GREENBELT ALLIANCE/
PEOPLE FOR OPEN SPACE, INC.
FINANCIAL STATEMENTS
For the year ended September 30, 2019
with
Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors of

Greenbelt Alliance/People for Open Space, Inc.:

Report on the Financial Statements

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, 2019 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Changes in Accounting Principles

As discussed in Note 2 to the financial statements, Greenbelt Alliance/People for Open Space, Inc. adopted changes in accounting principles related to revenue recognition. Our opinion is not modified with respect to that matter.

Novogradac & Company LLP

Walnut Creek, California

January 31, 2020

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2019 (with comparative totals for 2018)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 660,190	$ 445,510
Certificates of deposit	-	749,964
Investments	7,569	-
Accounts receivable	26,087	10,200
Prepaid expenses	93,649	120,074
Contributions receivable	109,065	16,666
Total current assets	896,560	1,342,414
Deposits	17,511	11,800
Managed investments	1,798,541	1,782,034
TOTAL ASSETS	$ 2,712,612	$ 3,136,248
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 56,005	$ 87,819
Accrued payroll liabilities	43,643	48,885
Deferred rent	15,751	11,834
Unearned revenue	65,105	63,250
Total current liabilities	180,504	211,788
Net assets:		
Without donor restrictions:		
Available for operations	495,733	907,426
Designated for Greenbelt Alliance Initiative Fund	47	47
Designated for Quasi Endowment Fund	722,541	704,855
Total without donor restrictions	1,218,321	1,612,328
With donor restrictions:	1,313,787	1,312,132
Total net assets	2,532,108	2,924,460
TOTAL LIABILITIES AND NET ASSETS	$ 2,712,612	$ 3,136,248

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2019 (with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
SUPPORT AND REVENUE				
Contributions:				
Individual contributions	$ 90,682	$ -	$ 90,682	$ 154,135
Workplace giving	1,339	-	1,339	702
Major donors	427,167	-	427,167	565,492
Business contributions	164,765		164,765	410,913
Foundation grants	25,000	567,000	592,000	411,000
Dedicated donations	-	-	-	3,500
Event revenue	212,985	-	212,985	337,631
Contracts and other fees:				
Contracts	141,078	-	141,078	197,614
Fees	-	-	-	13,955
Net (loss) gain from investment:				
Realized gains	294	-	294	52
Unrealized gains	54,209	-	54,209	113,214
Interest and dividends	54,436	-	54,436	48,590
Miscellaneous income	714	-	714	-
Net assets released from restrictions	565,345	(565,345)	-	-
TOTAL SUPPORT AND REVENUE	1,738,014	1,655	1,739,669	2,256,798
EXPENSES				
Program services:				
Greenbelt Alliance operating programs				
Natural Landscapes	577,632	-	577,632	618,855
Local Farms & Ranches	219,260	-	219,260	219,654
Homes & Neighborhoods	482,548	-	482,548	530,194
San Francisco Housing Action Coalition	-	-	-	668,721
Total program services	1,279,440	-	1,279,440	2,037,424
Supporting services				
Management and general administration	391,561	-	391,561	331,454
Advancement	461,020	-	461,020	473,860
Total supporting services	852,581	-	852,581	805,314
TOTAL EXPENSES	2,132,021	-	2,132,021	2,842,738
INCREASE (DECREASE) IN NET ASSETS	(394,007)	1,655	(392,352)	(585,940)
NET ASSETS, BEGINNING OF YEAR	1,612,328	1,312,132	2,924,460	3,510,400
NET ASSETS, END OF YEAR	$ 1,218,321	$ 1,313,787	$ 2,532,108	$ 2,924,460

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2019 (with comparative totals for 2018)

