

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

**Financial Statements with Independent Auditor's Report
For the year ended September 30, 2021**

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, 2021 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, 2021, 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Walnut Creek, California
REPORT DATE

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2021 (with comparative totals for 2020)

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	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,696,857	\$ 2,138,858
Accounts receivable	35,750	-
Prepaid expenses	6,489	17,416
Total current assets	<u>1,739,096</u>	<u>2,156,274</u>
Deposits	26,557	13,341
Managed investments	<u>3,013,019</u>	<u>1,932,344</u>
 TOTAL ASSETS	 <u>\$ 4,778,672</u>	 <u>\$ 4,101,959</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 135,667	\$ 20,518
Accrued payroll liabilities	106,159	90,099
Deferred rent	2,507	837
Paycheck Protection Program loan	-	59,262
Total current liabilities	<u>244,333</u>	<u>170,716</u>
Long-term liabilities:		
Paycheck Protection Program loan	-	177,787
Total liabilities	<u>244,333</u>	<u>348,503</u>
Net assets:		
Without donor restrictions:		
Available for operations	1,290,051	830,711
Designated for Greenbelt Alliance Initiative Fund	793	47
Designated for Quasi Endowment Fund	1,946,946	1,630,038
Total without donor restrictions	<u>3,237,790</u>	<u>2,460,796</u>
With donor restrictions:		
Temporarily restricted	239,167	235,278
Permanently restricted	1,057,382	1,057,382
Total with donor restrictions	<u>1,296,549</u>	<u>1,292,660</u>
Total net assets	<u>4,534,339</u>	<u>3,753,456</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,778,672</u>	 <u>\$ 4,101,959</u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2021 (with comparative totals for 2020)

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	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
SUPPORT AND REVENUE				
Contributions:				
Individual contributions	\$ 98,741	\$ -	\$ 98,741	\$ 91,640
Workplace giving	6,021	-	6,021	7,288
In-Kind Donations	34,573	-	34,573	-
Major donors	588,296	-	588,296	447,901
Business contributions	8,250	-	8,250	18,907
Foundation grants	-	445,000	445,000	425,000
PPP loan forgiveness	474,099	-	474,099	-
Dedicated donations	214,846	-	214,846	1,467,221
Event revenue	348,477	-	348,477	345,904
Contracts and other fees:				
Contracts	11,810	-	11,810	13,680
Net gain (loss) from investment:				
Realized gains	-	-	-	(20)
Unrealized gains	396,531	-	396,531	162,196
Interest and dividends	77,584	-	77,584	44,501
Miscellaneous income	500	-	500	20
Net assets released from restrictions	441,111	(441,111)	-	-
TOTAL SUPPORT AND REVENUE	2,700,839	3,889	2,704,728	3,024,238
EXPENSES				
Program services:				
Greenbelt Alliance operating programs				
Natural Landscapes	-	-	-	172,144
Local Farms & Ranches	-	-	-	172,144
Homes & Neighborhoods	-	-	-	723,050
Accelerating Climate Resilience	840,204	-	840,204	-
Climate Risk Research	206,877	-	206,877	-
Climate Smart Development	225,102	-	225,102	-
Total program services	1,272,183	-	1,272,183	1,067,338
Supporting services				
Management and general administration	178,538	-	178,538	194,339
Advancement	473,124	-	473,124	541,213
Total supporting services	651,662	-	651,662	735,552
TOTAL EXPENSES	1,923,845	-	1,923,845	1,802,890
INCREASE IN NET ASSETS	776,994	3,889	780,883	1,221,348
NET ASSETS, BEGINNING OF YEAR	2,460,796	1,292,660	3,753,456	2,532,108
NET ASSETS, END OF YEAR	\$ 3,237,790	\$ 1,296,549	\$ 4,534,339	\$ 3,753,456

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2021 (with comparative totals for 2020)

