

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

**Financial Statements with Independent Auditor's Report
For the year ended September 30, 2020**



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, 2020 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 related to revenue recognition. Our opinion is not modified with respect to that matter.

Novogradac & Company LLP

Walnut Creek, California

February 8, 2021

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

September 30, 2020 (with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,138,858	\$ 660,190
Investments	-	7,569
Accounts receivable	-	26,087
Prepaid expenses	17,416	93,649
Contributions receivable	-	109,065
Total current assets	<u>2,156,274</u>	<u>896,560</u>
Deposits	13,341	17,511
Managed investments	<u>1,932,344</u>	<u>1,798,541</u>
TOTAL ASSETS	<u>\$ 4,101,959</u>	<u>\$ 2,712,612</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,518	\$ 56,005
Accrued payroll liabilities	90,099	43,643
Deferred rent	837	15,751
Unearned revenue	-	65,105
Paycheck Protection Program loan	<u>59,262</u>	<u>-</u>
Total current liabilities	<u>170,716</u>	<u>180,504</u>
Long-term liabilities:		
Paycheck Protection Program loan	<u>177,787</u>	<u>-</u>
Total liabilities	<u>348,503</u>	<u>180,504</u>
Net assets:		
Without donor restrictions:		
Available for operations	830,711	495,733
Designated for Greenbelt Alliance Initiative Fund	47	47
Designated for Quasi Endowment Fund	<u>1,630,038</u>	<u>722,541</u>
Total without donor restrictions	<u>2,460,796</u>	<u>1,218,321</u>
With donor restrictions:	<u>1,292,660</u>	<u>1,313,787</u>
Total net assets	<u>3,753,456</u>	<u>2,532,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,101,959</u>	<u>\$ 2,712,612</u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020 (with comparative totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE				
Contributions:				
Individual contributions	\$ 91,640	\$ -	\$ 91,640	\$ 90,682
Workplace giving	7,288	-	7,288	1,339
Major donors	447,901	-	447,901	427,167
Business contributions	18,907	-	18,907	164,765
Foundation grants	10,000	415,000	425,000	592,000
Dedicated donations	1,467,221	-	1,467,221	-
Event revenue	345,904	-	345,904	212,985
Contracts and other fees:				
Contracts	13,680	-	13,680	141,078
Net (loss) gain from investment:				
Realized gains	(20)	-	(20)	294
Unrealized gains	162,196	-	162,196	54,209
Interest and dividends	44,501	-	44,501	54,436
Miscellaneous income	20	-	20	714
Net assets released from restrictions	436,127	(436,127)	-	-
TOTAL SUPPORT AND REVENUE	3,045,365	(21,127)	3,024,238	1,739,669
EXPENSES				
Program services:				
Greenbelt Alliance operating programs				
Natural Landscapes	172,144	-	172,144	577,632
Local Farms & Ranches	172,144	-	172,144	219,260
Homes & Neighborhoods	723,050	-	723,050	482,548
Total program services	1,067,338	-	1,067,338	1,279,440
Supporting services				
Management and general administration	194,339	-	194,339	391,561
Advancement	541,213	-	541,213	461,020
Total supporting services	735,552	-	735,552	852,581
TOTAL EXPENSES	1,802,890	-	1,802,890	2,132,021
INCREASE (DECREASE) IN NET ASSETS	1,242,475	(21,127)	1,221,348	(392,352)
NET ASSETS, BEGINNING OF YEAR	1,218,321	1,313,787	2,532,108	2,924,460
NET ASSETS, END OF YEAR	\$ 2,460,796	\$ 1,292,660	\$ 3,753,456	\$ 2,532,108

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2020 (with comparative totals for 2019)

