



GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

**Financial Statements with Independent Auditor's Report
For the year ended September 30, 2022**



Independent Auditor's Report

To the Board of Directors of

Greenbelt Alliance/People for Open Space, Inc.:

Opinion

We have audited the accompanying financial statements of Greenbelt Alliance/People for Open Space, Inc., a California non-profit public benefit organization, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenbelt Alliance/People for Open Space, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenbelt Alliance/People for Open Space, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greenbelt Alliance/People for Open Space, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenbelt Alliance/People for Open Space, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's September 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Walnut Creek, CA

April 4, 2023

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2022 (with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,332,356	\$ 1,696,857
Accounts receivable	-	35,750
Prepaid expenses	30,727	6,489
Total current assets	<u>1,363,083</u>	<u>1,739,096</u>
Deposits	31,782	26,557
Managed investments	<u>2,741,496</u>	<u>3,013,019</u>
 TOTAL ASSETS	 <u>\$ 4,136,361</u>	 <u>\$ 4,778,672</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,403	\$ 135,667
Accrued payroll liabilities	111,327	106,159
Deferred rent	-	2,507
Total liabilities	<u>129,730</u>	<u>244,333</u>
Net assets:		
Without donor restrictions:		
Available for operations	1,084,903	1,290,051
Designated for Greenbelt Alliance Initiative Fund	-	793
Designated for Quasi Endowment Fund	1,683,513	1,946,946
Total without donor restrictions	<u>2,768,416</u>	<u>3,237,790</u>
With donor restrictions:		
Temporarily restricted	180,833	239,167
Permanently restricted	1,057,382	1,057,382
Total with donor restrictions	<u>1,238,215</u>	<u>1,296,549</u>
Total net assets	<u>4,006,631</u>	<u>4,534,339</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,136,361</u>	 <u>\$ 4,778,672</u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022 (with comparative totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
SUPPORT AND REVENUE				
Contributions:				
Individual contributions	\$ 94,641	\$ -	\$ 94,641	\$ 98,741
Workplace giving	4,782	-	4,782	6,021
In-kind donations	-	-	-	34,573
Major donors	582,756	-	582,756	588,296
Business contributions	37,468	-	37,468	8,250
Foundation grants	12,499	360,000	372,499	445,000
PPP loan forgiveness	-	-	-	474,099
Bequest donations	300,000	-	300,000	-
Dedicated donations	166,914	-	166,914	214,846
Event revenue	381,995	-	381,995	348,477
Contracts and other fees:				
Contracts	802	-	802	11,810
Net gain (loss) from investment:				
Realized gains	52,658	-	52,658	-
Unrealized (losses) gains	(675,907)	-	(675,907)	396,531
Interest and dividends	55,386	-	55,386	77,584
Miscellaneous income	2,015	-	2,015	500
Net assets released from restrictions	418,334	(418,334)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,434,343</u>	<u>(58,334)</u>	<u>1,376,009</u>	<u>2,704,728</u>
EXPENSES				
Program services:				
Greenbelt Alliance operating programs				
Accelerating Climate Resilience	616,015	-	616,015	840,204
Climate Risk Research	183,080	-	183,080	206,877
Climate Smart Development	368,156	-	368,156	225,102
Total program services	<u>1,167,251</u>	<u>-</u>	<u>1,167,251</u>	<u>1,272,183</u>
Supporting services				
Management and general administration	247,585	-	247,585	178,538
Advancement	488,881	-	488,881	473,124
Total supporting services	<u>736,466</u>	<u>-</u>	<u>736,466</u>	<u>651,662</u>
TOTAL EXPENSES	<u>1,903,717</u>	<u>-</u>	<u>1,903,717</u>	<u>1,923,845</u>
CHANGE IN NET ASSETS	<u>(469,374)</u>	<u>(58,334)</u>	<u>(527,708)</u>	<u>780,883</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,237,790</u>	<u>1,296,549</u>	<u>4,534,339</u>	<u>3,753,456</u>
NET ASSETS, END OF YEAR	<u>\$ 2,768,416</u>	<u>\$ 1,238,215</u>	<u>\$ 4,006,631</u>	<u>\$ 4,534,339</u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022 (with comparative totals for 2021)

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2022	2021
	Accelerating Climate Resilience	Climate Risk Research	Climate Smart Development		Management & General Administration	Advancement		TOTAL	TOTAL
Salaries	\$ 432,382	\$ 129,191	\$ 259,789	\$ 821,362	\$ 136,644	\$ 344,978	\$ 481,622	\$ 1,302,984	\$ 1,137,680
Payroll taxes	35,276	10,540	21,195	67,011	11,147	28,147	39,294	106,305	83,523
Employee benefits	38,194	11,412	22,948	72,554	12,070	30,474	42,544	115,098	129,965
Worker's compensation insurance	1,719	514	1,033	3,266	543	1,371	1,914	5,180	7,841
Rent	22,907	6,844	13,763	43,514	7,239	18,276	25,515	69,029	132,180
Telephone	148	44	89	281	47	117	164	445	1,134
Utilities	311	93	187	591	98	249	347	938	333
Property insurance	3,097	925	1,861	5,883	979	2,470	3,449	9,332	9,728
Equipment	1,676	501	1,007	3,184	529	1,337	1,866	5,050	12,203
General and administrative expenses	17,505	5,229	10,518	33,252	5,530	13,966	19,496	52,748	73,054
Events	23,432	7,001	14,078	44,511	7,405	18,696	26,101	70,612	30,589
Service charges and fees	1,692	505	1,016	3,213	535	1,350	1,885	5,098	6,650
Meetings and meals	2,398	717	1,441	4,556	758	1,913	2,671	7,227	3,037
Grants (Educational)	-	-	-	-	-	-	-	-	6,250
Training and conferences	510	152	306	968	161	408	569	1,537	3,641
Org Donations & Sponsorships	581	174	349	1,104	184	462	646	1,750	-
Travel	3,724	1,113	2,238	7,075	1,177	2,971	4,148	11,223	1,540
Professional services	21,638	6,465	13,001	41,104	6,838	17,265	24,103	65,207	179,290
Subcontractors	3,270	-	-	3,270	6,583	-	6,583	9,853	2,825
Accounting and legal	-	-	-	-	47,362	-	47,362	47,362	82,380
Design, photography, videography	5,555	1,660	3,337	10,552	1,756	4,431	6,187	16,739	20,002
TOTAL	\$ 616,015	\$ 183,080	\$ 368,156	\$ 1,167,251	\$ 247,585	\$ 488,881	\$ 736,466	\$ 1,903,717	\$ 1,923,845

