

**Yosemite Foundation and its Subsidiary**

dba Yosemite Conservancy

Consolidated Financial Statements

December 31, 2017 and 2016



**YOSEMITE  
CONSERVANCY®**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Yosemite Foundation and its Subsidiary  
dba Yosemite Conservancy  
San Francisco, California

We have audited the accompanying consolidated financial statements of Yosemite Foundation and its Subsidiary dba Yosemite Conservancy (a California nonprofit corporation) (the "Conservancy"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yosemite Foundation and its Subsidiary dba Yosemite Conservancy as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
San Francisco, California

May 11, 2018

Yosemite Foundation and its Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statements of Financial Position  
 December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 8,330,583	\$ 6,804,062
Pledges receivable, net	1,410,777	817,070
Other receivables, net	664,920	557,509
Investments	5,672,972	5,230,035
Inventory	485,181	529,898
Prepaid and other current assets	<u>265,659</u>	<u>221,462</u>
Total current assets	<u>16,830,092</u>	<u>14,160,036</u>
Noncurrent assets		
Pledges receivable, net of current portion	658,661	278,546
Deposits	14,500	14,500
Land held for future use	764,200	764,200
Charitable remainder trust, net	350,250	348,928
Charitable gift annuities	133,516	131,041
Property and equipment, net	<u>568,544</u>	<u>574,498</u>
Total noncurrent assets	<u>2,489,671</u>	<u>2,111,713</u>
 Total assets	 <u>\$ 19,319,763</u>	 <u>\$ 16,271,749</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 187,227	\$ 288,692
Accrued expenses	383,742	533,338
Grants payable to Yosemite National Park	<u>1,154,298</u>	<u>563,861</u>
Total current liabilities	<u>1,725,267</u>	<u>1,385,891</u>
Net assets		
Unrestricted	12,483,228	12,811,849
Temporarily restricted	4,097,559	1,060,300
Permanently restricted	<u>1,013,709</u>	<u>1,013,709</u>
Total net assets	<u>17,594,496</u>	<u>14,885,858</u>
 Total liabilities and net assets	 <u>\$ 19,319,763</u>	 <u>\$ 16,271,749</u>

The accompanying notes are an integral part of these consolidated financial statements.

Yosemite Foundation and its Subsidiary  
dba Yosemite Conservancy  
Consolidated Statement of Activities  
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Contributions				
Individual contributions	\$ 7,940,242	\$ 3,331,909	\$ -	\$ 11,272,151
Corporations	214,693	530,748	-	745,441
Foundations	92,535	322,405	-	414,940
Special events and other sources	174,562	-	-	174,562
Cause related contributions	<u>340,652</u>	<u>991,064</u>	<u>-</u>	<u>1,331,716</u>
Total contributions	<u>8,762,684</u>	<u>5,176,126</u>	<u>-</u>	<u>13,938,810</u>
Program revenues				
Retail and publishing sales	3,055,788	675	-	3,056,463
Cost of sales	<u>(1,729,234)</u>	<u>-</u>	<u>-</u>	<u>(1,729,234)</u>
Retail and publishing, net	1,326,554	675	-	1,327,229
Program service fees	<u>837,327</u>	<u>-</u>	<u>-</u>	<u>837,327</u>
Total program revenues	<u>2,163,881</u>	<u>675</u>	<u>-</u>	<u>2,164,556</u>
Other revenues				
Investment income	221,590	213,888	-	435,478
Other revenue	<u>19,516</u>	<u>-</u>	<u>-</u>	<u>19,516</u>
Total other revenues	<u>241,106</u>	<u>213,888</u>	<u>-</u>	<u>454,994</u>
Net assets released from restriction	<u>2,353,430</u>	<u>(2,353,430)</u>	<u>-</u>	<u>-</u>
	<u>13,521,101</u>	<u>3,037,259</u>	<u>-</u>	<u>16,558,360</u>
Functional expenses				
Program services				
Project grants and administration	7,222,224	-	-	7,222,224
Retail and publishing	1,140,792	-	-	1,140,792
Visitor services and programs	<u>2,324,776</u>	<u>-</u>	<u>-</u>	<u>2,324,776</u>
Total program services	<u>10,687,792</u>	<u>-</u>	<u>-</u>	<u>10,687,792</u>
Support services				
Administration	1,001,710	-	-	1,001,710
Fundraising	<u>2,160,220</u>	<u>-</u>	<u>-</u>	<u>2,160,220</u>
Total support services	<u>3,161,930</u>	<u>-</u>	<u>-</u>	<u>3,161,930</u>
Total functional expenses	<u>13,849,722</u>	<u>-</u>	<u>-</u>	<u>13,849,722</u>
Change in net assets	(328,621)	3,037,259	-	2,708,638
Net assets, beginning of year	<u>12,811,849</u>	<u>1,060,300</u>	<u>1,013,709</u>	<u>14,885,858</u>
Net assets, end of year	<u>\$ 12,483,228</u>	<u>\$ 4,097,559</u>	<u>\$ 1,013,709</u>	<u>\$ 17,594,496</u>

