GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
FINANCIAL STATEMENTS
For the year ended September 30, 2017
with
Independent Auditor's Report

GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.

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NOVOGRADAC
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2017 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, 2017, 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Novogradac & Company LLP

Walnut Creek, California
March 27, 2018

GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2017 (with comparative totals for 2016)

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 583,189	$ 363,902
Certificates of deposit	837,972	1,053,909
Accounts receivable	25,396	16,752
Prepaid expenses	92,479	75,967
Contributions receivable	452,016	250,000
Total current assets	1,991,052	1,760,530
Contributions receivable, net of current	16,666	-
Deposits	12,150	12,150
Fixed assets, net	-	27,473
Managed investments, restricted for endowment	1,057,382	1,057,382
Managed investments, unrestricted	660,267	541,236
TOTAL ASSETS	$ 3,737,517	$ 3,398,771
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 62,601	$ 41,956
Accrued payroll liabilities	97,203	81,377
Deferred rent	4,203	12,212
Unearned revenue	63,110	55,060
Total current liabilities	227,117	190,605
Net assets:		
Unrestricted:		
Available for operations	223,293	364,428
Designated for operating reserve	659,062	605,000
Designated for Greenbelt Alliance Initiative Fund	47	97
Designated for Quasi Endowment Fund	638,649	521,108
Total unrestricted	1,521,051	1,490,633
Temporarily restricted	931,967	660,151
Permanently restricted endowment	1,057,382	1,057,382
Total net assets	3,510,400	3,208,166
TOTAL LIABILITIES AND NET ASSETS	$ 3,737,517	$ 3,398,771

see accompanying notes

GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017 (with comparative totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
SUPPORT AND REVENUE					
Contributions:					
Individual contributions	$ 90,396	$ 5,321	$ -	$ 95,717	$ 94,680
Workplace giving	5,085	-	-	5,085	19,656
Major donors	518,465	-	-	518,465	605,674
Business contributions	93,718	217,683	-	311,401	357,359
Foundation grants	-	1,207,670	-	1,207,670	923,125
Dedicated donations	43,488	-	-	43,488	-
Event revenue	164,005	247,022	-	411,027	351,795
Contracts and other fees:					
Contracts	134,532	-	-	134,532	51,157
Fees	9,392	-	-	9,392	9,128
Miscellaneous income	-	-	-	-	1,073
Net (loss) gain from investment:					
Realized gains (losses)	627	-	-	627	(187)
Unrealized gains	144,608	-	-	144,608	128,774
Interest and dividends	44,331	-	-	44,331	39,239
Net assets released from restrictions:	1,405,880	(1,405,880)	-	-	-
TOTAL SUPPORT AND REVENUE	2,654,527	271,816	-	2,926,343	2,581,473
EXPENSES					
Program services:					
Greenbelt Alliance operating programs					
Natural Landscapes	649,231	-	-	649,231	585,787
Local Farms & Ranches	233,862	-	-	233,862	350,738
Homes & Neighborhoods	502,197	-	-	502,197	449,498
San Francisco Housing Action Coalition	480,771	-	-	480,771	451,472
Total program services	1,866,061	-	-	1,866,061	1,837,495
Supporting services					
Management and general administration	217,175	-	-	217,175	196,415
Advancement	540,873	-	-	540,873	421,712
Total supporting services	758,048	-	-	758,048	618,127
TOTAL EXPENSES	2,624,109	-	-	2,624,109	2,455,622
INCREASE IN NET ASSETS	30,418	271,816	-	302,234	125,851
NET ASSETS, BEGINNING OF YEAR	1,490,633	660,151	1,057,382	3,208,166	3,082,315
NET ASSETS, END OF YEAR	$ 1,521,051	$ 931,967	$ 1,057,382	$ 3,510,400	$ 3,208,166

see accompanying notes

GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2017 (with comparative totals for 2016)

