

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011
with
Report of Independent Auditors

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
For the years ended September 30, 2012 and 2011

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Report of Independent Auditors

To the Audit Committee and Board of Directors of
Greenbelt Alliance/People for Open Space, Inc.:

We have audited the accompanying statement of financial position of Greenbelt Alliance/People for Open Space, Inc. (the "Organization") as of September 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's September 30, 2011 financial statements and, in our report dated January 9, 2012, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenbelt Alliance/People for Open Space, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

San Francisco, California
January 23, 2013

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
STATEMENTS OF FINANCIAL POSITION
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 135,756	\$ 201,577
Investments	737,471	1,000,017
Accounts receivable	31,309	160
Prepaid expenses	34,242	39,734
Grants receivable	149,500	30,000
Total current assets	1,088,278	1,271,488
Deposits	11,381	13,184
Fixed assets, net	180,148	10,721
Investments, managed by EBCF, restricted for endowment	1,057,382	1,057,382
Investments, managed by EBCF, unrestricted	334,899	117,971
TOTAL ASSETS	\$ 2,672,088	\$ 2,470,746
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 11,771	\$ 39,377
Accrued payroll liabilities	78,275	67,853
Deferred rent	23,473	9,503
Total current liabilities	113,519	116,733
Net assets:		
Unrestricted:		
Available for operations	14,098	194,837
Designated for operating reserve	561,319	634,478
Designated for Greenbelt Alliance Initiative Fund	796	75
Designated for Quasi Endowment Fund	295,672	85,385
Total unrestricted	871,885	914,775
Temporarily restricted	629,302	381,856
Permanently restricted endowment	1,057,382	1,057,382
Total net assets	2,558,569	2,354,013
TOTAL LIABILITIES AND NET ASSETS	\$ 2,672,088	\$ 2,470,746

see accompanying notes

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
STATEMENTS OF ACTIVITIES

For the years ended September 30, 2012 and 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
SUPPORT AND REVENUE					
Membership dues:					
Membership renewals	\$ 104,245	\$ 80,938	\$ -	\$ 185,183	\$ 189,062
New memberships	9,747	-	-	9,747	14,047
Other revenue:					
Workplace giving	10,587	-	-	10,587	17,306
Major donors	615,707	-	-	615,707	648,722
Business contributions	500	-	-	500	1,745
Foundation grants	10,875	1,175,996	-	1,186,871	955,438
Dedicated donations	150,784	-	-	150,784	56,089
Educational events	5,716	72,852	-	78,568	92,407
Contracts and other fees:					
Contracts	154,686	-	-	154,686	5,000
Fees	3,076	-	-	3,076	16,367
Miscellaneous income	5,460	-	-	5,460	941
Merchandise sales	-	-	-	-	52
Net gain (loss) from investment:					
Realized (losses) gains	27,549	-	-	27,549	(4,721)
Unrealized (losses) gains	99,071	-	-	99,071	(79,349)
Interest and dividends	32,553	-	-	32,553	71,090
Net assets released from restrictions:					
Purpose accomplished	1,082,340	(1,082,340)	-	-	-
TOTAL SUPPORT AND REVENUE	2,312,896	247,446	-	2,560,342	1,984,196
EXPENSES					
Program services:					
Greenbelt Alliance operating programs					
Communication and education	198,281	-	-	198,281	179,788
Membership	231,328	-	-	231,328	316,906
Policy and field	1,336,457	-	-	1,336,457	1,377,737
San Francisco Housing Action Coalition	144,400	-	-	144,400	148,933
Greenbelt Alliance Initiative Fund	-	-	-	-	30,297
Total program services	1,910,466	-	-	1,910,466	2,053,661
Supporting services					
Administration	202,145	-	-	202,145	194,202
Fundraising	243,175	-	-	243,175	178,250
Total supporting services	445,320	-	-	445,320	372,452
TOTAL EXPENSES	2,355,786	-	-	2,355,786	2,426,113
INCREASE (DECREASE) IN NET ASSETS	(42,890)	247,446	-	204,556	(441,917)
NET ASSETS, BEGINNING OF YEAR	914,775	381,856	1,057,382	2,354,013	2,581,000
NET ASSETS, END OF YEAR	\$ 871,885	\$ 629,302	\$ 1,057,382	\$ 2,558,569	\$ 2,354,013

see accompanying notes

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended September 30, 2012 and 2011

