

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
FINANCIAL STATEMENTS  
For the year ended September 30, 2018  
with  
Independent Auditor's Report

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

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## **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, 2018 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, 2018, 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.

*Change in Accounting Principle*

As discussed in Note 2 to the financial statements, Greenbelt Alliance/People for Open Space, Inc. adopted a change in accounting principle for financial reporting, primarily related to the presentation of net assets and required disclosures related to liquidity and functional expenses. Our opinion is not modified with respect to that matter.

*Report on Summarized Comparative Information*

We have previously audited the Organization's September 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Novogradac & Company LLP*

Walnut Creek, California  
May 31, 2019

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
STATEMENT OF FINANCIAL POSITION  
September 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 445,510	\$ 583,189
Certificates of deposit	749,964	837,972
Accounts receivable	10,200	25,396
Prepaid expenses	120,074	92,479
Contributions receivable	16,666	452,016
Total current assets	1,342,414	1,991,052
Contributions receivable, net of current	-	16,666
Deposits	11,800	12,150
Managed investments	1,782,034	1,717,649
TOTAL ASSETS	\$ 3,136,248	\$ 3,737,517
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 87,819	\$ 62,601
Accrued payroll liabilities	48,885	97,203
Deferred rent	11,834	4,203
Unearned revenue	63,250	63,110
Total current liabilities	211,788	227,117
Net assets:		
Without donor restrictions:		
Available for operations	236,721	223,293
Designated for operating reserve	670,705	659,062
Designated for Greenbelt Alliance Initiative Fund	47	47
Designated for Quasi Endowment Fund	704,855	638,649
Total unrestricted	1,612,328	1,521,051
With donor restrictions	1,312,132	1,989,349
Total net assets	2,924,460	3,510,400
TOTAL LIABILITIES AND NET ASSETS	\$ 3,136,248	\$ 3,737,517

see accompanying notes

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

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018 (with comparative totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
<b>SUPPORT AND REVENUE</b>				
Contributions:				
Individual contributions	\$ 93,050	\$ 61,085	\$ 154,135	\$ 95,717
Workplace giving	702	-	702	5,085
Major donors	565,492	-	565,492	518,465
Business contributions	123,500	287,413	410,913	311,401
Foundation grants	-	411,000	411,000	1,207,670
Dedicated donations	3,500	-	3,500	43,488
Event revenue	287,198	50,433	337,631	411,027
Contracts and other fees:				
Contracts	197,614	-	197,614	134,532
Fees	13,955	-	13,955	9,392
Net (loss) gain from investment:				
Realized gains	52	-	52	627
Unrealized gains	113,214	-	113,214	144,608
Interest and dividends	48,590	-	48,590	44,331
Net assets released from restrictions:	1,487,148	(1,487,148)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,934,015</b>	<b>(677,217)</b>	<b>2,256,798</b>	<b>2,926,343</b>
<b>EXPENSES</b>				
Program services:				
Greenbelt Alliance operating programs				
Natural Landscapes	618,855	-	618,855	649,231
Local Farms & Ranches	219,654	-	219,654	233,862
Homes & Neighborhoods	530,194	-	530,194	502,197
San Francisco Housing Action Coalition	498,006	-	498,006	480,771
Total program services	1,866,709	-	1,866,709	1,866,061
Supporting services				
Management and general administration	331,454	-	331,454	217,175
Advancement	473,860	-	473,860	540,873
Total supporting services	805,314	-	805,314	758,048
<b>TOTAL EXPENSES</b>	<b>2,672,023</b>	<b>-</b>	<b>2,672,023</b>	<b>2,624,109</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>261,992</b>	<b>(677,217)</b>	<b>(415,225)</b>	<b>302,234</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,521,051</b>	<b>1,989,349</b>	<b>3,510,400</b>	<b>3,208,166</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,783,043</b>	<b>\$ 1,312,132</b>	<b>\$ 3,095,175</b>	<b>\$ 3,510,400</b>

see accompanying notes

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

For the year ended September 30, 2018 (with comparative totals for 2017)

