

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
FINANCIAL STATEMENTS  
For the years ended September 30, 2015 and 2014  
with  
Independent Auditor's Report

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

## **Independent Auditor's Report**

To the 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"), a California non-profit public benefit organization, which comprise the statement of financial position as of September 30, 2015 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, 2015, 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, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Novogradac + Company LLP*

Walnut Creek, California  
December 15, 2015

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
STATEMENT OF FINANCIAL POSITION  
September 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 90,497	\$ 134,897
Investments	1,143,634	868,722
Accounts receivable	-	25,576
Prepaid expenses	58,251	65,296
Grants receivable	325,000	50,000
Total current assets	1,617,382	1,144,491
Deposits	11,630	11,480
Fixed assets, net	65,769	107,939
Managed investments, restricted for endowment	1,057,382	1,057,382
Managed investments, unrestricted	475,067	465,287
<b>TOTAL ASSETS</b>	<b>\$ 3,227,230</b>	<b>\$ 2,786,579</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 11,764	\$ 13,493
Accrued payroll liabilities	85,338	83,641
Deferred rent	22,503	28,279
Unearned revenue	25,310	1,885
Total current liabilities	144,915	127,298
Net assets:		
Unrestricted:		
Available for operations	112,582	9,611
Designated for operating reserve	577,806	561,319
Designated for Greenbelt Alliance Initiative Fund	1,180	1,180
Designated for Quasi Endowment Fund	436,200	450,060
Total unrestricted	1,127,768	1,022,170
Temporarily restricted	897,165	579,729
Permanently restricted endowment	1,057,382	1,057,382
Total net assets	3,082,315	2,659,281
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,227,230</b>	<b>\$ 2,786,579</b>

see accompanying notes

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

For the year ended September 30, 2015 (with comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
<b>SUPPORT AND REVENUE</b>					
Contributions:					
Individual contributions	\$ 88,208	\$ 4,181	\$ -	\$ 92,389	\$ 82,070
Workplace giving	4,913	-	-	4,913	13,877
Major donors	533,874	-	-	533,874	629,705
Business contributions	78,686	174,375	-	253,061	171,775
Foundation grants	-	1,270,700	-	1,270,700	589,904
Dedicated donations	122,973	-	-	122,973	18,984
Event revenue	76,530	236,934	-	313,464	210,733
Contracts and other fees:					
Contracts	75,151	-	-	75,151	60,453
Fees	8,310	-	-	8,310	6,471
Miscellaneous income	2,800	-	-	2,800	9,934
Net (loss) gain from investment:					
Realized (losses) gains	(142)	-	-	(142)	29,492
Unrealized (losses) gains	(35,311)	-	-	(35,311)	70,346
Interest and dividends	34,723	-	-	34,723	37,156
Net assets released from restrictions:	1,368,754	(1,368,754)	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,359,469</b>	<b>317,436</b>	<b>-</b>	<b>2,676,905</b>	<b>1,930,900</b>
<b>EXPENSES</b>					
Program services:					
Greenbelt Alliance operating programs					
Natural Landscapes	531,628	-	-	531,628	408,468
Local Farms & Ranches	181,180	-	-	181,180	157,370
Homes & Neighborhoods	616,006	-	-	616,006	748,453
San Francisco Housing Action Coalition	411,748	-	-	411,748	250,939
Total program services	1,740,562	-	-	1,740,562	1,565,230
Supporting services					
Management and general administration	262,254	-	-	262,254	188,607
Advancement	251,055	-	-	251,055	357,298
Total supporting services	513,309	-	-	513,309	545,905
<b>TOTAL EXPENSES</b>	<b>2,253,871</b>	<b>-</b>	<b>-</b>	<b>2,253,871</b>	<b>2,111,135</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>105,598</b>	<b>317,436</b>	<b>-</b>	<b>423,034</b>	<b>(180,235)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,022,170</b>	<b>579,729</b>	<b>1,057,382</b>	<b>2,659,281</b>	<b>2,839,516</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,127,768</b>	<b>\$ 897,165</b>	<b>\$ 1,057,382</b>	<b>\$ 3,082,315</b>	<b>\$ 2,659,281</b>

see accompanying notes

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended September 30, 2015 (with comparative totals for 2014)