	Program Services					Supporting Services			2012	2011	
	Communications and education	Membership	Policy and field	San Francisco Housing Action Coalition	Greenbelt Alliance Initiative Fund	Total Program Services	Administration	Fundraising	Total Supporting Services	TOTAL	TOTAL
Salaries	\$ 113,256	\$ 106,185	\$ 755,043	\$ 97,333	\$ -	\$ 1,071,817.40	\$ 69,032	\$ 154,963	\$ 223,995	\$ 1,295,812	\$ 1,349,827
Payroll taxes	9,452	8,861	63,009	8,356	-	89,678.00	5,763	12,932	18,695	108,373	109,513
Employee benefits	15,059	14,117	100,388	6,675	-	136,239.00	10,339	20,602	30,941	167,180	141,995
Worker's compensation insurance	1,784	1,673	11,893	1,374	-	16,724.00	1,087	2,441	3,528	20,252	12,911
Rent	8,004	7,504	78,907	4,200	-	98,615.00	4,879	10,951	15,830	114,445	107,736
Telephone	1,353	1,626	12,651	1,507	-	17,137.00	1,197	1,970	3,167	20,304	27,342
Utilities	-	-	463	-	-	463.00	-	-	-	463	518
Printing and duplication	6,976	18,221	3,680	1,774	-	30,651.00	129	2,360	2,489	33,140	33,034
Copier maintenance	71	67	476	-	-	614.00	44	98	142	756	820
Postage and mailing	2,988	14,067	3,750	36	-	20,841.00	316	751	1,067	21,908	15,243
Office supplies	1,283	1,329	8,501	483	-	11,596.00	658	1,835	2,493	14,089	11,769
Publications, dues and fees	606	96	821	198	-	1,721.00	751	156	907	2,628	7,732
Equipment	769	550	8,559	1,655	-	11,533.00	2,864	1,034	3,898	15,431	12,454
Meetings	1,284	1,199	15,980	6,515	-	24,978.00	16,238	1,283	17,521	42,499	31,302
Travel	1,403	1,691	8,037	16	-	11,147.00	8,617	816	9,433	20,580	20,443
Insurance	395	371	2,685	40	-	3,491.00	241	541	782	4,273	4,059
Events	-	14,056	10,712	7,984	-	32,752.00	-	-	-	32,752	98,373
Promotion	93	2	3,761	-	-	3,856.00	1	2	3	3,859	1,842
Consulting	27,504	5,440	210,099	1,750	-	244,793.00	53,386	23,366	76,752	321,545	296,699
Accounting	614	576	4,096	-	-	5,286.00	6,874	840	7,714	13,000	13,000
Legal	48	45	501	-	-	594.00	935	65	1,000	1,594	3,447
Service charges and fees	1,771	30,707	11,044	3,802	-	47,324.00	16,983	2,127	19,110	66,434	56,400
Bank charges	174	163	1,163	-	-	1,500.00	277	238	515	2,015	13,459
Taxes, licenses and permits	94	88	986	-	-	1,168.00	57	129	186	1,354	246
Contributions (lobbying)	-	-	-	702	-	702.00	-	-	-	702	30,250
Miscellaneous expenses	2,005	1,480	10,622	-	-	14,107.00	688	1,904	2,592	16,699	22,656
Depreciation	1,295	1,214	8,630	-	-	11,139.00	789	1,771	2,560	13,699	3,043
TOTAL	\$ 198,281	\$ 231,328	\$ 1,336,457	\$ 144,400	\$ -	\$ 1,910,466	\$ 202,145	\$ 243,175	\$ 445,320	\$ 2,355,786	\$ 2,426,113