	Program Services				Supporting Services				2018	2017
	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	\$ 418,374	\$ 149,957	\$ 352,493	\$ 285,980	\$ 1,206,804	\$ 106,539	\$ 227,508	\$ 334,047	\$ 1,540,851	1,577,179
Payroll taxes	34,554	12,385	29,113	21,740	97,792	8,799	18,790	27,589	125,381	126,840
Employee benefits	23,773	8,521	20,029	14,786	67,109	15,446	12,927	28,373	95,482	151,622
Worker's compensation insurance	2,296	823	1,934	1,594	6,647	585	1,248	1,833	8,480	7,458
Rent	81,291	29,136	68,496	6,000	184,923	15,679	33,481	49,160	234,083	165,898
Telephone	6,103	2,187	5,143	431	13,864	1,912	2,777	4,689	18,553	16,655
Utilities	246	88	208	-	542	-	-	-	542	590
Property insurance	3,595	1,289	3,029	2,418	10,331	898	2,018	2,916	13,247	11,816
Equipment	3,622	1,298	3,051	1,206	9,177	4,592	3,283	7,875	17,052	17,931
General and administrative expenses	17,829	6,486	15,057	7,277	46,649	14,453	35,525	49,978	96,627	99,149
Contributions	-	-	10,000	-	10,000	-	-	-	10,000	500
Depreciation	-	-	-	-	-	-	-	-	-	27,473
Events	578	190	1,092	88,072	89,932	-	63,630	63,630	153,562	134,304
Service charges and fees	-	-	110	14,000	14,110	-	74	74	14,184	9,392
Meetings and meals	2,993	1,427	2,675	14,622	21,717	13,152	872	14,024	35,741	29,621
Grants (Educational)	-	-	-	500	500	-	-	-	500	-
Training and conferences	1,302	1,445	1,165	178	4,090	145	93	238	4,328	5,956
Org donations & sponsorships	1,114	40	96	-	1,250	350	-	350	1,600	1,600
Travel	7,810	3,547	4,755	10,651	26,763	2,696	2,555	5,251	32,014	29,838
Professional services	7,698	235	10,335	23,461	41,729	126,048	62,541	188,589	230,318	123,159
Subcontractors	-	-	-	-	-	3,200	-	3,200	3,200	50,000
Accounting and legal	4,000	-	-	3,627	7,627	14,500	-	14,500	22,127	19,160
Design, photography, videography	1,677	600	1,413	1,463	5,153	2,460	6,538	8,998	14,151	17,968
Grant paid to SFHAC	-	-	-	170,715	170,715	-	-	-	170,715	-
<b>TOTAL</b>	<b>\$ 618,855</b>	<b>\$ 219,654</b>	<b>\$ 530,194</b>	<b>\$ 498,006</b>	<b>\$ 1,866,709</b>	<b>\$ 331,454</b>	<b>\$ 473,860</b>	<b>\$ 805,314</b>	<b>\$ 2,672,023</b>	<b>\$ 2,624,109</b>

see accompanying notes

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

**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (415,225)	\$ 302,234
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	-	27,473
Realized and unrealized gains	(113,266)	(145,235)
Decrease (increase) in assets:		
Accounts receivable	15,196	(8,644)
Prepaid expenses	(27,595)	(16,512)
Grants receivable	452,016	(218,682)
Deposits	350	-
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	25,218	20,645
Accrued payroll liabilities	(48,318)	15,826
Deferred rent	7,631	(8,009)
Unearned revenue	140	8,050
Net cash used in operating activities	(103,853)	(22,854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of certificates of deposit	88,586	216,643
Sales of managed investments	48,303	25,498
Net cash provided by investing activities	136,889	242,141
Net (decrease) increase in cash and cash equivalents	33,036	219,287
Cash and cash equivalents, beginning of year	583,189	363,902
Cash and cash equivalents, end of year	\$ 616,225	\$ 583,189

see accompanying notes



**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

**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. The Organization focuses on the following three main areas:

*Natural Landscapes* – One of the Organization’s long-term goals is to fully protect the region’s natural landscapes by 2035. By 2020, the Organization aspires to see the region reduce the amount of natural lands at risk of development by one-third and to increase the acreage subject to strong policy protections by 25%.

*Homes & Neighborhoods* – One of the Organization’s goals is to see all new development accommodated within existing communities. To make progress towards that goal, by 2022, the Organization aspires to see over 180,000 new homes planned for, permitted, or constructed within the Bay Area’s existing cities and towns in ways that are consistent with the affordability goals of California’s Regional Housing Needs Allocation.