	Program Services					Supporting Services			2015	2014
	Natural Landscapes	Local Farms & Ranches	Homes & Neighborhoods	San Francisco Housing Action Coalition	Total Program Services	Management & General Administration	Advancement	Total Supporting Services	TOTAL	TOTAL
Salaries	\$ 296,855	\$ 115,686	\$ 386,347	\$ 253,544	\$ 1,052,432	\$ 146,244	\$ 146,244	\$ 292,488	\$ 1,344,920	\$ 1,274,644
Payroll taxes	23,827	9,285	31,009	21,441	85,562	11,738	11,738	23,476	109,038	101,650
Employee benefits	31,683	12,347	41,234	9,563	94,827	20,225	15,652	35,877	130,704	142,629
Worker's compensation insurance	2,744	1,070	3,572	1,889	9,275	1,504	1,352	2,856	12,131	12,364
Rent	39,788	15,474	51,778	5,600	112,640	13,611	13,611	27,222	139,862	132,365
Telephone	5,342	2,075	6,950	711	15,078	1,858	2,059	3,917	18,995	18,968
Utilities	153	59	199	-	411	-	-	-	411	393
Insurance	2,989	1,164	3,890	745	8,788	1,473	1,573	3,046	11,834	10,630
Equipment rental & maintenance	468	182	609	-	1,259	310	198	508	1,767	2,054
General and administrative expenses	14,229	4,343	14,673	25,326	58,571	18,314	22,144	40,458	99,029	44,951
Contributions (lobbying)	-	-	-	-	-	-	-	-	-	2,000
Depreciation	11,470	4,470	14,928	-	30,868	5,651	5,651	11,302	42,170	42,320
Equipment	2,911	1,102	3,788	1,593	9,394	2,885	972	3,857	13,251	9,458
Events	14,923	5,989	19,312	55,678	95,902	-	-	-	95,902	3,266
Service charges and fees	-	-	-	8,310	8,310	-	-	-	8,310	6,471
Meetings and meals	2,011	450	3,140	2,211	7,812	5,103	788	5,891	13,703	15,721
Training and conferences	1,779	312	862	173	3,126	6,618	275	6,893	10,019	8,491
Taxes, licenses and permits	59	29	74	-	162	46	34	80	242	598
Travel	4,137	1,418	6,008	113	11,676	1,038	3,072	4,110	15,786	21,743
Accounting	-	-	-	-	-	13,500	-	13,500	13,500	13,250
Professional services	28,802	4,773	24,435	22,204	80,214	4,717	22,868	27,585	107,799	161,252
Subcontractors	45,056	22	73	-	45,151	149	-	149	45,300	4,250
Legal	-	-	-	-	-	816	-	816	816	5,634
Design, photography, videography	2,402	930	3,125	2,647	9,104	6,454	2,824	9,278	18,382	17,394
<b>TOTAL</b>	<b>\$ 531,628</b>	<b>\$ 181,180</b>	<b>\$ 616,006</b>	<b>\$ 411,748</b>	<b>\$ 1,740,562</b>	<b>\$ 262,254</b>	<b>\$ 251,055</b>	<b>\$ 513,309</b>	<b>\$ 2,253,871</b>	<b>\$ 2,052,496</b>