see accompanying notes

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
STATEMENTS OF CASH FLOWS**

For the years ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 204,556	\$ (441,917)
Adjustments to reconcile increase(decrease) in net assets to net cash (used in) provided by operating activities:		
Depreciation	13,699	3,043
Realized and unrealized (gains) losses	(126,620)	84,070
(Increase) decrease in assets:		
Accounts receivable	(31,149)	19,553
Prepaid expenses	5,492	(8,542)
Grants receivable	(119,500)	352,000
Deposits	1,803	(1,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(27,606)	26,981
Accrued payroll liabilities	10,422	10,950
Deferred rent	13,970	(10,344)
Net cash (used in) provided by operating activities	<u>(54,933)</u>	<u>34,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(183,126)	(5,503)
Purchase of certificates of deposit	(87,000)	(498,000)
Proceeds from sales of investments	259,238	251,098
Net cash used in investing activities	<u>(10,888)</u>	<u>(252,405)</u>
Net decrease in cash and cash equivalents	(65,821)	(217,611)
Cash and cash equivalents, beginning of year	<u>201,577</u>	<u>419,188</u>
Cash and cash equivalents, end of year	<u>\$ 135,756</u>	<u>\$ 201,577</u>

see accompanying notes

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 1 – ORGANIZATION

Greenbelt Alliance/People for Open Space, Inc. (the “Organization”) is the champion of the places that make the Bay Area special. The Organization ensures the right development happens in the right places, works to protect the region’s open spaces, and makes sure cities grow in a way that creates great neighborhoods for everyone. It is a nonprofit public benefit organization, founded in 1958, with offices in San Francisco, San Jose, Santa Rosa, and Walnut Creek, California. The Organization works through public policy development, advocacy and education, in partnership with diverse coalitions. Operations are primarily supported through grants and contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been presented on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

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

Basis of presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. The Board of Directors of the Organization (the “Board”) has designated portions of this class of net assets, as follows:

- **Designated for operating reserve** - Represents amounts set aside for use during economic downturns or for other special purposes as determined by the Board. The Board’s goal is to establish this reserve at an amount equal to approximately five months of operating expenses (excluding certain activities supported by restricted contributions).
- **Designated for Greenbelt Alliance Initiative Fund (“GAIF”)** - Represents amounts collected and spent to support ballot initiative campaigns, which are consistent with the Organization’s objectives. Additions to this fund come from nondeductible donor contributions and an allocation of the interest or investment income earned by the Organization (see Note 7).

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

- **Designated for Quasi Endowment** - Represents amounts set aside by the Board to be treated as an endowment fund, whereby the principal will be held indefinitely and earnings will be used for operations. These amounts can be removed from this designation at the Board's discretion and are therefore unrestricted (see Note 6).

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time (see Note 5).

Permanently restricted endowment - Net assets subject to donor-imposed stipulations that amounts received be maintained permanently by the Organization. The earnings or losses realized on permanently restricted and Quasi Endowment funds are classified as unrestricted support and revenue. The Board has established specific policies related to these net assets and any earnings or losses (see Note 6).

Accounting for restricted support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor's stipulation limiting the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind contributions

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. No such contributions were recognized during the years ended September 30, 2012 and 2011.

Pledges received

Pledges of grants or donations are recorded as revenue when they are received in writing. The receivables are recorded net of allowance for estimated uncollectible amounts. No such pledges were received during the years ended September 30, 2012 and 2011.

Allocation of expenses

Shared expenses are allocated to programs and supporting services based on the ratio of each activity's direct salary cost to total salary expense.

Cash and cash equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization had no uninsured cash or cash equivalents as of September 30, 2012 and 2011.

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

In conformity with accounting principles generally accepted in the United States of America, the Organization establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities reported at fair value. The estimated fair value amounts have been determined using available market information, assumptions, estimates and valuation methodologies. When determining fair value, the Organization considers the principal or most advantageous market in which it would transact, and considers assumptions that market participants would use when pricing the asset or liability.