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2022 (with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (527,708)	\$ 780,883
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Paycheck Protection Program forgiveness	-	(474,099)
Realized and unrealized losses (gains)	671,685	(396,531)
(Increase) decrease in assets:		
Accounts receivable	35,750	(35,750)
Prepaid expenses	(24,238)	10,927
Deposits	(5,225)	(13,216)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(117,264)	115,149
Accrued payroll liabilities	5,168	16,060
Deferred rent	(2,507)	1,670
Net cash provided by operating activities	<u>35,661</u>	<u>5,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of managed investments	<u>(400,162)</u>	<u>(684,144)</u>
Net cash used in investing activities	<u>(400,162)</u>	<u>(684,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Paycheck Protection Program loan	<u>-</u>	<u>237,050</u>
Net cash provided by financing activities	<u>-</u>	<u>237,050</u>
Net decrease in cash and cash equivalents	(364,501)	(442,001)
Cash and cash equivalents at beginning of year	<u>1,696,857</u>	<u>2,138,858</u>
Cash and cash equivalents at end of year	<u>\$ 1,332,356</u>	<u>\$ 1,696,857</u>

see accompanying notes

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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.

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, 2022

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, 2022

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, 2022.

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.

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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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. \$0 has been received and recognized during the year ended September 30, 2022.

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, 2022, 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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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, 2022:

	September 30, 2022			Fair Value Measurements
	Level 1	Level 2	Level 3	
Assets				
Vanguard funds				
Balanced index fund	\$ 2,531,941	\$ -	\$ -	\$ 2,531,941
Tot international stock lx	209,555	-	-	209,555
Total Vanguard funds	2,741,496	-	-	2,741,496
Total assets	\$ 2,741,496	\$ -	\$ -	\$ 2,741,496

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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 entire life of the 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, 2021, from which the summarized information was derived.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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

Subsequent events

Subsequent events have been evaluated through April 4, 2023, 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, 2022:

Financial assets

Cash and cash equivalents	\$ 1,332,356
Deposits	31,782
Investments	<u>2,741,496</u>
Financial assets, at year end	4,105,634
Less those unavailable for general expenditures within one year due to:	
Total net assets with donor restrictions	<u>(1,238,215)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,867,419</u>

The Organization's goal is generally to maintain financial assets to meet 3.5 months of operating expenses. As of September 30, 2022, net assets available for operations totaled \$1,084,903. 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 include the following:

	<u>September 30, 2021</u>	<u>Additions</u>	<u>Released</u>	<u>September 30, 2022</u>
Grants with time restrictions:				
General Support	\$ 57,500	\$ 100,000	\$ 151,875	\$ 5,625
Climate Smart Development	25,000	10,000	35,000	0
Accelerating Climate Resilience	<u>156,667</u>	<u>250,000</u>	<u>231,459</u>	<u>175,208</u>
Total grants with time restrictions	239,167	360,000	418,334	180,833
Permanent endowment funds	<u>1,057,382</u>	-	-	<u>1,057,382</u>
Total net assets with donor restrictions	<u>\$ 1,296,549</u>	<u>\$ 360,000</u>	<u>\$ 418,334</u>	<u>\$ 1,238,215</u>

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

4. Net assets with donor restrictions (continued)

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.

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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

4. Net assets with donor restrictions (continued)

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.

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, 2022 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.

GREENBELT ALLIANCE/PEOPLE FOR OPEN SPACE, INC.

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4. Net assets with donor restrictions (continued)

Activity in the Permanent and Quasi Endowment Funds during the year ended September 30, 2022 is summarized as follows:

	<u>Quasi Endowment</u>	<u>Permanent Endowment</u>	<u>Combined Endowment</u>
Balance at September 30, 2021	1,946,946	1,057,382	3,004,328
Bequests and contributions	-	-	-
Investment return:			
Investment income	497	-	497
Realized and unrealized gains	706	-	706
5% of combined endowment appropriated for expenditure	<u>(264,636)</u>	<u>-</u>	<u>(264,636)</u>
Balance at September 30, 2022	<u>\$ 1,683,513</u>	<u>\$ 1,057,382</u>	<u>\$ 2,740,895</u>

5. Operating leases

The Organization has operating lease arrangements for its office space in San Francisco (main office), expiring through 2022. The Organization obtained a new lease on October 11, 2022 for office space in Oakland.

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

Year ending September 30,

2023	\$	65,056
2024	\$	73,746
2025	\$	76,696
2026	\$	79,819
2027	\$	<u>82,943</u>
Total	\$	<u>378,260</u>

Rent expense for the year ended September 30, 2022 was \$69,029.

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6. 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.