	Program Services				Supporting Services			2019	2018
	Natural Landscapes	Local Farms & Ranches	Homes & Neighborhoods	Total Program Services	Management & General Administration	Advancement	Total Supporting Services	TOTAL	TOTAL
Salaries	$ 390,610	$ 150,198	$ 330,985	$ 871,793	$ 113,993	$ 209,106	$ 323,099	$ 1,194,892	$ 1,540,851
Payroll taxes	31,661	12,174	26,828	70,663	9,240	16,949	26,189	96,852	125,381
Employee benefits	36,332	13,970	30,785	81,087	18,361	19,449	37,810	118,897	95,482
Worker's compensation insurance	2,469	949	2,092	5,510	721	1,322	2,043	7,553	8,480
Rent	73,182	28,137	62,011	163,330	16,995	31,175	48,170	211,500	234,083
Telephone	5,290	2,034	4,482	11,806	2,156	2,578	4,734	16,540	18,553
Utilities	259	99	219	577	-	-	-	577	542
Property insurance	3,390	1,304	2,873	7,567	989	1,915	2,904	10,471	13,247
Equipment	575	221	487	1,283	1,031	1,109	2,140	3,423	17,052
General and administrative expenses	13,218	4,954	10,857	29,029	22,911	32,475	55,386	84,415	96,627
Contributions	-	-	200	200	-	-	-	200	10,000
Events	-	-	758	758	-	82,201	82,201	82,959	153,562
Service charges and fees	43	16	36	95	57	12	69	164	14,184
Meetings and meals	1,061	283	533	1,877	7,993	-	7,993	9,870	35,741
Grants (Educational)	-	-	-	-	-	-	-	-	500
Training and conferences	818	158	96	1,072	479	199	678	1,750	4,328
Org donations & sponsorships	-	-	-	-	-	-	-	-	1,600
Travel	5,268	2,501	4,260	12,029	1,771	3,476	5,247	17,276	32,014
Professional services	13,186	2,158	4,757	20,101	154,015	54,469	208,484	228,585	230,318
Subcontractors	-	-	-	-	16,200	-	16,200	16,200	3,200
Accounting and legal	-	-	-	-	19,247	-	19,247	19,247	22,127
Design, photography, videography	270	104	289	663	402	4,585	4,987	5,650	14,151
Grant paid to SFHAC	-	-	-	-	5,000	-	5,000	5,000	170,715
TOTAL	$ 577,632	$ 219,260	$ 482,548	$ 1,279,440	$ 391,561	$ 461,020	$ 852,581	$ 2,132,021	$ 2,842,738

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019 (with comparative totals for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (392,352)	$ (585,940)
Adjustments to reconcile decrease in net assets		
to net cash used in operating activities:		
Realized and unrealized gains	(54,503)	(113,266)
Decrease (increase) in assets:		
Accounts receivable	(15,887)	15,196
Prepaid expenses	26,425	(27,595)
Grants receivable	(92,399)	452,016
Deposits	(5,711)	350
(Decrease) increase in liabilities:		
Accounts payable and accrueed expenses	(31,814)	25,218
Accrued payroll liabilities	(5,242)	(48,318)
Deferred rent	3,917	7,631
Unearned revenue	1,855	140
Net cash used in operating activities	(565,711)	(274,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	750,358	88,586
Purchase of investments	(7,569)	-
Sales of managed investments	37,602	48,303
Net cash provided by investing activities	780,391	136,889
Net increase in cash and cash equivalents	214,680	(137,679)
Cash and cash equivalents at beginning of year	445,510	583,189
Cash and cash equivalents at end of year	$ 660,190	$ 445,510

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 land at risk of development by one-third and to increase the acreage subject to strong policy protections by 25%.

Homes and 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 Allocations.

Local Farms & Ranches – One of the Organization's 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 art risk of development by one-third and to increase the acreage subject to strong policy protections by 25%.

2. Summary of significant accounting policies and nature of operations

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.

2. Summary of significant accounting policies and nature of operations (continued)

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 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 and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors of the Organization's (the "Board") goal is to establish a reserve at an amount equal to approximately 3.5 months of operating expenses (excluding certain activities supported by restricted contributions). The Board has designated portions of this class of net assets, as follows:

- **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).

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.

2. Summary of significant accounting policies and nature of operations (continued)

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration 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, 2019.

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.

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.

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. As of September 30, 2019, $330,000 has been recognized as revenue. 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 service revenue is recognized when the identified performance obligations under the identified contract are satisfied based on the allocation of the determined transaction price to the performance obligation. Judgement regarding costs incurred to fulfill performance obligations is based on management's interpretation of terms and conditions outlined in the underlying contract.