The accompanying notes are an integral part of these consolidated financial statements.

Yosemite Foundation and its Subsidiary  
dba Yosemite Conservancy  
Consolidated Statement of Activities  
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Contributions				
Individual contributions	\$ 7,978,545	\$ 649,808	\$ -	\$ 8,628,353
Corporations	243,491	235,817	-	479,308
Foundations	148,184	292,515	-	440,699
Special events and other sources	145,850	-	-	145,850
Cause related contributions	<u>311,875</u>	<u>941,501</u>	<u>-</u>	<u>1,253,376</u>
Total contributions	<u>8,827,945</u>	<u>2,119,641</u>	<u>-</u>	<u>10,947,586</u>
Program revenues				
Retail and publishing sales	3,292,402	1,457	-	3,293,859
Cost of sales	<u>(1,834,568)</u>	<u>-</u>	<u>-</u>	<u>(1,834,568)</u>
Retail and publishing, net	1,457,834	1,457	-	1,459,291
Program service fees	<u>867,164</u>	<u>-</u>	<u>-</u>	<u>867,164</u>
Total program revenues	<u>2,324,998</u>	<u>1,457</u>	<u>-</u>	<u>2,326,455</u>
Investment returns				
Investment income	104,694	93,940	-	198,634
Gain on disposal of assets	2,000	-	-	2,000
Other revenue	<u>52,182</u>	<u>-</u>	<u>-</u>	<u>52,182</u>
Total investment returns	<u>158,876</u>	<u>93,940</u>	<u>-</u>	<u>252,816</u>
Net assets released from restriction	<u>11,567,364</u>	<u>(11,567,364)</u>	<u>-</u>	<u>-</u>
	<u>22,879,183</u>	<u>(9,352,326)</u>	<u>-</u>	<u>13,526,857</u>
Functional expenses				
Program services				
Project grants and administration	14,387,817	-	-	14,387,817
Retail and publishing	1,057,929	-	-	1,057,929
Visitor services and programs	<u>2,636,189</u>	<u>-</u>	<u>-</u>	<u>2,636,189</u>
Total program services	<u>18,081,935</u>	<u>-</u>	<u>-</u>	<u>18,081,935</u>
Support services				
Administrative	993,104	-	-	993,104
Fundraising	<u>1,395,643</u>	<u>-</u>	<u>-</u>	<u>1,395,643</u>
Total support services	<u>2,388,747</u>	<u>-</u>	<u>-</u>	<u>2,388,747</u>
Total functional expenses	<u>20,470,682</u>	<u>-</u>	<u>-</u>	<u>20,470,682</u>
Change in net assets	2,408,501	(9,352,326)	-	(6,943,825)
Net assets, beginning of year	<u>10,403,348</u>	<u>10,412,626</u>	<u>1,013,709</u>	<u>21,829,683</u>
Net assets, end of year	<u>\$ 12,811,849</u>	<u>\$ 1,060,300</u>	<u>\$ 1,013,709</u>	<u>\$ 14,885,858</u>

The accompanying notes are an integral part of these consolidated financial statements.