see accompanying notes

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

For the year ended September 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 423,034	\$ (180,235)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	42,170	42,320
Realized and unrealized losses (gains)	35,453	(99,838)
Decrease (increase) in assets:		
Accounts receivable	25,576	(6)
Prepaid expenses	7,045	(13,182)
Grants receivable	(275,000)	245,000
Deposits	(150)	1,178
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(1,729)	(7,428)
Accrued payroll liabilities	1,697	6,055
Deferred rent	(5,776)	1,322
Unearned revenue	23,425	(4,045)
Net cash provided by (used in) operating activities	<u>275,745</u>	<u>(8,859)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) redemption of certificates of deposit	(573,141)	225,570
Proceeds from sales of (purchases of) investments	<u>252,996</u>	<u>(169,134)</u>
Net cash (used in) provided by investing activities	<u>(320,145)</u>	<u>56,436</u>
Net (decrease) increase in cash and cash equivalents	(44,400)	47,577
Cash and cash equivalents, beginning of year	<u>134,897</u>	<u>87,320</u>
Cash and cash equivalents, end of year	<u>\$ 90,497</u>	<u>\$ 134,897</u>

see accompanying notes

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE 1 – ORGANIZATION**

Greenbelt Alliance/People for Open Space, Inc. (the “Organization”) addresses how the Bay Area handles growth. It shapes the rules that govern growth to protect the region’s open spaces and to ensure neighborhoods within cities and towns are amazing places for everyone. It advocates for, provides expertise on, and builds support behind public policy and planning that supports open space conservation and smart growth. It is a nonprofit public benefit organization, founded in 1958, with offices in San Francisco, San Jose, Santa Rosa, and Walnut Creek, California. 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).
- **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).

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

Basis of presentation (continued)

**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.

Contributions

Contributions are recognized as revenue when they are unconditionally given. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at fair value as unrestricted support, temporarily restricted support, or permanently restricted support, depending on the absence or existence of donor-imposed restrictions as applicable. When a 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 consolidated statements 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 year ended September 30, 2015.

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 year ended September 30, 2015.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

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.

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, 2015.

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.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

Fair value of financial instruments (continued)

**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.

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, 2015:

	September 30, 2015			
	Level 1	Level 2	Level 3	Fair Value Measurements
Investments	\$ -	\$ 1,143,634	\$ -	\$ 1,143,634
Managed investments (Note 6)	1,532,449	-	-	1,532,449
Total investments	\$ 1,532,449	\$ 1,143,634	\$ -	\$ 2,676,083

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, 2015
Certificates of deposit	\$ 1,143,176
Investment in Money Market Fund	458
Managed investments	1,532,449
Total investments	\$ 2,676,083

The certificates of deposit earn interest ranging from 0.3% to 0.45% and have varying maturity dates during 2015 and 2016.

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.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

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 December 15, 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, 2015

**NOTE 3 – GRANTS AND ACCOUNTS RECEIVABLE**

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

	September 30, 2015
Grants:	
The William and Flora Hewlett Foundation	\$ 220,000
Other	75,000
Gaia Fund	30,000
Total grants receivable	325,000
Accounts receivable:	-
Total grants and accounts receivable	\$ 325,000

The Organization often receives multi-year foundation grant awards that are cyclical in nature. Therefore, foundation revenue, and corresponding temporarily restricted balances can show significant variations from year to year.

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following:

	September 30, 2015
Furniture and equipment	\$ 35,727
Leasehold improvements	165,135
Total fixed assets	200,862
Less: accumulated depreciation	(135,093)
Net fixed assets	\$ 65,769

Depreciation expense for the year ended September 30, 2015 was \$42,170.