2. Summary of significant accounting policies and nature of operations (continued)

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, 2019 and 2018.

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.

Certificates of deposit

Certificates of deposit are held for investments with original maturities greater than three months. The certificates of deposit earned interest ranging from 2% to 2.1% and had varying maturity dates during 2019.

Contributions and accounts receivable

Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2019 and 2018, the allowance for doubtful accounts was $0.

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.

2. Summary of significant accounting policies and nature of operations (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.

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 managed investments are held in index funds, with an asset mix of 63.6% in stocks and 36.4% in bonds as of September 30, 2019**.**

Deferred rent

The Organization's corporate office is 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.

2. Summary of significant accounting policies and nature of operations (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.

Change in accounting principles

On October 1, 2019, the Organization adopted new accounting standards that effects the accounting for revenue. The Organization derives contract revenue from certain exchange transactions and contributions. Adopting these standards did not have a significant impact on the financial statements.

3. Liquidity and availability of financial assets

The Organization has $802,911 of financial assets available for general expenditure within one year of the statement of financial position date. None of the financial assets included below 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.

The following represents the Organization's financial assets at September 30, 2019:

Financial assets	
Cash and cash equivalents	$ 660,190
Securities	7,569
Accounts receivable	26,087
Grants receivable	109,065
Financial assets available to meet general expenditures over the next 12 months	$ 802,911

3. Liquidity and availability of financial assets (continued)

The Organization's goal is generally to maintain financial assets to meet 3.5 months of operating expenses (approximately $700,000). As of September 30, 2019, net assets available for operations totaled $495,733. In addition, net assets with timing or use related donor restrictions totaling $256,405 are expected to become available in the next 12 months. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

4. Net assets with donor restrictions

Net assets with donor restrictions includes the following:

	September 30, 2018	Additions	Released	September 30, 2019
Grants with use restrictions:				
Solano County Orderly Growth Committee	$ 10,000	$ 120,000	$ 120,000	$ 10,000
Total grants with use restrictions	10,000	120,000	120,000	10,000
Grants with time restrictions:				
General Support	83,334	80,000	155,000	8,334
Homes & Neighborhoods	25,833	239,500	131,548	133,785
Natural Landscapes	135,583	127,500	158,797	104,286
Total grants with time restrictions	244,750	447,000	445,345	246,405
Permanent endowment funds	1,057,382	-	-	1,057,382
Total net assets with donor restrictions	$ 1,312,132	$ 567,000	$ 565,345	$ 1,313,787

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.

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.

4. Net assets with donor restrictions (continued)

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. The Quasi Endowment Funds are classified with net assets without donor restrictions. 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.

4. Net assets with donor restrictions (continued)

(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, 2019 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 year ended September 30, 2019 is summarized as follows:

	Quasi Endowment	Permanent Endowment	Combined Endowment
Balance at September 30, 2018	704,855	1,057,382	1,762,237
Bequests and contributions	-	-	-
Investment return:			
Investment income	37,761	-	37,761
Realized and unrealized gains	53,915	-	53,915
5% of combined endowment appropriated for expenditure	(73,990)	-	(73,990)
Balance at September 30, 2019	$ 722,541	$ 1,057,382	$ 1,779,923

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. As of September 30, 2019, the Greenbelt Alliance Initiative Fund had a balance of $47.

6. Operating leases

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

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

Year ending September 30,

2020	$	121,924
2021		113,868
2022		87,315
Total	$	323,107

Rent expense for the year ended September 30, 2019 was $211,500.

7. Subsequent events

Subsequent events have been evaluated through January 31, 2020, which is the date the financial statements were available to be issued. The following is a summary of significant transactions through January 31, 2020:

As of January 31, 2020, the Organization has entered into a modified lease agreement for its San Francisco office wherein the existing premises was reduced from 4,415 rentable square feet to 2,722 rentable square feet. Since base rent is calculated by taking the square footage and multiplying it by a set dollar amount, the Organization expects to save approximately $182,000 over the term of the lease.

As of January 31, 2020, $25,495 of the September 30, 2019 accounts receivable balance has been collected.

As of January 31, 2020, $9,065 of the September 30, 2019 contributions receivable balance has been collected.