*Local Farms & Ranches* – One of the Organization’s long-term goals is fully protecting the Bay Area’s working landscape of farms and ranches by 2035. By 2020, the Organization aspires to see the region reduce the amount of local farms and ranches at risk of development by one-third and to increase the acreage subject to strong policy protections by 25%.

**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:

**Net Assets without Donor Restrictions-** 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:

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

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

- **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 4).
- **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 4)
- **Net Assets with Donor Restrictions** - Net assets subject to donor-imposed stipulations. Net assets with donor restrictions consists of resources that are restricted by a donor for a particular purpose or in a particular future period and endowment funds. Endowment funds are 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 4).

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and revenue

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 net assets without donor restrictions or net assets with donor restrictions, 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

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

Contributions and revenue (continued)

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.

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, 2018 and 2017.

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 2% to 2.1% and have varying maturity dates during 2018 and 2019.

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, 2018 and 2017, 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, 2018 and 2017.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

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

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.

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 63.8% in stocks and 36.2% in bonds as of September 30, 2018.

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

**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.

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.

Change in accounting principle

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

Subsequent events

Subsequent events have been evaluated through May 31, 2019, 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, 2018

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$1,222,340 of financial assets available for general expenditure within one year of statement of financial position date. None of the financial assets included above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions includes the following:

	September 30, 2017	Additions	Released	September 30, 2018
Grants with use restrictions:				
SF Housing Action Coalition	\$ 202,884	\$ 398,931	\$ 601,815	\$ -
Solano County Orderly Growth Committee	10,833	120,000	120,833	10,000
Total grants with use restrictions	213,717	518,931	722,648	10,000
Grants with time restrictions:				
General Support	266,667	168,000	351,333	83,334
Homes & Neighborhoods	67,500	65,000	106,667	25,833
Natural Landscapes	384,083	58,000	306,500	135,583
Total grants with time restrictions	718,250	291,000	764,500	244,750
Permanent endowment funds	-	1,057,382	-	1,057,382
Total net assets with donor restrictions	\$ 931,967	\$ 1,867,313	\$ 1,487,148	\$ 1,312,132

Net assets with donor restrictions 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 did not have a stand-alone board but did have an advisory board and the director was an employee of the Organization. During the year ended September 30, 2018, SFHAC separated from the Organization, consequently, SFHAC accounts were zeroed out and \$170,715 of net assets were released to SFHAC. As of September 30, 2018, \$2,017 was payable to SFHAC.

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

**GREENBELT ALLIANCE/  
PEOPLE FOR OPEN SPACE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

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 net assets with donor restrictions (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 net assets with donor restrictions is classified as net assets without donor restrictions 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 Net Assets Without Donor Restrictions. Within Net Assets Without Donor Restrictions, 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.

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**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (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, 2018 and 2017 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, 2018 and 2017 is summarized as follows:

	<u>Quasi Endowment</u>	<u>Restricted</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Beginning balance at October 1, 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	<u>(78,306)</u>	<u>-</u>	<u>-</u>	<u>(78,306)</u>
Balance at September 30, 2017	638,649	-	1,057,382	1,696,031
Bequests and contributions	-	-	-	-
Investment return:				
Investment income	40,717	-	-	40,717
Realized and unrealized gains	113,162	-	-	113,162
5% of combined endowment appropriated for expenditure	<u>(87,673)</u>	<u>-</u>	<u>-</u>	<u>(87,673)</u>
Balance at September 30, 2018	<u>\$ 704,855</u>	<u>\$ -</u>	<u>\$ 1,057,382</u>	<u>\$ 1,762,237</u>



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**NOTE 5 – 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, 2018 and 2017 is summarized as follows:

	September 30, <u>2018</u>	September 30, <u>2017</u>
GAIF beginning balance	\$ 47	\$ 97
Contributions to fund	-	500
Qualifying expenses	-	<u>(550)</u>
GAIF ending balance	<u>\$ 47</u>	<u>\$ 47</u>

**NOTE 6 – 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,	
2019	\$ 175,376
2020	179,322
2021	184,702
2022	141,620
2023	<u>-</u>
Total	<u>\$ 681,020</u>

Rent expense for the years ended September 30, 2018 and 2017 was \$234,083 and \$165,898, respectively.