The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are readily accessible at the measurement date for identical, unrestricted net assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities. Valuations for assets and liabilities traded in less active dealer or broker markets are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs that are both significant to the fair value measurement and unobservable. Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments (continued)

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30, 2012 and 2011:

	September 30, 2012			Fair Value Measurements
	Level 1	Level 2	Level 3	
Investment	\$ 737,471	\$ -	\$ -	\$ 737,471
Investments managed by EBCF (Note 6)	1,278,671	113,610	-	1,392,281
Total investments	<u>\$ 2,016,142</u>	<u>\$ 113,610</u>	<u>\$ -</u>	<u>\$ 2,129,752</u>

	September 30, 2011			Fair Value Measurements
	Level 1	Level 2	Level 3	
Investments	\$ 1,000,017	\$ -	\$ -	\$ 1,000,017
Investments managed by EBCF (Note 6)	505,402	669,951	-	1,175,353
Total investments	<u>\$ 1,505,419</u>	<u>\$ 669,651</u>	<u>\$ -</u>	<u>\$ 2,175,370</u>

Investments/certificates of deposit

Investments are recorded at fair value and include mutual funds, certificates of deposit and investments held and managed on a pooled basis by a community foundation or third party manager. Investment earnings include unrealized and realized gains and losses, interest and dividends.

Investments consist of the following:

	September 30, 2012	September 30, 2011
Certificates of deposit	\$ 585,000	\$ 498,000
Investment in Money Market Fund	152,471	502,017
Investments managed by EBCF	1,392,281	1,175,353
Total investments	<u>\$ 2,129,752</u>	<u>\$ 2,175,370</u>

The certificates of deposit earn interest ranging from 0.25% to 0.45% and have varying maturity dates during 2012 and 2013.

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed assets and depreciation

Fixed assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets, generally three to five years, using the straight-line method of depreciation. Leasehold improvements are depreciated over the life of the asset or the lease, whichever is shorter.

Deferred rent

The Organization's corporate office is leased under an agreement which has fixed increases in the monthly rent payment. Rent expense is recognized on a straight-line basis over the life of the entire lease. The difference between the cash payments and the expense recognized is recorded as a deferred rent liability.

Income taxes

The Organization has been granted tax exempt status by the Internal Revenue Service and the California Franchise Tax Board. In addition, the Organization has received a ruling from the Internal Revenue Service that it is not a private foundation. The Organization is registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its expenses to various tax positions taken. Management has determined whether any tax positions have met the recognition threshold and has measured its exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine the audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Subsequent events

Subsequent events have been evaluated through January 23, 2013, which is the date the financial statements were available to be issued. The following is a summary of significant transactions subsequent to September 30, 2012 through January 23, 2013. Accounts receivable from Forterra in the amount of \$31,309 have been collected. Furthermore, grants receivable from the Health Trust and the Non-Profit Housing Association totaling \$100,000 and \$14,500, respectively, have been collected.

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 3 – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consist of the following:

	September 30, <u>2012</u>	September 30, <u>2011</u>
Grants:		
The Health Trust	\$ 100,000	\$ -
The San Francisco Foundation	35,000	-
Non-Profit Housing Association	14,500	-
The Oram Foundation	-	5,000
The Wallace Alexander Gerbode Foundation	<u>-</u>	<u>25,000</u>
Total grants receivable	<u>149,500</u>	<u>30,000</u>
Accounts receivable:		
Forterra	31,309	-
Non-Profit Housing Association	<u>-</u>	<u>160</u>
Total accounts receivable	<u>31,309</u>	<u>160</u>
Total grants and accounts receivable	<u>\$ 180,809</u>	<u>\$ 30,160</u>

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following:

	September 30, <u>2012</u>	September 30, <u>2011</u>
Furniture and equipment	\$ 30,304	\$ 16,465
Leasehold improvements	<u>165,135</u>	<u>7,062</u>
Total fixed assets	195,439	23,527
Less: accumulated depreciation	<u>(15,291)</u>	<u>(12,806)</u>
Net fixed assets	<u>\$ 180,148</u>	<u>\$ 10,721</u>

Depreciation expense for the years ended September 30, 2012 and 2011 was \$13,699 and \$3,043, respectively. During the years ended September 30, 2012 and 2011, the Organization wrote off fully depreciated furniture and equipment totaling \$11,214 and \$59,092, respectively. Additions during 2012 relate to the Organization's relocation to a new office space in San Francisco.

**GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.**
NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	September 30, 2011	Additions	Released	September 30, 2012
Grants with use restrictions:				
SF Housing Action Coalition	\$ 71,209	\$ 153,790	\$ 144,401	\$ 80,598
Marin Community Foundation	43,807	120,000	163,807	-
Oram Foundation	26,836	-	26,836	-
Total grants with use restrictions	141,852	273,790	335,044	80,598
Grants with time restrictions:				
East Bay Community Foundation (1) (Great Communities Collaborative)	30,670	-	30,670	-
East Bay Community Foundation (2) (Great Communities Collaborative)	9,589	-	9,589	-
East Bay Community Foundation (3) (Agricultural Viability)	-	15,000	-	15,000
Gordon and Betty Moore Foundation (Land Conservation Education)	-	20,000	1,668	18,332
HealthTrust (1) (South Bay General Plans)	18,750	-	18,750	-
HealthTrust (2) (South Bay General Plans)	-	65,000	16,250	48,750
HealthTrust (3) (Our Backyard)	-	100,000	33,333	66,667
Heller Foundation (Grow Smart Bay Area)	4,167	-	4,167	-
Hewlett Foundation (1) (Bay Area Sustainable Communities Strategy)	19,583	-	19,583	-
Hewlett Foundation (2) (Strategic Planning)	29,167	-	29,167	-
Hewlett Foundation (3) (Conservation Education)	16,667	-	16,667	-
Hewlett Foundation (4) (Strategic Planning)	-	30,000	-	30,000
Mary Crocker Trust (Envision Bay Area)	4,167	-	4,167	-
Non-Profit Housing Association (Technical Assistance)	-	14,500	7,250	7,250
Packard Foundation (1) (Strategic Planning)	-	75,000	68,750	6,250
Packard Foundation (2) (Sustainable Communities Project)	-	270,000	185,625	84,375
Resources Legacy Fund (Sustainable Communities Project)	-	40,000	16,667	23,333
San Francisco Foundation (1) (Great Communities Collaborative)	65,580	-	65,580	-

**GREENBELT ALLIANCE/
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NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2012 and 2011

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	<u>September 30, 2011</u>	<u>Additions</u>	<u>Released</u>	<u>September 30, 2012</u>
Grants with time restrictions (continued):				
San Francisco Foundation (2) (Great Communities Collaborative)	-	70,000	17,500	52,500
San Francisco Foundation (3) (Great Communities Collaborative)	-	16,000	16,000	-
San Francisco Foundation (4) (Great Communities Collaboration)	-	172,000	28,667	143,333
Silicon Valley Community Foundation (1) (South Bay General Plans)	6,250	-	6,250	-
Silicon Valley Community Foundation (2) (Great Communities Collaborative)	2,081	-	2,081	-
Silicon Valley Community Foundation (3) (South Bay General Plans)	-	75,000	75,000	-
Silicon Valley Community Foundation (4) (Our Backyard)	-	43,496	7,249	36,247
Anonymous (Bay Area “Greenprint” Program)	-	50,000	33,333	16,667
Wallace Gerbode Foundation (Grow Smart Bay Area)	33,333	-	33,333	-
Total grants with time restrictions	<u>240,004</u>	<u>1,055,996</u>	<u>747,296</u>	<u>548,704</u>
Total temporarily restricted net assets	<u>\$ 381,856</u>	<u>\$1,329,786</u>	<u>\$ 1,082,340</u>	<u>\$ 629,302</u>

A description of the significant restrictions follows:

Grants with use restrictions - Grants pledged or received that are for a specific purpose are included in this category.

The San Francisco Housing Action Coalition (SFHAC) - The SFHAC was formed in 1999 to address housing needs in San Francisco. SFHAC is supported by contributions and dues which are collected by the Organization. The SFHAC does not have a stand-alone board and the director is an employee of the Organization.

