

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
FINANCIAL STATEMENTS  
For the years ended September 30, 2014 and 2013  
with  
Independent Auditor's Report

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
For the years ended September 30, 2014 and 2013

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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of Greenbelt Alliance/People for Open Space, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2014 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenbelt Alliance/People for Open Space, Inc. as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited the Organization's September 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Novogradac + Company LLP*

Walnut Creek, California  
March 11, 2015

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 134,897	\$ 87,320
Investments	868,722	846,543
Accounts receivable	25,576	25,570
Prepaid expenses	65,296	52,114
Grants receivable	50,000	295,000
Total current assets	1,144,491	1,306,547
Deposits	11,480	12,658
Fixed assets, net	107,939	150,259
Investments, managed by Vanguard/ EBCF, restricted for endowment	1,057,382	1,057,382
Investments, managed by Vanguard/ EBCF, unrestricted	465,287	444,064
TOTAL ASSETS	\$ 2,786,579	\$ 2,970,910
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,493	\$ 20,921
Accrued payroll liabilities	83,641	77,586
Deferred rent	28,279	26,957
Unearned revenue	1,885	5,930
Total current liabilities	127,298	131,394
Net assets:		
Unrestricted:		
Available for operations	9,611	71,416
Designated for operating reserve	561,319	561,319
Designated for Greenbelt Alliance Initiative Fund	1,180	1,146
Designated for Quasi Endowment Fund	450,060	363,024
Total unrestricted	1,022,170	996,905
Temporarily restricted	579,729	785,229
Permanently restricted endowment	1,057,382	1,057,382
Total net assets	2,659,281	2,839,516
TOTAL LIABILITIES AND NET ASSETS	\$ 2,786,579	\$ 2,970,910

see accompanying notes

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

For the years ended September 30, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
<b>SUPPORT AND REVENUE</b>					
Membership dues:					
Membership renewals	\$ 82,070	\$ -	\$ -	\$ 82,070	\$ 199,375
New memberships	-	-	-	-	9,082
Other revenue:					
Workplace giving	13,877	-	-	13,877	13,896
Major donors	559,705	70,000	-	629,705	591,742
Business contributions	-	171,775	-	171,775	3,246
Foundation grants	-	589,904	-	589,904	1,070,500
Dedicated donations	18,984	-	-	18,984	5,350
Educational events	72,924	137,809	-	210,733	185,184
Contracts and other fees:					
Contracts	60,453	-	-	60,453	121,291
Fees	6,471	-	-	6,471	5,543
Miscellaneous income	9,934	-	-	9,934	15,862
Net gain (loss) from investment:					
Realized (losses) gains	29,492	-	-	29,492	42,602
Unrealized (losses) gains	70,346	-	-	70,346	49,095
Interest and dividends	37,156	-	-	37,156	36,359
Net assets released from restrictions:					
Purpose accomplished	1,174,988	(1,174,988)	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,136,400</b>	<b>(205,500)</b>	<b>-</b>	<b>1,930,900</b>	<b>2,349,127</b>
<b>EXPENSES</b>					
Program services:					
Greenbelt Alliance operating programs					
Natural Landscapes	408,468	-	-	408,468	-
Farms & Ranches	157,370	-	-	157,370	-
Homes & Neighborhoods	748,453	-	-	748,453	-
San Francisco Housing Action Coalition	250,939	-	-	250,939	167,882
Communication and education	-	-	-	-	363,322
Policy and field	-	-	-	-	998,042
<b>Total program services</b>	<b>1,565,230</b>	<b>-</b>	<b>-</b>	<b>1,565,230</b>	<b>1,529,246</b>
Supporting services					
Management and general administration	188,607	-	-	188,607	133,904
Advancement	357,298	-	-	357,298	405,030
<b>Total supporting services</b>	<b>545,905</b>	<b>-</b>	<b>-</b>	<b>545,905</b>	<b>538,934</b>
<b>TOTAL EXPENSES</b>	<b>2,111,135</b>	<b>-</b>	<b>-</b>	<b>2,111,135</b>	<b>2,068,180</b>
(DECREASE) INCREASE IN NET ASSETS	25,265	(205,500)	-	(180,235)	280,947
NET ASSETS, BEGINNING OF YEAR	996,905	785,229	1,057,382	2,839,516	2,558,569
NET ASSETS, END OF YEAR	\$ 1,022,170	\$ 579,729	\$ 1,057,382	\$ 2,659,281	\$ 2,839,516

see accompanying notes

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the years ended September 30, 2014 and 2013