Yosemite Foundation and its Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statement of Functional Expenses  
 For the Year Ended December 31, 2017

	Program Services				Support Services			Total
	Project Grants and Administration	Retail and Publishing	Visitor Services and Programs	Total Program Services	Administration	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,220,512	\$ 689,821	\$ 830,147	\$ 2,740,480	\$ 689,780	\$ 466,220	\$ 1,156,000	\$ 3,896,480
Rent and occupancy	103,449	23,948	31,012	158,409	14,969	42,639	57,608	216,017
Telephone, voice and data	16,659	29,211	23,831	69,701	8,908	4,231	13,139	82,840
Office supplies	11,902	26,184	40,041	78,127	6,660	30,472	37,132	115,259
Depreciation	26,079	6,906	8,667	41,652	10,605	5,216	15,821	57,473
Equipment lease	2,265	9,962	5,331	17,558	1,744	453	2,197	19,755
Equipment repair and maintenance	7,821	155	1,412	9,388	2,346	22,973	25,319	34,707
Equipment non-amortized	1,253	-	2,148	3,401	376	679	1,055	4,456
Printing and postage	6,667	11,073	158,440	176,180	11,418	984,653	996,071	1,172,251
Bank and merchant fees	6,120	73,132	13,387	92,639	1,838	49,930	51,768	144,407
Events, catering and rentals	(195)	236	48,842	48,883	60,779	24,013	84,792	133,675
Insurance	28,721	7,939	6,787	43,447	3,077	9,745	12,822	56,269
Investment advisor fees	5,386	769	1,057	7,212	11,362	1,827	13,189	20,401
Marketing promotions	-	20,194	703,313	723,507	-	2,670	2,670	726,177
Premiums	540	-	2,011	2,551	3,702	4,623	8,325	10,876
Service charges and fees	1,478	6,604	543	8,625	8,818	23,996	32,814	41,439
Taxes licenses and registrations	911	(50)	11	872	6	10,976	10,982	11,854
Travel and meals	4,429	10,161	121,290	135,880	42,353	46,178	88,531	224,411
Professional services	65,216	170,346	218,237	453,799	122,792	415,932	538,724	992,523
Projected commitments and aid to NPS	5,712,989	-	-	5,712,989	-	-	-	5,712,989
Sales fulfillment	-	49,058	-	49,058	-	-	-	49,058
Media and publication production	-	-	104,222	104,222	-	10,000	10,000	114,222
Miscellaneous	22	5,143	4,047	9,212	177	2,794	2,971	12,183
	<u>\$ 7,222,224</u>	<u>\$ 1,140,792</u>	<u>\$ 2,324,776</u>	<u>\$ 10,687,792</u>	<u>\$ 1,001,710</u>	<u>\$ 2,160,220</u>	<u>\$ 3,161,930</u>	<u>\$ 13,849,722</u>

The accompanying notes are an integral part of these consolidated financial statements.



Yosemite Foundation and its Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statement of Functional Expenses  
 For the Year Ended December 31, 2016

	Program Services				Support Services			Total
	Project Grants and Administration	Retail and Publishing	Visitor Services and Programs	Total Program Services	Administrative	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,279,888	\$ 628,619	\$ 813,266	\$ 2,721,773	\$ 722,321	\$ 493,876	\$ 1,216,197	\$ 3,937,970
Rent and occupancy	101,468	19,932	31,701	153,101	13,256	37,040	50,296	203,397
Telephone, voice and data	16,752	25,159	20,955	62,866	8,620	5,652	14,272	77,138
Office supplies	9,111	27,973	30,826	67,910	6,647	34,027	40,674	108,584
Depreciation	21,833	6,743	7,789	36,365	9,631	4,367	13,998	50,363
Equipment lease	1,929	11,835	9,110	22,874	1,862	386	2,248	25,122
Equipment repair and maintenance	4,125	1,500	900	6,525	1,418	22,503	23,921	30,446
Equipment non-amortized	606	1,141	3,793	5,540	2,349	616	2,965	8,505
Printing and postage	3,034	13,983	126,726	143,743	21,533	295,596	317,129	460,872
Bank and merchant fees	8,131	58,928	24,330	91,389	2,432	64,768	67,200	158,589
Events, catering and rentals	389	950	143,871	145,210	56,728	14,139	70,867	216,077
Insurance	27,686	7,775	7,847	43,308	2,966	9,393	12,359	55,667
Investment advisor fees	5,447	778	1,071	7,296	5,049	1,848	6,897	14,193
Marketing promotions	-	9,515	1,007,591	1,017,106	-	29	29	1,017,135
Premiums	98	-	6,437	6,535	5,286	1,736	7,022	13,557
Service charges and fees	1,444	9,825	527	11,796	7,732	13,330	21,062	32,858
Taxes licenses and registrations	883	(295)	24	612	33	10,628	10,661	11,273
Travel and meals	4,261	10,782	61,032	76,075	42,443	18,810	61,253	137,328
Professional services	66,965	174,067	204,780	445,812	79,910	366,737	446,647	892,459
Projected commitments and aid to NPS	12,833,576	-	-	12,833,576	-	-	-	12,833,576
Sales fulfillment	-	45,798	-	45,798	-	-	-	45,798
Media and publication production	-	-	113,455	113,455	-	-	-	113,455
Miscellaneous	191	2,921	20,158	23,270	2,888	162	3,050	26,320
	<u>\$ 14,387,817</u>	<u>\$ 1,057,929</u>	<u>\$ 2,636,189</u>	<u>\$ 18,081,935</u>	<u>\$ 993,104</u>	<u>\$ 1,395,643</u>	<u>\$ 2,388,747</u>	<u>\$ 20,470,682</u>