	Program Services					Supporting Services			2017	2016
	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	$ 387,923	$ 156,079	$ 340,760	$ 265,911	$ 1,150,673	$ 91,736	$ 334,770	$ 426,506	$ 1,577,179	$ 1,441,079
Payroll taxes	31,351	12,614	27,539	20,867	92,371	7,414	27,055	34,469	126,840	116,441
Employee benefits	37,142	14,945	32,623	20,986	105,696	13,917	32,009	45,926	151,622	121,626
Worker's compensation insurance	1,771	713	1,556	1,474	5,514	418	1,526	1,944	7,458	7,979
Rent	52,589	21,268	45,956	6,000	125,813	8,612	31,473	40,085	165,898	143,589
Telephone	4,902	1,976	4,313	791	11,982	1,371	3,302	4,673	16,655	17,028
Utilities	260	106	224	-	590	-	-	-	590	419
Property insurance	3,176	1,278	2,839	694	7,987	992	2,837	3,829	11,816	12,236
Equipment	4,831	1,138	2,589	1,269	9,827	4,450	3,654	8,104	17,931	14,346
General and administrative expenses	15,232	5,959	13,203	15,634	50,028	19,852	29,269	49,121	99,149	95,613
Contributions (lobbying)	-	-	500	-	500	-	-	-	500	16,000
Depreciation	8,132	3,272	7,143	-	18,547	1,918	7,008	8,926	27,473	38,296
Events	949	661	1,043	70,544	73,197	-	61,107	61,107	134,304	115,017
Service charges and fees	-	-	-	9,392	9,392	-	-	-	9,392	9,128
Meetings and meals	3,769	1,650	3,648	10,223	19,290	9,799	532	10,331	29,621	18,235
Training and conferences	2,426	582	2,006	249	5,263	230	463	693	5,956	11,053
Org donations & sponsorships	1,100	-	-	500	1,600	-	-	-	1,600	-
Travel	9,561	4,085	6,185	5,175	25,006	1,610	3,222	4,832	29,838	16,645
Professional services	31,095	3,146	7,461	49,729	91,431	30,182	1,546	31,728	123,159	157,472
Subcontractors	50,000	-	-	-	50,000	-	-	-	50,000	60,000
Accounting and legal	(1,079)	2,712	(933)	-	700	18,460	-	18,460	19,160	17,941
Design, photography, videography	4,101	1,678	3,542	1,333	10,654	6,214	1,100	7,314	17,968	25,479
TOTAL	$ 649,231	$ 233,862	$ 502,197	$ 480,771	$ 1,866,061	$ 217,175	$ 540,873	$ 758,048	$ 2,624,109	$ 2,455,622

see accompanying notes

GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017 (with comparative totals for 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 302,234	$ 125,851
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	27,473	38,296
Realized and unrealized gains	(145,235)	(128,587)
Decrease (increase) in assets:		
Accounts receivable	(8,644)	(16,752)
Prepaid expenses	(16,512)	(17,716)
Grants receivable	(218,682)	75,000
Deposits	-	(520)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	20,645	30,192
Accrued payroll liabilities	15,826	(3,961)
Deferred rent	(8,009)	(10,291)
Unearned revenue	8,050	29,750
Net cash (used in) provided by operating activities	(22,854)	121,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	216,643	88,727
Sales of managed investments	25,498	62,958
Net cash provided by investing activities	242,141	151,685
Net increase in cash and cash equivalents	219,287	272,947
Cash and cash equivalents, beginning of year	363,902	90,955
Cash and cash equivalents, end of year	$ 583,189	$ 363,902

see accompanying notes

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, Fairfield 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.

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 3.5 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).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

Restricted Net Assets - Net assets subject to donor-imposed stipulations. The Organization has subdivided these into two categories:

- **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.

- **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. Revenue resulting from special events and other income is recorded when earned.

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.

During the year ended September 30, 2017, the Organization received a conditional grant from the Solano County Orderly Growth Committee estimated at $360,000 to be paid over three years. The grant is conditioned upon the amount of San Francisco Municipal waste that will be disposed of at the Hay Road landfill. These promises to give will be recognized as revenue as the conditions are met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016.

Functional allocation of expenses
Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service 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.

Certificates of deposit
Certificates of deposit are held for investments with original maturities greater than three months. The certificates of deposit earn interest ranging from 1% to 1.5% and have varying maturity dates during 2017 and 2018.

Contributions and accounts receivable
The Organization considers receivables to be fully collectible. Unconditional contributions to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue. Accounts receivable are written off if deemed uncollectible. As of September 30, 2017 and 2016, the allowance for doubtful accounts was $0.

Concentration of credit risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and certificates of deposit. The Organization had no uninsured cash or cash equivalents as of September 30, 2017 and 2016.

Fair value of financial instruments
In accordance 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments (continued)
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.

Managed investments
Investments are recorded at fair value on a recurring basis classified under Level 1 of the fair value hierarchy and include investments held and managed on a pooled basis by a third party manager. Investment earnings include unrealized and realized gains and losses, interest and dividends. The investments are held in index funds, with an asset mix of 64.1% in stocks and 35.9% in bonds as of September 30, 2017.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Recently issued accounting pronouncements

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Updates (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The major changes revolve around net asset classifications. ASU 2016-14 eliminates the distinction between resources with permanent restrictions and those with temporary restrictions by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes: net assets with donor restrictions and net assets without donor restrictions.