	Program Services				Supporting Services			2021	2020
	Accelerating Climate Resilience	Climate Risk Research	Climate Smart Development	Total Program Services	Management & General Administration	Advancement	Total Supporting Services	TOTAL	TOTAL
Salaries	\$ 518,550	\$ 128,445	\$ 137,433	\$ 784,428	\$ 59,501	\$ 293,751	\$ 353,252	\$ 1,137,680	\$ 1,087,828
Payroll taxes	38,070	9,430	10,090	57,590	4,367	21,566	25,933	83,523	84,125
Employee benefits	59,238	14,673	15,700	89,611	6,797	33,557	40,354	129,965	103,496
Worker's compensation insurance	3,574	885	947	5,406	410	2,025	2,435	7,841	9,856
Rent	60,248	14,923	15,967	91,138	6,913	34,129	41,042	132,180	139,945
Telephone	517	128	137	782	59	293	352	1,134	6,865
Utilities	152	38	40	230	17	86	103	333	111
Property insurance	4,434	1,098	1,175	6,707	509	2,512	3,021	9,728	9,516
Equipment	5,562	1,378	1,474	8,414	638	3,151	3,789	12,203	7,731
General and administrative expenses	33,297	8,248	8,825	50,370	3,822	18,862	22,684	73,054	71,804
Contributions	-	-	-	-	-	-	-	-	22,000
Events	13,943	3,453	3,695	21,091	1,600	7,898	9,498	30,589	74,783
Service charges and fees	3,031	751	803	4,585	348	1,717	2,065	6,650	-
Meetings and meals	1,384	343	367	2,094	159	784	943	3,037	4,348
Grants (Educational)	2,500	-	3,750	6,250	-	-	-	6,250	12,500
Training and conferences	1,660	411	440	2,511	190	940	1,130	3,641	2,277
Travel	702	174	186	1,062	80	398	478	1,540	7,520
Professional services	81,720	20,242	21,658	123,620	9,377	46,293	55,670	179,290	105,547
Subcontractors	2,500	-	-	2,500	325	-	325	2,825	13,600
Accounting and legal	-	-	-	-	82,380	-	82,380	82,380	21,236
Design, photography, videography	9,122	2,257	2,415	13,794	1,046	5,162	6,208	20,002	17,802
TOTAL	\$ 840,204	\$ 206,877	\$ 225,102	\$ 1,272,183	\$ 178,538	\$ 473,124	\$ 651,662	\$ 1,923,845	\$ 1,802,890

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021 (with comparative totals for 2020)

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 780,883	\$ 1,221,348
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Paycheck Protection Program forgiveness	(474,099)	-
Realized and unrealized gains	(396,531)	(162,176)
(Increase) decrease in assets:		
Accounts receivable	(35,750)	26,087
Prepaid expenses	10,927	76,233
Grants receivable	-	109,065
Deposits	(13,216)	4,170
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	115,149	(35,487)
Accrued payroll liabilities	16,060	46,456
Deferred rent	1,670	(14,914)
Unearned revenue	-	(65,105)
Net cash provided by operating activities	<u>5,093</u>	<u>1,205,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	-	130
Sale of investments	-	7,567
Sales of managed investments	-	71,531
Purchases of managed investments	<u>(684,144)</u>	<u>(43,286)</u>
Net cash (used in) provided by investing activities	<u>(684,144)</u>	<u>35,942</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Paycheck Protection Program loan	<u>237,050</u>	<u>237,049</u>
Net cash provided by financing activities	<u>237,050</u>	<u>237,049</u>
Net (decrease) increase in cash and cash equivalents	(442,001)	1,478,668
Cash and cash equivalents at beginning of year	<u>2,138,858</u>	<u>660,190</u>
Cash and cash equivalents at end of year	<u>\$ 1,696,857</u>	<u>\$ 2,138,858</u>

see accompanying notes

1. Organization

Greenbelt Alliance/People for Open Space, Inc. (the “Organization”) is focused on addressing a major problem facing the Bay Area: we aren’t ready for climate change. Over Greenbelt Alliance’s 60-year history, we have stewarded this region’s beautiful natural landscapes while promoting the growth needed for thriving communities for generations to come. As a result, today, almost 3.3 million acres of the Bay Area’s nine counties are protected open spaces.

Today, we are leveraging our expertise in land-use policy advocacy and regional collaboration to realize a climate-resilient Bay Area. To us, this looks like communities and people thriving in the places they live, work, and play. Staying safe during climate disasters. Connecting with open spaces in new and powerful ways. Suffering less and recovering quickly after the next wildfire, flood, or drought. All thanks to equitable solutions drawing on the powerful role of nature. Operations are primarily supported through grants and contributions. The Organization focuses on the following three main areas:

Climate Risk Research – We’re producing original research that will guide regional conservation and land-use advocacy, that will in turn create policies that incorporate climate risks and adaptation measures, while avoiding development in high-risk areas.