	Program Services				Supporting Services			2020	2019
	Natural Landscapes	Local Farms & Ranches	Homes & Neighborhoods	Total Program Services	Management & General Administration	Advancement	Total Supporting Services	TOTAL	TOTAL
Salaries	\$ 108,021	\$ 108,021	\$ 439,918	\$ 655,960	\$ 92,248	\$ 339,620	\$ 431,868	\$ 1,087,828	\$ 1,194,892
Payroll taxes	8,354	8,354	34,020	50,728	7,133	26,264	33,397	84,125	96,852
Employee benefits	10,277	10,277	41,854	62,408	8,777	32,311	41,088	103,496	118,897
Worker's compensation insurance	979	979	3,986	5,944	835	3,077	3,912	9,856	7,553
Rent	13,897	13,897	56,594	84,388	11,866	43,691	55,557	139,945	211,500
Telephone	682	682	2,776	4,140	582	2,143	2,725	6,865	16,540
Utilities	11	11	45	67	9	35	44	111	577
Property insurance	945	945	3,848	5,738	807	2,971	3,778	9,516	10,471
Equipment	768	768	3,127	4,663	655	2,413	3,068	7,731	3,423
General and administrative expenses	7,130	7,130	29,038	43,298	6,089	22,417	28,506	71,804	84,415
Contributions	-	-	22,000	22,000	-	-	-	22,000	200
Events	7,426	7,426	30,242	45,094	6,342	23,347	29,689	74,783	82,959
Service charges and fees	-	-	-	-	-	-	-	-	164
Meetings and meals	432	432	1,758	2,622	369	1,357	1,726	4,348	9,870
Grants (Educational)	-	-	-	-	12,500	-	12,500	12,500	-
Training and conferences	226	226	921	1,373	193	711	904	2,277	1,750
Travel	747	747	3,041	4,535	638	2,347	2,985	7,520	17,276
Professional services	10,481	10,481	42,683	63,645	8,950	32,952	41,902	105,547	228,585
Subcontractors	-	-	-	-	13,600	-	13,600	13,600	16,200
Accounting and legal	-	-	-	-	21,236	-	21,236	21,236	19,247
Design, photography, videography	1,768	1,768	7,199	10,735	1,510	5,557	7,067	17,802	5,650
Grant paid to SFHAC	-	-	-	-	-	-	-	-	5,000
TOTAL	\$ 172,144	\$ 172,144	\$ 723,050	\$ 1,067,338	\$ 194,339	\$ 541,213	\$ 735,552	\$ 1,802,890	\$ 2,132,021

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020 (with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,221,348	\$ (392,352)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gains	(162,176)	(54,503)
Decrease (increase) in assets:		
Accounts receivable	26,087	(15,887)
Prepaid expenses	76,233	26,425
Grants receivable	109,065	(92,399)
Deposits	4,170	(5,711)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(35,487)	(31,814)
Accrued payroll liabilities	46,456	(5,242)
Deferred rent	(14,914)	3,917
Unearned revenue	(65,105)	1,855
Net cash provided by (used in) operating activities	<u>1,205,677</u>	<u>(565,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	130	750,358
Purchase of investments	-	(7,569)
Sale of investments	7,567	-
Sales of managed investments	71,531	77,793
Purchases of managed investments	<u>(43,286)</u>	<u>(40,191)</u>
Net cash provided by investing activities	<u>35,942</u>	<u>780,391</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Paycheck Protection Program loan	<u>237,049</u>	<u>-</u>
Net increase in cash and cash equivalents	1,478,668	214,680
Cash and cash equivalents at beginning of year	<u>660,190</u>	<u>445,510</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,138,858</u></u>	<u><u>\$ 660,190</u></u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, and its main office is in San Francisco, 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 at risk of development by one-third and to increase the acreage subject to strong policy protections by 25%.

In 2020, the Organization undertook a strategic planning process that resulted in an updated mission and program areas. The Organization’s new mission is to educate, advocate, and collaborate to ensure the Bay Area’s lands and communities are resilient to a changing climate. Program areas that will be reflected in the 2021 Workplan and budget are Climate Risk Research, Accelerating Climate Resilience, and Climate Smart Development.

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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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

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 and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors (the "Board") of the Organization's 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).

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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

Cash and cash equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk

Financial instruments that potentially subject the Organization to 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, 2020.

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. During the year ended September 30, 2020, the Organization disposed of fully depreciated fixed assets of \$26,722 .

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. The grant is conditioned upon the amount of San Francisco Municipal waste that will be disposed of at the Hay Road landfill. As of September 30, 2020, \$360,000 has been recognized as revenue as the conditions are met.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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

Contributions and revenue (continued)

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.

In-kind contributions

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. No such contributions were recognized during the year ended September 30, 2020.

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.

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, 2020, 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 hierarchical 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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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 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 63.4% in stocks and 36.6% in bonds as of September 30, 2020.