	Program Services					Supporting Services			2014	2013
	Natural Landscapes	Farms & Ranches	Homes & Neighborhoods	San Francisco Housing Action Coalition	Total Program Services	Management & General Administration	Advancement	Total Supporting Services	TOTAL	TOTAL
Salaries	\$ 261,702	\$ 88,324	\$ 435,080	\$ 184,219	\$ 969,325	\$ 83,963	\$ 221,356	\$ 305,319	\$ 1,274,644	\$ 1,244,978
Payroll taxes	20,718	6,992	34,443	15,325	77,478	6,648	17,524	24,172	101,650	101,431
Employee benefits	30,505	10,296	50,713	10,782	102,296	14,531	25,802	40,333	142,629	109,646
Worker's compensation insurance	2,518	850	4,186	1,874	9,428	806	2,130	2,936	12,364	12,536
Rent	34,343	10,867	55,188	4,750	105,148	7,846	19,371	27,217	132,365	127,810
Telephone	4,943	1,509	7,804	796	15,052	1,238	2,678	3,916	18,968	18,971
Utilities	142	39	212	-	393	-	-	-	393	497
Insurance	2,417	816	4,019	459	7,711	774	2,145	2,919	10,630	7,773
Copier maintenance	493	166	820	-	1,479	158	417	575	2,054	913
Printing and duplication	6,239	1,706	9,137	1,739	18,821	14,175	11,955	26,130	44,951	22,849
Postage and mailing	480	162	822	1,229	2,693	236	3,424	3,660	6,353	9,199
Bank charges	-	-	-	1,569	1,569	10,015	5,303	15,318	16,887	4,794
Contributions (lobbying)	2,000	-	-	-	2,000	-	-	-	2,000	1,580
Depreciation	10,156	3,428	16,885	-	30,469	3,260	8,591	11,851	42,320	42,672
Equipment	1,724	521	3,607	2,726	8,578	241	639	880	9,458	5,687
Software	320	100	511	898	1,829	104	2,202	2,306	4,135	2,328
Digital collateral	160	44	240	-	444	443	-	443	887	-
Events	200	100	756	475	1,531	-	1,735	1,735	3,266	7,275
Service charges and fees	-	-	-	6,471	6,471	-	-	-	6,471	65,164
Meetings and meals	1,585	387	2,978	4,416	9,366	5,203	1,152	6,355	15,721	31,494
Training and conferences	2,916	249	3,415	845	7,425	473	593	1,066	8,491	20
Office supplies	992	327	1,702	578	3,599	624	1,627	2,251	5,850	8,478
Promotion	4	1	1,652	66	1,723	10	-	10	1,733	1,809
Subscriptions	1,733	502	2,663	1,153	6,051	2,334	1,245	3,579	9,630	7,250
Dues and membership	4,007	91	617	395	5,110	434	211	645	5,755	-
Taxes, licenses and permits	92	14	69	-	175	388	35	423	598	1,039
Travel	5,262	1,498	11,521	24	18,305	313	3,125	3,438	21,743	21,481
Accounting	-	-	-	-	-	13,250	-	13,250	13,250	13,000
Professional services	9,140	23,027	93,661	7,622	133,450	8,712	19,090	27,802	161,252	195,380
Subcontractors	-	4,250	-	-	4,250	-	-	-	4,250	-
Legal	-	-	-	-	-	5,634	-	5,634	5,634	-
Design, photography, videography	2,165	594	3,238	2,310	8,307	5,996	3,091	9,087	17,394	150
Miscellaneous expenses	1,512	510	2,514	218	4,754	798	1,857	2,655	7,409	1,622
Loss on sale of asset	-	-	-	-	-	-	-	-	-	354
<b>TOTAL</b>	<b>\$ 408,468</b>	<b>\$ 157,370</b>	<b>\$ 748,453</b>	<b>\$ 250,939</b>	<b>\$ 1,565,230</b>	<b>\$ 188,607</b>	<b>\$ 357,298</b>	<b>\$ 545,905</b>	<b>\$ 2,111,135</b>	<b>\$ 2,068,180</b>