Accelerating Climate Resilience – We’re developing planning guidance, innovative policy strategies, and key partnerships that will bolster capacity and support local and regional efforts to implement equitable, climate-resilient land-use decisions.

Climate Smart Development – We’ll promote equitable, climate resilience through Sustainable, Mixed, Affordable, Resilient, Transit-Oriented development within existing urban and suburban areas.

In 2020, the Organization undertook a strategic planning process the resulted in an updated mission and program areas, resulting in the program areas listed above. For the year ended September 30, 2020, the Organization focused on the following three main areas:

1. Organization (continued)

Natural Landscapes – One of the Organization’s long-term goals is to fully protect the region’s natural landscapes by 2035. By 2021, 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 2021, 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%.

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.

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:

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

Basis of presentation (continued)

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).

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, 2021.

2. Summary of significant accounting policies and nature of operations (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. During the year ended September 30, 2021, the Organization disposed of fully depreciated fixed assets of \$9,005.

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.

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. Judgment 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. \$34,573 has been received and recognized during the year ended September 30, 2021.

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, 2021, 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.

The following tables present the Organization's investments that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30, 2021:

	September 30, 2021			Fair Value Measurements
	Level 1	Level 2	Level 3	
Assets				
Vanguard funds				
Balanced index fund	\$ 2,724,727	\$ -	\$ -	\$ 2,724,727
Tot international stock lx	280,201	-	-	280,201
Total Vanguard funds	3,004,928	-	-	3,004,928
Total assets	\$ 3,004,928	\$ -	\$ -	\$ 3,004,928

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

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.

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.

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, 2020, from which the summarized information was derived.

Subsequent events

Subsequent events have been evaluated through REPORT DATE, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

The following represents the Organization's financial assets at September 30, 2021:

Financial assets

Cash and cash equivalents	\$ 1,696,857
Accounts receivable	35,750
Deposits	26,557
Investments	<u>3,013,019</u>
Financial assets, at year end	4,772,183
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>(1,296,549)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 3,475,634</u>

The Organization's goal is generally to maintain financial assets to meet 3.5 months of operating expenses. As of September 30, 2021, net assets available for operations totaled \$1,290,051. 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, 2021

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4. Net assets with donor restrictions

Net assets with donor restrictions includes the following:

	September 30, 2020	Additions	Released	September 30, 2021
Grants with use restrictions:				
Solano County Orderly Growth Committee	\$ 40,000	\$ -	\$ 40,000	\$ -
Total grants with use restrictions	40,000	-	40,000	-
Grants with time restrictions:				
General Support	10,834	370,000	287,500	93,334
Homes & Neighborhoods	90,277	5,000	28,611	66,666
Natural Landscapes	94,167	70,000	85,000	79,167
Total grants with time restrictions	195,278	445,000	401,111	239,167
Permanent endowment funds	1,057,382	-	-	1,057,382
Total net assets with donor restrictions	\$ 1,292,660	\$ 445,000	\$ 441,111	\$ 1,296,549

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.

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, 2021

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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, 2021 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, 2021 is summarized as follows:

	<u>Quasi Endowment</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Balance at September 30, 2020	1,630,038	1,057,382	2,687,420
Bequests and contributions	-	-	-
Investment return:			
Investment income	77,584	-	77,584
Realized and unrealized gains	396,531	-	396,531
5% of combined endowment appropriated for expenditure	(157,207)	-	(157,207)
Balance at September 30, 2021	\$ 1,946,946	\$ 1,057,382	\$ 3,004,328

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, 2021, the Greenbelt Alliance Initiative Fund had a balance of \$793.

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,

2022	\$	<u>87,315</u>
Total	\$	<u>87,315</u>

Rent expense for the year ended September 30, 2021 was \$132,181.

7. Notes payablePaycheck 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. On November 10, 2020, the loan was forgiven in full.

On January 26, 2021, the Organization obtained a second loan from the First Northern Bank of Dixon in the amount of \$237,050 (the “2nd PPP loan”). The 2nd PPP loan matures on January 26, 2026 and bears interest of 1% per annum. As of September 30, 2021, the full amount has been 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 absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.