The accompanying notes are an integral part of these consolidated financial statements.

Yosemite Foundation and its Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statements of Cash Flows  
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 2,708,638	\$ (6,943,825)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	57,473	50,363
Change in value of charitable remainder trust	(1,322)	(2,036)
Change in value of charitable gift annuities	(2,475)	28,606
Gain on disposal of assets	-	(2,000)
Unrealized (gain) loss on investments	327,442	(48,413)
Realized gain on sale of investments	(553,232)	(12,618)
Donated artwork	-	(90,000)
Changes in operating assets and liabilities		
Pledges receivable, net	(973,822)	1,426,518
Other receivables, net	(107,411)	483,894
Inventory	44,717	93,469
Prepaid and other current assets	(44,197)	28,284
Accounts payable	(101,465)	222,511
Accrued expenses	(149,596)	(8,480)
Grants payable to Yosemite National Park	<u>590,437</u>	<u>(1,347,206)</u>
Net cash provided by (used in) operating activities	<u>1,795,187</u>	<u>(6,120,933)</u>
Cash flows from investing activities		
Purchase of property and equipment	(51,519)	(6,581)
Proceeds from disposal of property	-	22,000
Proceeds from sale of marketable securities	6,089,741	3,471,287
Purchase of marketable securities	<u>(6,306,888)</u>	<u>(3,604,265)</u>
Net cash used in investing activities	<u>(268,666)</u>	<u>(117,559)</u>
Net increase (decrease) in cash and cash equivalents	1,526,521	(6,238,492)
Cash and cash equivalents, beginning of year	<u>6,804,062</u>	<u>13,042,554</u>
Cash and cash equivalents, end of year	<u>\$ 8,330,583</u>	<u>\$ 6,804,062</u>

The accompanying notes are an integral part of these consolidated financial statements.

Yosemite Foundation and its Subsidiary  
dba Yosemite Conservancy  
Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

1. NATURE OF OPERATIONS

Yosemite Foundation, doing business as Yosemite Conservancy, which was incorporated on January 11, 1988, is a California not-for-profit public benefit corporation organized to raise funds through donations and various fundraising activities for the purpose of providing financial assistance to the National Park Service for the general preservation of Yosemite National Park and the enhancement of over 4.3 million visitor experiences each year.

YF Real Estate Holdings, LLC was established to hold real estate and improvements. The financial statements of YF Real Estate Holdings, LLC are consolidated with the financial statements of Yosemite Conservancy. Yosemite Conservancy and YF Real Estate Holdings, LLC will collectively be referred to as the "Conservancy".

Park enhancements

Every year, the Conservancy provides grants to Yosemite National Park based on the highest priority needs of the park. These grants provide essential funding for trail repair, habitat restoration, cultural and historic preservation, wildlife management, scientific research, visitor services and more. To date the Conservancy has provided \$119 million in grants for more than 600 completed projects to preserve Yosemite and enrich the visitor experience.

Through the generous donations of individuals, corporations and foundations, the Conservancy provided over \$10 million in cash and non-cash support to Yosemite National Park in 2017, including over \$1 million to support the restoration of Mariposa Grove.