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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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.

Reclassifications

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

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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

Change in accounting principle

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

3. Liquidity and availability of financial assets

The following represents the Organization's financial assets at September 30, 2020:

Financial assets

Cash and cash equivalents	\$ 2,138,858
Deposits	13,341
Investments	<u>1,932,344</u>
Financial assets, at year end	4,084,543
Add those available for general expenditure within one year due to:	
Time restricted funds available within one year	-
Less those unavailable for general expenditures within one year due to:	
Total net assets with donor restrictions	<u>(1,292,660)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,791,883</u>

The Organization's goal is generally to maintain financial assets to meet 3.5 months of operating expenses (approximately \$612,854). As of September 30, 2020, net assets available for operations totaled \$830,711. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

4. Net assets with donor restrictions

Net assets with donor restrictions includes the following:

	September 30, 2019	Additions	Released	September 30, 2020
Grants with use restrictions:				
Solano County Orderly Growth Committee	\$ 10,000	\$ 120,000	\$ 90,000	\$ 40,000
Total grants with use restrictions	10,000	120,000	90,000	40,000
Grants with time restrictions:				
General Support	8,334	65,000	62,500	10,834
Homes & Neighborhoods	133,785	140,000	183,508	90,277
Natural Landscapes	<u>104,286</u>	<u>90,000</u>	<u>100,119</u>	<u>94,167</u>
Total grants with time restrictions	246,405	295,000	346,127	195,278
Permanent endowment funds	<u>1,057,382</u>	-	-	<u>1,057,382</u>
Total net assets with donor restrictions	<u>\$ 1,313,787</u>	<u>\$ 415,000</u>	<u>\$ 436,127</u>	<u>\$ 1,292,660</u>

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.

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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

4. Net assets with donor restrictions (continued)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as 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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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 year ended September 30, 2020 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, 2020 is summarized as follows:

	<u>Quasi Endowment</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Balance at September 30, 2019	722,541	1,057,382	1,779,923
Bequests and contributions	1,000,000	-	1,000,000
Investment return:			
Investment income	43,117	-	43,117
Realized and unrealized gains	162,216	-	162,216
5% of combined endowment appropriated for expenditure	<u>(297,836)</u>	<u>-</u>	<u>(297,836)</u>
Balance at September 30, 2020	<u>\$ 1,630,038</u>	<u>\$ 1,057,382</u>	<u>\$ 2,687,420</u>

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, 2020, the Greenbelt Alliance Initiative Fund had a balance of \$47.

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NOTES TO FINANCIAL STATEMENTS

September 30, 2020

6. Operating leases

The Organization has operating lease arrangements for its office space in San Francisco (main office), expiring through 2022.

Future minimum required rental payments under the lease are as follows:

Year ending September 30,

2021	\$	111,398
2022		<u>87,315</u>
Total	\$	<u>198,713</u>

Rent expense for the year ended September 30, 2020 was \$139,945.

7. Notes payable

Paycheck Protection Program Loan

On April 8, 2020, the Organization obtained a loan from the First Northern Bank Dixon in the amount of \$237,049 (the “PPP Loan”). The PPP Loan was obtained pursuant to the paycheck protection program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the paycheck protection program, part or all of the PPP Loan will be forgiven if the funds are used to pay qualified payroll or overhead costs. Any non-forgiven amounts will be treated as a loan and will be subject to an interest rate of 1% per annum. The PPP Loan matures on March 8, 2022 and requires monthly principal and interest payments of \$13,331.59 which were to begin on October 8, 2020. Pursuant to the Paycheck Protection Program Flexibility Act of 2020 (“PPP Flexibility Act”), the deferral period has been extended to 10 months from the end of the 24-week period following the funding of the PPP Loan. Management anticipates 100% of the PPP Loan will be forgiven.

8. Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Organization’s operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Organization’s programs, all of which are uncertain and cannot be predicted. The Organization’s future results could be adversely impacted by delays in pledge and grant collections. Management is unable to predict with absolutely certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

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9. Subsequent events

Subsequent events have been evaluated through February 8, 2021, which is the date the financial statements were available to be issued. The following is a summary of significant transactions through February 8, 2021:

As of February 8, 2021, the full PPP loan amount of \$237,049 from the First Northern Bank Dixon has been forgiven.