see accompanying notes

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

For the years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (180,235)	\$ 280,947
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	42,320	42,672
Realized and unrealized gains	(99,838)	(91,697)
Loss on sale of asset	-	354
(Increase) decrease in assets:		
Accounts receivable	(6)	5,739
Prepaid expenses	(13,182)	(17,872)
Grants receivable	245,000	(145,500)
Deposits	1,178	(1,277)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,428)	9,150
Accrued payroll liabilities	6,055	(689)
Deferred rent	1,322	3,484
Unearned revenue	(4,045)	5,930
Net cash (used in) provided by operating activities	<u>(8,859)</u>	<u>91,241</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(13,137)
Redemption (purchase) of certificates of deposit	225,570	(210,605)
(Purchases of) proceeds from sales of investments	<u>(169,134)</u>	<u>84,065</u>
Net cash provided by (used in) investing activities	<u>56,436</u>	<u>(139,677)</u>
Net increase (decrease) in cash and cash equivalents	47,577	(48,436)
Cash and cash equivalents, beginning of year	<u>87,320</u>	<u>135,756</u>
Cash and cash equivalents, end of year	<u>\$ 134,897</u>	<u>\$ 87,320</u>

see accompanying notes



**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**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 works to ensure 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 Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 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  
September 30, 2014 and 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of presentation (continued)

- **Designated for Quasi Endowment** - Represents amounts set aside by the Board for inclusion in the Organization's endowment fund. These amounts can be removed from the endowment fund at the Board's discretion (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.

Contract revenue

Contract service revenue is recognized when earned and represents fees earned by the Organization for other services provided under various agreements and contracts in connection with the Organization's exempt purpose.

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, 2014 and 2013.

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, 2014 and 2013.

Allocation of expenses

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

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.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2014 and 2013.

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  
September 30, 2014 and 2013

**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, 2014 and 2013:

	September 30, 2014			Fair Value Measurements
	Level 1	Level 2	Level 3	
Investments	\$ -	\$ 868,722	\$ -	\$ 868,722
Investments managed by Vanguard (Note 6)	1,522,669	-	-	1,522,669
Total investments	\$ 1,522,669	\$ 868,722	\$ -	\$ 2,391,391

	September 30, 2013			Fair Value Measurements
	Level 1	Level 2	Level 3	
Investments	\$ -	\$ 846,543	\$ -	\$ 846,543
Investments managed by EBCF (Note 6)	1,378,928	122,518	-	1,501,446
Total investments	\$ 1,378,928	\$ 969,061	\$ -	\$ 2,347,989

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, 2014	September 30, 2013
Certificates of deposit	\$ 570,035	\$ 795,605
Investment in Money Market Fund	298,687	50,938
Investments managed by Vanguard	1,522,669	-
Investments managed by EBCF	-	1,501,446
Total investments	\$ 2,391,391	\$ 2,347,989

The certificates of deposit earn interest ranging from 0.2% to 0.3% and have varying maturity dates during 2015.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**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 and an office space located in San Jose are leased under agreements which have fixed increases in the monthly rent payment. Rent expense is recognized on a straight-line basis over the life of the entire respective lease. The difference between the cash payments and the expense recognized is recorded as a deferred rent liability.

Unearned revenue

The Organization holds various events throughout the year. Donors can purchase tickets to attend those events in exchange for donations. Upon receipt of the donation, the Organization records the actual ticket costs as deferred income and the difference between the donation received and the actual ticket costs is recorded as a contribution.