As part of its total support to the park in 2017, Yosemite Conservancy provided over \$1 million in funding for Youth in Yosemite programs, which help young people connect with Yosemite and inspire the future stewards of national parks.

Retail and publishing

This program represents sales conducted at visitor center bookstores, information centers, wilderness centers, an online store, and to wholesale vendors. In addition to the sales of maps, DVD's, Native American handcrafts, and other educational and inspirational materials related to Yosemite National Park and the Sierra Nevada, the Conservancy publishes and sells books and other literature that educates, connects, and inspires the public to visit their National Parks and lands.

Yosemite Foundation and its Subsidiary  
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Notes to Consolidated Financial Statements  
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1. NATURE OF OPERATIONS (continued)

Park programs

The Conservancy aims to support the preservation and education roles of the National Park Service mission through a diverse portfolio of public educational programs. This program is designed to enhance the Yosemite experience with over 100 interpretive and educational programs in geology, botany, natural and cultural history, photography, backpacking, and the arts. The Conservancy also conducts educational field programs on a custom basis and by contact with travel providers. In addition, the Conservancy supports the Yosemite Art Center, Yosemite Theater programs and the Parsons Memorial Lodge Summer Series. The Conservancy also helps inspire and train the next generation of stewards through internships, Junior Ranger, and other programs, as well as helps sustain the internship program with UC Merced.

The Wilderness operations program assists the National Park Service in educating Yosemite backcountry visitors by managing the wilderness reservation system, issuing permits, sponsoring the bear canister rental program, operating the Ostrander Ski Hut, selling interpretive and orientation materials, and providing visitors with the opportunity for an enjoyable and respectful wilderness experience.

The Volunteer program provides a corps of volunteers which support Yosemite National Park through numerous week-long natural resource restoration projects and a month-long visitor information program that improves the experience of Yosemite visitors annually.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). All material intercompany transactions and account balances have been eliminated in consolidation.

Financial statement presentation

The Conservancy's consolidated financial statements are reported according to the existence or absence of donor-imposed restrictions in three classes of net assets. A description of the three classes of net assets is as follows:

- *Unrestricted net assets* - The portion of net assets that is not restricted by donor imposed stipulations and includes Board-designated funds.
- *Temporarily restricted net assets* - The portion of net assets whose use by the Conservancy is limited by donor imposed stipulations that either will be fulfilled and/or expire by passage of time.

Yosemite Foundation and its Subsidiary  
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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

- *Permanently restricted net assets* - The portion of net assets held in perpetuity by donor imposed stipulations. Investment income is available for donor stipulated purposes and is included in temporarily restricted net assets.

Donor restricted endowment

*Interpretation of Relevant Law*

The Board of Trustees (the "Board") of the Conservancy has interpreted the State of California's enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring as a goal reasonable efforts to preserve 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 Conservancy classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by California's enacted version of UPMIFA.

*Spending Policy*

In accordance with the State of California's enacted version of UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Conservancy and the donor-restricted endowment fund
- 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 Conservancy
- 7) The investment policies of the Conservancy

Investment income earned on permanently restricted net assets is included in temporarily restricted net assets available for donor stipulated purposes. For endowments with donor-restricted funds, the board distribution will be an amount equal to 4% of the previous three year's rolling average of the fair market value of the donor-restricted endowment funds and will be used for donor stipulated purposes. The appropriation made from the donor-restricted endowment was \$48,800 and \$49,300 for the years ended December 31, 2017 and 2016, respectively.

Yosemite Foundation and its Subsidiary  
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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor restricted endowment (continued)

*Endowment Investment Policy, Return Objectives and Risk Parameters*

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, as approved by the Board, the endowment assets are invested in a manner that is intended to protect capital while seeking some income. The instruments to be used shall include equity investments of readily marketable securities of corporations that are actively traded on major U.S. exchanges including the over-the-counter market. Mutual funds and exchange-traded funds consistent with the risk tolerances and the investment objectives of the fund may also be employed. To achieve diversification, the portfolio concentration will be limited to no more than 5% of any one issuer, and no more than 20% in any single industry. The Finance Committee shall establish the permitted limits for investment between fixed income and equity portions of the portfolio, in consultation with investment advisors, the current limits are 25% fixed income and 75% equity.

*Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Conservancy to retain as a fund of perpetual duration. The Conservancy accounts for such "underwater" endowment funds as a reduction of unrestricted net assets. As of December 31, 2017 and 2016, the Conservancy does not have any underwater endowments.

Contributions

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions and grants are recognized when the donor makes a promise to give to the Conservancy, that is, in substance, unconditional. Temporarily restricted contributions are reclassified to unrestricted net assets upon the fulfillment of a purpose restriction or expiration of a time restriction.

Bequests

The Conservancy may be named as a beneficiary in wills and trusts. Proceeds from estates and trusts are not recognized until the passing of the donor, as it is not always certain that the Conservancy will remain the named beneficiary.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials, supplies and services

Donations of services, property or products are recorded as support at their estimated fair value. Donated services were valued at \$116,507 and \$131,618 during the years ended December 31, 2017 and 2016, respectively. Donated artwork valued at \$90,000, subsequently loaned to Yosemite National Park, consisted of a painting received during the year ended December 31, 2016.

The Conservancy receives a substantial amount of services donated by individuals who assist with general activities, staffing facilities, restorative work and other services in support of the National Park Service. No amounts have been reflected in the financial statements for those services, for they do not meet the criteria for recognition under professional accounting standards. For the year ended December 31, 2017, the Conservancy had 269 volunteers who donated approximately 14,938 volunteer hours. For the year ended December 31, 2016, the Conservancy had over 291 volunteers who donated approximately 15,973 volunteer hours.

The National Park Service provides the Conservancy, at no cost, space at various locations. In return, the Conservancy provides the project commitments, volunteer hours, and other beneficial services in support of the National Park Service mission and projects. The estimated value of these contributions for donated space was not determinable and thus is not reflected in the financial statements as of December 31, 2017 and 2016.

Pledges receivable

Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected thereafter, are recorded at the present value of their estimated future cash flows utilizing risk free interest rates. Amortization of the discounts is included in contribution revenue.

The balance in the allowance for uncollectible pledges receivable is based on management's judgment giving consideration to past experience, current economic conditions, and other factors. It is the Conservancy's policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected. Allowance for uncollectible pledges receivable totaled \$30,000 and \$24,000 as of December 31, 2017 and 2016, respectively.

Investments

The Conservancy reports investment in money market funds and marketable debt and equity securities with readily determinable values at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses are reported in the consolidated statements of activities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.
- *Level 2* - Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

- Money market funds, debt and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.
- Real estate: Valued based on the estimated quoted prices for similar assets in active market.
- Charitable remainder trusts: Valued based on the present value of estimated future cash flow.
- Charitable gift annuities: Valued based on the present value of estimated future cash flow.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost or market value. The cost is determined by the average cost method.

Property and equipment

Property and equipment consists of building and improvements, leasehold improvements, artwork, furniture, equipment, and vehicles and is stated at cost or estimated fair value if donated. The Conservancy computes depreciation on its property and equipment using the straight-line method over the estimated useful lives ranging from 3 to 27.5 years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvements.

Grants payable to Yosemite National Park

Grants are recognized as grant expense and a liability when the Board of Trustees or the Executive Committee approves the grants, typically in January each year. Grants are made on a project basis which may be multi-year, and are typically recognized as one year grants.

Income tax status

The Conservancy is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and the applicable code section of the State of California Revenue and Taxation Code. The Conservancy recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. The Conservancy has had no uncertain tax positions as of December 31, 2017 and 2016.

The Conservancy's tax returns are generally subject to examination by federal and state taxing authorities for three and four years respectively.

Sales taxes

The Conservancy collects sales taxes from customers and is responsible for remitting the entire amount collected to the State. The Conservancy's accounting policy is to record sales tax collected as a liability in accordance with GAAP.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and disclosures. Accordingly, actual results could differ from those estimates.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Conservancy to concentrations of credit risk consist principally of cash and cash equivalents, receivables, and marketable securities. The Conservancy places its cash with high credit quality financial institutions. The account balances exceed the institution's federally insured limits. The Conservancy has not experienced any losses in such accounts.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Contributions receivable from Council members accounted for approximately 74% and 43% of the Conservancy's gross contributions receivable balance as of December 31, 2017 and 2016, respectively.