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	September 30, 2014	Additions	Released	September 30, 2015
Grants with use restrictions:				
SF Housing Action Coalition	\$ 195,947	\$ 415,490	\$ 402,297	\$ 209,140
Flora L. Thornton Foundation (Sonoma Leadership Council)	-	5,000	5,000	-
Total grants with use restrictions	195,947	420,490	407,297	209,140

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

	<u>September 30, 2014</u>	<u>Additions</u>	<u>Released</u>	<u>September 30, 2015</u>
Grants with time restrictions:				
General Support				
Clarence Heller Foundation	12,500	-	12,500	-
Clarence Heller Foundation	-	75,000	62,500	12,500
William & Flora Hewlett Foundation	-	470,000	137,083	332,917
Homes & Neighborhoods				
Battery Powered	-	72,700	18,175	54,525
HealthTrust	37,500	-	37,500	-
HealthTrust	-	28,000	7,000	21,000
John S. & James L. Knight Foundation	-	75,000	37,500	37,500
Silicon Valley Community Foundation	6,250	-	6,250	-
Silicon Valley Community Foundation	4,615	-	4,615	-
Silicon Valley Community Foundation	3,334	-	3,334	-
Silicon Valley Community Foundation	-	70,000	64,167	5,833
San Francisco Foundation	75,000	-	75,000	-
San Francisco Foundation	-	20,000	1,667	18,333
San Francisco Foundation	-	10,000	10,000	-
William & Flora Hewlett Foundation	100,833	-	100,833	-
Local Farms & Ranches				
The Mary A. Crocker Trust	14,583	-	14,583	-
Gaia Fund	-	45,000	15,000	30,000
Natural Landscapes				
Other	31,250	-	31,250	-
Other	-	150,000	31,250	118,750
East Bay Community Foundation	-	15,000	15,000	-
Lisa and Douglas Goldman Fund	14,583	-	14,583	-
Lisa and Douglas Goldman Fund	-	35,000	11,667	23,333
Wallace Gerbode Foundation	83,334	-	50,000	33,334
William & Flora Hewlett Foundation	-	200,000	200,000	-
Total grants with time restrictions	<u>383,782</u>	<u>1,265,700</u>	<u>961,457</u>	<u>688,025</u>
Total temporarily restricted net assets	<u>\$ 579,729</u>	<u>\$ 1,686,190</u>	<u>\$ 1,368,754</u>	<u>\$ 897,165</u>

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

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.

*Sonoma Leadership Council* – To deepen and grow Sonoma-based donors’ relationships with open space, farms and ranches, homes and neighborhoods, and each other in Sonoma County.

**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.

*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.

*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.

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

**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.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

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) For the year ended September 30, 2015, an annual amount equal to 5% 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 5% for the year ended September 30, 2015 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 5% for the year ended September 30, 2015. Actual returns in any given year may vary from this amount.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

Activity in the Permanent and Quasi Endowment Funds during the year ended September 30, 2015 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, 2014	\$ 450,060	\$ -	\$ 1,057,382	\$ 1,507,442
Bequests and contributions	67,500	-	-	67,500
Investment return:				
Investment income	32,921	-	-	32,921
Realized and unrealized gains	(35,406)	-	-	(35,406)
5% of combined endowment appropriated for expenditure	<u>(78,875)</u>	<u>-</u>	<u>-</u>	<u>(78,875)</u>
Balance at September 30, 2015	<u>\$ 436,200</u>	<u>\$ -</u>	<u>\$ 1,057,382</u>	<u>\$ 1,493,582</u>

The investments are held in index funds, with an asset mix of 63.4% in stocks and 36.6% in bonds as of September 30, 2015.

**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 year ended September 30, 2015 is summarized as follows:

	<u>September 30, 2015</u>
GAIF beginning balance	\$ 1,180
Contributions to fund	-
Qualifying expenses	-
GAIF ending balance	<u>\$ 1,180</u>

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**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,

2016	\$ 117,981
2017	94,820
2018	15,284
2019	<u>1,277</u>
Total	<u>\$ 229,362</u>

Rent expense for the year ended September 30, 2015 was \$139,862.

**NOTE 9 – LINE OF CREDIT**

During July 2013, the Organization established a line of credit with Wells Fargo. Borrowings under the agreement were limited to \$25,000 and bore interest at prime plus 6.75% per annum for cash and purchases. This line of credit was closed as of March 5, 2015. No draws were made during the financial year before closing.