Marin Community Foundation (Smart Growth) – A grant that addresses Marin County’s affordable housing needs and promotes infill/transit-oriented development through research, engaging local advocates, advocacy, and media.

Oram Foundation (Envision Bay Area) – A grant was received to develop an interactive web tool to illustrate the impacts of different land use decisions on the environment, economy and quality of life.

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NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Grants with time restrictions - Grants pledged or received that are for future periods are included in this category.

Bay Area Sustainable Communities Strategy – A grant to mitigate the impacts of a potential regional increase of 2 million residents by directing new housing and job development into walkable, transit-accessible areas.

East Bay Community Foundation (Upper Broadway Project) – Greenbelt Alliance has partnered with East Bay Housing Organizations (EBHO) to address affordable housing and high-quality Transit Oriented Development (TOD) along Upper Broadway in Oakland for the regional planning process for this area.

Envision Bay Area – Greenbelt Alliance will develop an interactive web tool to illustrate the impacts of different land use decisions on the environment, economy and quality of life.

General Operating Support – Grants received in support of the Greenbelt Alliance’s general operations.

Great Communities Collaborative – Grants were received in support of Greenbelt Alliance’s Great Communities Program. The Great Communities Collaborative is a group of the Bay Area’s leading transit, housing, and environmental advocates working together to ensure that development around new transit stations is vibrant, pedestrian-oriented, and supports the use of transit.

Grow Smart Bay Area -- Grow Smart Bay Area (GSBA) is Greenbelt Alliance’s new long-range project to help re-shape the course of growth and development in the nine-county Bay Area. As part of GSBA, Greenbelt Alliance plans to work closely with a broad cross section of partners to make the Bay Area a national example of how a diverse and populous region can grow without sacrificing its natural environment, and while improving the quality of life for residents across the socio-economic spectrum.

South Bay General Plans – The long-term goal is to add policy language to the General Plans in the cities of San Jose, Santa Clara and Mountain View about improving public health.

Strategic Planning – To develop Greenbelt Alliance’s new strategic plan, associated fundraising and marketing plans as well as executive skill development.

Agricultural Viability – To ensure ongoing protection of the Tassajara valley and to maintain the integrity of Contra Costa County’s Urban Limit Line. Ultimately, the goal is to secure a commitment to craft a county-specific greenprint for Contra Costa County.

Conservation Education – To marshal resources to strengthen the capacity of local activists to play a leading role in their communities around land conservation and development issues.

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NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Grants with time restrictions (continued)

Bay Area “Greenprint” Program – To have a “greenprint” element adopted and integrated into the Bay Area’s Sustainable Communities Strategies (SCS), which would identify and map open space areas that are important for the long-term persistence of species and ecosystem services, as well as recreational spaces and working landscapes (including agriculture, ranches, and working forests).

Our Backyard – Greenbelt Alliance will combine mobile technology, an online community center and local advocacy groups with public engagement in smart growth and land use decision-making in cities throughout San Mateo and Santa Clara Counties.

Technical Assistance – Provide on call technical assistance related to affordable housing in Marin County.

NOTE 6 – INVESTMENT: RESTRICTED AND DESIGNATED FOR ENDOWMENT

The Organization has established an endowment fund which has 2 components, 1) a permanently restricted endowment (the “Permanent Endowment Fund”) established from contributions restricted by donors and, 2) an unrestricted but designated endowment established from Board designated funds (the “Quasi Endowment Fund”). All permanently restricted bequests or gifts received are added to the Permanent Endowment Fund. If bequests are not restricted, the Board has a policy that 75% of such bequests will be designated as Quasi Endowment Funds. These two funds together are referred to as the Combined Endowment Fund.