4. INVESTMENTS

Investments, stated at fair value are comprised of the following as of December 31, 2017:

	2017	
	Cost	Fair Value
Money market funds	\$ 23,354	\$ 23,354
Debt securities	3,592,928	3,583,815
Equity securities	2,044,260	2,065,803
	\$ 5,660,542	\$ 5,672,972

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4. INVESTMENTS (continued)

Investments, stated at fair value are comprised of the following as of December 31, 2016:

	2016	
	Cost	Fair Value
Money market funds	\$ 463,528	\$ 463,528
Debt securities	3,184,402	3,170,205
Equity securities	1,242,233	1,596,302
	\$ 4,890,163	\$ 5,230,035

Investment income consist of the following:

	2017	2016
Interest income	\$ 59,072	\$ 48,653
Dividend income	150,616	88,950
Realized gain	553,232	12,618
Unrealized gain (loss)	(327,442)	48,413
	\$ 435,478	\$ 198,634

5. PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2017	2016
Less than one year	\$ 1,417,777	\$ 836,070
One to five years	688,908	286,406
	2,106,685	1,122,476
Less allowance for uncollectible amounts	(30,000)	(24,000)
Less present value discount (using rates ranging from 0.16% to 2.34%)	(7,247)	(2,860)
	\$ 2,069,438	\$ 1,095,616

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6. OTHER RECEIVABLES

Other receivables consist of the following:

	2017	2016
Amount due from California Department of Motor Vehicles for License Plate Program	\$ 163,062	\$ 163,749
Accrued dollar-a-night guest donations	314,779	100,790
Refunds due from National Park Service	70,295	-
Other receivables	116,784	292,970
	\$ 664,920	\$ 557,509

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2017	2016
Non-depreciable assets		
Donated artwork	\$ 138,090	\$ 138,090
Depreciable assets		
Buildings	399,478	394,531
Furniture and fixtures	438,281	428,044
Leasehold improvements	72,455	72,455
Automobiles	25,795	25,795
	936,009	920,825
Accumulated depreciation	(505,555)	(484,417)
Total	\$ 568,544	\$ 574,498

Depreciation expense totaled \$57,473 and \$50,363 for the years ended December 31, 2017 and 2016, respectively.

8. LAND HELD BY YF REAL ESTATE HOLDINGS, LLC

In November 2009, the Conservancy purchased two parcels totaling 11 acres in Mariposa, California for potential Park visitor services. The parcels are held in the subsidiary YF Real Estate Holdings, LLC. Each parcel was acquired through bargain purchases resulting in non-cash contributions of \$520,448 being recognized in 2009. Potential ideas for the land include a visitor center, museum, environmental learning center or other similar use. There are no immediate plans to develop the site. The Conservancy would like the National Park Service to eventually own the land.

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8. LAND HELD BY YF REAL ESTATE HOLDINGS, LLC (continued)

During 2014, the Conservancy received an estate gift of land. The land is located in Mendocino County, California. The land was valued at \$20,000 at the time the donation was received in 2014, and was sold for \$22,000 during the year ended December 31, 2016.

During 2014, the Conservancy purchased a house in El Portal, California to be rented as housing to Conservancy employees. The house is rented at market value. The building and improvements are recorded in property and equipment. The house sits on National Park Service land that has been officially assigned to the Conservancy through the current Cooperative Agreement.

9. CHARITABLE REMAINDER TRUSTS

The Conservancy is the beneficiary of a charitable remainder trust which terminated in 2017, and will receive \$400,000 for the Mariposa Grove Restoration in the near future. The value of the trust is reported based on the present value of the estimated future cash flows.

10. CHARITABLE GIFT ANNUITIES

The Conservancy has been named as the beneficiary of three charitable gift annuities. The income beneficiaries are entitled to a payment each quarter calculated from 5.4% to 8.2% of the fair market value of the assets as of the date of contribution.

The contracts are stated at present value of the projected balance of the contracts at termination, net of the amounts due to the income beneficiaries over the term of the contracts. Changes in the calculated net present value are reported in the consolidated statement of activities annually.