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d). 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 accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's 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 and 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. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through March 11, 2015, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**NOTE 3 – GRANTS AND ACCOUNTS RECEIVABLE**

Grants and accounts receivable, all due in less than one year, consist of the following:

	September 30, <u>2014</u>	September 30, <u>2013</u>
Grants:		
The Wallace Gerbode Foundation	\$ 50,000	\$ -
The William and Flora Hewlett Foundation	-	220,000
Anonymous	-	75,000
Total grants receivable	<u>50,000</u>	<u>295,000</u>
Accounts receivable:		
Climate Ride	12,285	11,761
EarthShare California	4,949	-
Forterra	4,023	-
San Mateo County Transit District	1,914	-
Smart Growth America	1,150	-
Metropolitan Transportation Commission	950	-
East Bay Housing Organization	200	-
Other	105	35
Bay Area Open Space Council	-	5,000
TransForm	-	4,200
Internal Revenue Service	-	2,510
San Mateo County Transit District	-	2,064
Total accounts receivable	<u>25,576</u>	<u>25,570</u>
Total grants and accounts receivable	<u>\$ 75,576</u>	<u>\$ 320,570</u>

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following:

	September 30, <u>2014</u>	September 30, <u>2013</u>
Furniture and equipment	\$ 35,727	\$ 41,096
Leasehold improvements	165,135	165,135
Total fixed assets	200,862	206,231
Less: accumulated depreciation	<u>(92,923)</u>	<u>(55,972)</u>
Net fixed assets	<u>\$ 107,939</u>	<u>\$ 150,259</u>

Depreciation expense for the years ended September 30, 2014 and 2013 was \$42,320 and \$42,672, respectively. During the year ended September 30, 2014, the Organization wrote off fully depreciated equipment totaling \$5,369. During July 2013, the Organization sold equipment for a sales price of \$200, and fixed assets in the amount of \$2,545 and accumulated depreciation of \$1,991 were written off. The net loss on disposal of \$354 was recorded in the accompanying statements of functional expenses.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	September 30, 2013	Additions	Released	September 30, 2014
Grants with use restrictions:				
SF Housing Action Coalition	\$ 137,302	\$ 309,584	\$ 250,939	\$ 195,947
Flora L. Thornton Foundation (Natural Landscapes)	-	50,000	50,000	-
Lafayette Community Foundation (Lafayette Outings)	-	1,500	1,500	-
Jewett Foundation (Homes & Neighborhoods)	-	20,000	20,000	-
Total grants with use restrictions	137,302	381,084	322,439	195,947
Grants with time restrictions:				
General Support				
Clarence Heller Foundation	8,333	-	8,333	-
Clarence Heller Foundation	-	75,000	62,500	12,500
Razoo Foundation	-	404	404	-
The JEC Foundation	-	3,000	3,000	-
Urban Land Institute	15,000	-	15,000	-
Wallace Gerbode Foundation	3,125	-	3,125	-
Natural Landscapes				
East Bay Community Foundation	13,400	-	13,400	-
East Bay Community Foundation	-	15,000	15,000	-
Jean Schultz	5,000	-	5,000	-
Lisa and Douglas Goldman Fund	-	35,000	20,417	14,583
Wallace Gerbode Foundation	-	100,000	16,666	83,334
Local Farms & Ranches				
San Francisco Foundation	5,000	-	5,000	-
The Mary A. Crocker Trust	-	25,000	10,417	14,583
Homes & Neighborhoods				
Anonymous	106,250	-	75,000	31,250
Health Trust	16,250	-	16,250	-
Hewlett Foundation	320,833	-	220,000	100,833
Resources Legacy Fund	13,750	-	13,750	-
San Francisco Foundation	118,750	-	118,750	-
San Francisco Foundation	17,500	-	17,500	-
San Francisco Foundation	-	45,000	45,000	-
San Francisco Foundation	-	90,000	15,000	75,000
Silicon Valley Community Foundation	4,736	-	4,736	-
Silicon Valley Community Foundation	-	40,000	36,666	3,334
Silicon Valley Community Foundation	-	25,000	18,750	6,250
Silicon Valley Community Foundation	-	60,000	55,385	4,615

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**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

	September 30, 2013	Additions	Released	September 30, 2014
Grants with time restrictions (continued):				
Public Square				
HealthTrust	-	75,000	37,500	37,500
Total grants with time restrictions	647,927	588,404	852,549	383,782
 Total temporarily restricted net assets	 \$ 785,229	 \$ 969,488	 \$ 1,174,988	 \$ 579,729

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.

