u>25,035</u>
Net assets with donor restrictions – time and purpose	<u>\$ 2,103,065</u>	<u>\$ 1,151,178</u>

Net assets restricted by donors where use of the principal (corpus) is restricted into perpetuity consist of the following:

Stewardship endowment fund	<u>\$ 848,340</u>	<u>\$ 620,402</u>
Net assets with donor restrictions	<u>\$ 2,951,405</u>	<u>\$ 1,771,580</u>

### Note 12 – Leases

In December 2022, SMD entered into a multi-year operating lease agreement for office space expiring December 31, 2031. SMD is responsible for its proportionate share of building, maintenance, and other operating expenses. Total rent expense amounted to \$193,285 and \$232,770 for the years ended March 31, 2024 and 2023, respectively. SMD also leases certain office equipment under multi-year agreements.

## Save Mount Diablo Notes to Financial Statements

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In accordance with ASU 2016-02, Leases, SMD is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as “Right of Use” assets with a corresponding lease liability. As of March 31, 2024, the lease liability for both the office space and the office equipment amounted to \$1,238,853 with corresponding right of use assets in the amount of \$1,101,433. SMD has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The risk-free rate option has been applied to the office lease and the office equipment.

SMD has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognized the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis.

At March 31, 2024, minimum future lease payments for operating leases with a term of one year or more are as follows:

<u>Years Ending March 31,</u>	
2025	\$ 195,471
2026	201,065
2027	205,076
2028	216,197
2029	209,856
Thereafter	<u>383,129</u>
Total future payments	\$ 1,410,794
Present value discount	<u>(171,941)</u>
Right-of-use liability	<u><u>\$ 1,238,853</u></u>

For the year ended March 31, 2024, supplemental cash flow information related to operating leases was as follows:

Weighted-average remaining lease term in years for operating leases	7 years
Weighted-average discount rate for operating leases	3.67%

## Save Mount Diablo Notes to Financial Statements

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### Note 13 – Contributed Nonfinancial Assets

SMD received the following contributions of nonfinancial assets for the years ended March 31:

	2024	2023
Advertising	\$ 32,580	\$ 26,090
Professional services	7,817	14,617
Food and beverages	6,445	28,866
Supplies	13,578	10,150
Contributed nonfinancial assets	\$ 60,420	\$ 79,723

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. During the years ended March 31, 2024 and 2023, SMD received contributed advertising, investment advisory, photography, and legal services. These contributed services are reported in the financial statements at the estimated fair value based on current rates for similar services. None of the contributed services had donor-imposed restrictions. The contributed advertising and photography were used for fundraising purposes. The contributed legal services and investment advisory services were used for administrative purposes.

During the year ended March 31, 2024, SMD received contributed food and beverages for use at its annual fundraiser. These items were immediately placed in service for fundraising activities. SMD values the contributed food and beverages at prices that would be received for selling similar products.

### Note 14 – Retirement Plan

SMD offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b) as an Employer Contributory Plan (the “Retirement Plan”). The Retirement Plan is operated by Lincoln Financial Group and provides employees with the opportunity to defer a portion of their salary subject to annual statutory limitation. Employees must be employed for six months in order to be eligible to participate in the Retirement Plan. SMD will match employee contributions dollar for dollar up to a maximum discretionary amount to be set by the Board of Directors each year. For the years ended March 31, 2024 and 2023, the maximum match was 5.5% of employees’ annual salary. SMD contributed \$53,663 and \$55,071 to the plan for the years ended March 31, 2024 and 2023, respectively.