In addition to the fundamental change in net asset classifications, the new standard also includes a number of specific amendments, such as the following:

- Disclosure requirements of qualitative information on how the organization manages its liquid available resources and liquidity risks;
- Reporting requirements of the investment return, net of external and direct internal investment expenses (disclosure of those netted expenses is no longer required).
- Analysis of expense by both natural and functional classification.

ASU 2016-14 applies to all non-profit organizations and is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted.

The Organization is currently evaluating the impact the adoption of this standard will have on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 27, 2018, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following:

	September 30, 2017	September 30, 2016
The William and Flora Hewlett Foundation	$ 200,000	$ 200,000
Gordon and Betty Moore Foundation	135,350	-
Other	133,332	50,000
Total contributions receivable	$ 468,682	$ 250,000

Contributions receivable are due in 2018 and 2019 in the amount of $452,016 and $16,666, respectively.

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

Accounts receivable consists of contract revenues earned by the Organization for services provided under various agreements and contracts in connection with the Organization's exempt purpose. Amounts are typically collected within one month of billing.

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following:

	September 30, 2017	September 30, 2016
Furniture and equipment	$ 35,727	$ 35,727
Leasehold improvements	165,135	165,135
Total fixed assets	200,862	200,862
Less: accumulated depreciation	(200,862)	(173,389)
Net fixed assets	$ -	$ 27,473

Depreciation expense for the years ended September 30, 2017 and 2016 was $27,473 and $38,296, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	September 30, 2016	Additions	Released	September 30, 2017
Grants with use restrictions:				
SF Housing Action Coalition	$ 214,061	$ 471,526	$ 482,703	$ 202,884
Sakana Foundation	-	2,500	2,500	-
Solano County Orderly Growth Committee	-	130,000	119,167	10,833
Total grants with use restrictions	214,061	604,026	604,370	213,717
Grants with time restrictions:				
General Support	97,917	413,420	244,670	266,667
Homes & Neighborhoods	52,550	155,000	140,050	67,500
Local Farms & Ranches	15,000	-	15,000	-
Natural Landscapes	280,623	505,250	401,790	384,083
Total grants with time restrictions	446,090	1,073,670	801,510	718,250
Total temporarily restricted net assets	$ 660,151	$ 1,677,696	$ 1,405,880	$ 931,967

Temporarily restricted net assets consist of the following restrictions:

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 created in 1999 to address housing needs in San Francisco. SFHAC is supported by contributions and dues which are collected by the Organization. SFHAC does not have a stand-alone board and the director is an employee of the Organization.

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 designated as at-risk of development.

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.

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 unrestricted 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 annual amount equal to 5% 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.

NOTE 6 – INVESTMENT: RESTRICTED AND DESIGNATED FOR ENDOWMENT (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 5% for the years ended September 30, 2017 and 2016 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%. 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, 2017 and 2016 is summarized as follows:

	Quasi Endowment	Temporarily Restricted	Permanent Endowment	Combined Endowment
Beginning balance at October 1, 2015	$ 436,200	$ -	$ 1,057,382	$ 1,493,582
Bequests and contributions	-	-	-	-
Investment return:				
Investment income	34,627	-	-	34,627
Realized and unrealized gains	128,587	-	-	128,587
5% of combined endowment appropriated for expenditure	(78,306)	-	-	(78,306)
Balance at September 30, 2016	521,108	-	1,057,382	1,578,490
Bequests and contributions	-	-	-	-
Investment return:				
Investment income	51,866	-	-	51,866
Realized and unrealized gains	143,981	-	-	143,981
5% of combined endowment appropriated for expenditure	(78,306)	-	-	(78,306)
Balance at September 30, 2017	$ 638,649	$ -	$ 1,057,382	$ 1,696,031

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, 2017 and 2016 is summarized as follows:

	September 30, 2017	September 30, 2016
GAIF beginning balance	$ 97	$ 1,180
Contributions to fund	500	15,000
Qualifying expenses	(550)	(16,083)
GAIF ending balance	$ 47	$ 97

NOTE 8 – OPERATING LEASES

The Organization has several operating lease arrangements for its office spaces in San Francisco (main office), San Jose, Santa Rosa, Fairfield and Walnut Creek, expiring at various dates through 2022.

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

Year ending September 30,

2018	$ 184,312
2019	175,376
2020	179,322
2021	184,702
2022	141,620
Total	$ 865,332

Rent expense for the years ended September 30, 2017 and 2016 was $165,898 and $143,589, respectively.