*Lafayette Outings* – To conduct outings exploring and displaying the natural beauty of Lafayette.

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

*General Operating Support* – Grants were received in support of the Organization’s general operating support.

*Natural Landscapes* – Preserving and protecting natural lands designed as at-risk of development by bringing together partners to develop a regional conservation strategy.

*Local Farms & Ranches* – Preserving and protecting the agricultural lands at risk of development and ensuring that our region can sustain and support growers, ranches, and farms.

*Homes & Neighborhoods* – Developing sustainable development to make existing communities thrive to meet the varied needs of the Bay Area’s diverse population by providing new homes, walkable streets, parks and opportunities for local businesses.

*Public Square (formerly Our Backyard)* – To develop an online public engagement tool that will engage and mobilize Bay Area communities around smart-growth and land use decision-making in cities throughout San Mateo and Santa Clara counties.



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**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:

Earnings or losses on the Permanent Endowment Fund (including realized or unrealized gains or losses, and interest or dividends) are recorded as unrestricted revenue, and are therefore a component of Unrestricted Net Assets. Within Unrestricted Net Assets the net earnings are classified as Available for Operations or designated as Quasi Endowment 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.

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(CONTINUED)**

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, 2014 and 2013 is summarized as follows:

	<u>Quasi Endowment</u>	<u>Temporarily Restricted</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Beginning balance at October 1, 2012	\$ 295,672	\$ -	\$ 1,057,382	\$ 1,353,054
Investment return:				
Investment income	34,278	-	-	34,278
Realized and unrealized gains	91,981	-	-	91,981
Investment and administrative fees	(17,095)	-	-	(17,095)
4% of combined endowment appropriated for expenditure	<u>(41,812)</u>	<u>-</u>	<u>-</u>	<u>(41,812)</u>
Balance at September 30, 2013	363,024	-	1,057,382	1,420,406
Bequests and contributions	14,156	-	-	14,156
Investment return:				
Investment income	35,559	-	-	35,559
Realized and unrealized gains	99,485	-	-	99,485
Investment and administrative fees	(9,293)	-	-	(9,293)
4% of combined endowment appropriated for expenditure	<u>(52,871)</u>	<u>-</u>	<u>-</u>	<u>(52,871)</u>
Balance at September 30, 2014	<u>\$ 450,060</u>	<u>\$ -</u>	<u>\$ 1,057,382</u>	<u>\$ 1,507,442</u>

In January 1998, the Organization contracted with East Bay Community Foundation (“EBCF”) to manage its investments. In May 2014, the Organization transferred these assets to Vanguard. As of September 30, 2014, the entire Combined Endowment Fund continues to be held in investments managed by Vanguard.

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**NOTE 7 – DESIGNATED FOR GREENBELT ALLIANCE INITIATIVE FUND**

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, 2014 and 2013 is summarized as follows:

	September 30, 2014	September 30, 2013
GAIF beginning balance	\$ 1,146	\$ 796
Contributions to fund	84	350
Qualifying expenses	(50)	-
GAIF ending balance	<u>\$ 1,180</u>	<u>\$ 1,146</u>

**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 2019.

Future minimum required rental payments under these leases are as follows:

Year ending September 30,	
2015	\$ 113,467
2016	117,981
2017	94,820
2018	15,284
2019	<u>1,277</u>
Total	<u>\$ 342,829</u>

Rent expense for the years ended September 30, 2014 and 2013 was \$132,365 and \$127,810, respectively.

**NOTE 9 – LINE OF CREDIT**

During July 2013, the Organization established a line of credit with Wells Fargo. Borrowings under the agreement are limited to \$25,000 and bear interest at prime plus 6.75% per annum for cash and purchases. Board approval is required before accessing this line of credit. As of September 30, 2014 and 2013, the outstanding balance was \$0 with no accrued interest outstanding. Interest expense during the years ended September 30, 2014 and 2013 was \$0 for both years.

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**NOTE 10 – RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2014 and 2013, a member of the Organization's Board was also a trustee of EBCF. EBCF held and managed the Organization's investments until April 2014. In addition, during the years ended September 30, 2014 and 2013, EBCF made one grant per year to the Organization in the amount of \$15,000 each.