The Board of Directors 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, and (b) 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 (if any). The remaining portion of the donor-restricted endowment fund that is not classified in 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: (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 the Organization, and (7) the Organization’s investment policies. The following is the Organization’s policy with regard to earnings on endowment funds:

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NOTE 6 – INVESTMENT: RESTRICTED AND DESIGNATED FOR ENDOWMENT
(CONTINUED)

Earnings or losses on the Permanent Endowment Fund (including realized or unrealized gains or losses, and interest or dividends) are recorded as temporarily restricted revenue until they are appropriated for expenditure and the Quasi Endowment Fund is a component of unrestricted net assets. None of the contributions to the Permanent Endowment Fund restrict the use of the earnings on the endowment gift. The net earnings are classified as available for operations or designated as Quasi Endowment Funds based on the following policy established by the Board:

- (a) An amount equal to 4% annually of the Combined Endowment Fund will be used for operations and classified as available for operations. Any earnings in excess of this amount will be added to the Quasi Endowment Fund.
- (b) Any net losses incurred on investments are allocated as a reduction of the Quasi Endowment Fund balance.

In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Combined Endowment Fund assets are invested in a well diversified asset mix, including equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund if possible. Accordingly, the Organization expects its Combined Endowment Fund assets, over time, to produce an average annual rate of return in excess of 4%. Actual returns in any given year may vary from this amount.

Activity in the Permanent and Quasi Endowment Funds during the years ended September 30, 2012 and 2011 is summarized as follows:

	<u>Quasi</u> <u>Endowment</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Permanent</u> <u>Endowment</u>	<u>Combined</u> <u>Endowment</u>
Balance at September 30, 2010	\$ 119,601	\$ -	\$ 1,057,382	\$ 1,176,983
Bequests and contributions	40,211	-	-	40,211
Investment return:				
Investment income	3,084	27,750	-	30,834
Realized and unrealized losses	(4,236)	(36,846)	-	(41,082)
Investment and administrative fees	(1,520)	(13,669)	-	(15,189)
4% of combined endowment appropriated for expenditure	(48,990)	-	-	(48,990)
Transfer to Quasi Endowment	<u>(22,765)</u>	<u>22,765</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2011	85,385	-	1,057,382	1,142,767

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**NOTE 6 – INVESTMENT: RESTRICTED AND DESIGNATED FOR ENDOWMENT
(CONTINUED)**

	<u>Quasi Endowment</u>	<u>Temporarily Restricted</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Bequests and contributions	112,500	-	-	112,500
Investment return:				
Investment income	30,084	-	-	30,084
Realized and unrealized gains	135,927	-	-	135,927
Investment and administrative fees	(15,499)	-	-	(15,499)
4% of combined endowment appropriated for expenditure	<u>(52,725)</u>	<u>-</u>	<u>-</u>	<u>(52,725)</u>
Balance at September 30, 2012	<u>\$ 295,672</u>	<u>\$ -</u>	<u>\$ 1,057,382</u>	<u>\$ 1,353,054</u>

In January 1998, the Organization contracted with East Bay Community Foundation (“EBCF”) to manage its investments. At September 30, 2012 and 2011, the entire Combined Endowment Fund is held in investments managed by EBCF.

NOTE 7 – DESIGNATED FOR GAIF

The Organization has established a fund for amounts collected and spent to support ballot initiative campaigns which are consistent with the Organization’s objectives. Activity in the fund during the years ended September 30, 2012 and 2011 is summarized as follows:

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
GAIF beginning balance	\$ 75	\$ 30,300
Contributions to fund	775	6,372
Qualifying expenses	<u>(54)</u>	<u>(36,597)</u>
GAIF ending balance	<u>\$ 796</u>	<u>\$ 75</u>

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NOTE 8 – OPERATING LEASES

The Organization has several operating lease arrangements for its office spaces in San Francisco (main office), San Jose, Santa Rosa, and Walnut Creek, expiring at various dates through 2017.

Minimum required rental payments under these leases are as follows:

Year ending September 30,

2013	\$ 97,050
2014	96,350
2015	100,450
2016	104,550
2017	<u>53,300</u>
Total	<u>\$ 451,700</u>

Rent expense for the years ended September 30, 2012 and 2011 was \$114,445 and \$107,736, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2012 and 2011, a member of the Organization's Board was also a trustee of EBCF. EBCF holds and manages the Organization's investments. In addition, during the years ended September 30, 2012 and 2011, EBCF made one grant to the Organization totaling \$15,000 and three grants to the Organization totaling \$93,331, respectively.