The key assumptions used in the net present value calculations are as follows:

	<u>2017</u>	<u>2016</u>
Present value	\$133,516	\$131,041
Contract value	\$159,232	\$156,261
Project term of the contract based on actuarial tables (years)	3.70 - 10.90	3.74 - 11.03
Projected growth rate net of payments to income beneficiaries	0%	0%
Risk-free discount rate	1.4% - 2.4%	1.4% - 2.4%

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11. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	<u>2017</u>	<u>2016</u>
Accrued salaries and benefits	\$ 64,483	\$ 232,734
Accrued vacations	134,632	117,533
Accrued royalties	24,411	15,179
Deferred rent	90,543	104,727
Other accrued liabilities	<u>69,673</u>	<u>63,165</u>
	<u>\$ 383,742</u>	<u>\$ 533,338</u>

12. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 23,354	\$ -	\$ -	\$ 23,354
Debt securities	3,583,815	-	-	3,583,815
Equity securities	2,065,803	-	-	2,065,803
Charitable remainder trust, net	-	-	350,250	350,250
Charitable gift annuities	<u>-</u>	<u>-</u>	<u>133,516</u>	<u>133,516</u>
	<u>\$ 5,672,972</u>	<u>\$ -</u>	<u>\$ 483,766</u>	<u>\$ 6,156,738</u>

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 463,528	\$ -	\$ -	\$ 463,528
Debt securities	3,170,205	-	-	3,170,205
Equity securities	1,596,302	-	-	1,596,302
Charitable remainder trust	-	-	348,928	348,928
Charitable gift annuities	<u>-</u>	<u>-</u>	<u>131,041</u>	<u>131,041</u>
	<u>\$ 5,230,035</u>	<u>\$ -</u>	<u>\$ 479,969</u>	<u>\$ 5,710,004</u>

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12. FAIR VALUE MEASUREMENTS (continued)

Activity in the Level 3 investments during the year was as follows:

	2017	2016
Balance, beginning of year	\$ 479,969	\$ 506,539
Change in value of charitable remainder trust and charitable gift annuities	3,797	(6,056)
Charitable gift annuities liquidated	-	(20,514)
Balance, end of year	\$ 483,766	\$ 479,969

13. UNRESTRICTED AND BOARD-DESIGNATED NET ASSETS

The Board of Trustees has created four specific board-designated funds:

- Yosemite Legacy Fund - to hold unrestricted bequests and other gifts until they are allocated by the Board annually in the budget process to specific projects, programs, or campaigns.
- Emergency Reserve - to hold six months of fixed expenses less recurring cause-related revenue.
- Project Reserve - to hold 50% of new annual grants payable. In 2017, the board approved a new methodology to inform the level of project funds in advance and eliminated the Project Reserve as it is no longer necessary.
- Mariposa Grove Unrestricted Fund - to hold board-designated funds for future use for Mariposa Grove projects.

The unrestricted board-designated funds have a short-term investment objective of capital preservation and are currently invested in bonds and cash.

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13. UNRESTRICTED AND BOARD-DESIGNATED NET ASSETS (continued)

Unrestricted net assets including board-designated net assets were as follows as of December 31, 2017:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 2,678,659	\$ 10,074,816	\$ 2,902,243	\$ (11,500,393)	\$ 4,155,325
Yosemite Legacy Fund	4,246,547	1,096,956	568,400	-	5,911,903
Emergency Reserve	2,216,000	-	200,000	-	2,416,000
Project Reserve	1,630,000	-	(1,630,000)	-	-
Mariposa Grove Unrestricted Fund	<u>2,040,643</u>	<u>-</u>	<u>(2,040,643)</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,811,849</u>	<u>\$ 11,171,772</u>	<u>\$ -</u>	<u>\$ (11,500,393)</u>	<u>\$ 12,483,228</u>

Unrestricted net assets including board-designated net assets were as follows as of December 31, 2016:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 938,495	\$ 9,721,126	\$ 922,359	\$ (8,903,321)	\$ 2,678,659
Yosemite Legacy Fund	3,541,129	1,590,696	(885,278)	-	4,246,547
Emergency Reserve	1,801,000	-	415,000	-	2,216,000
Project Reserve	1,550,000	-	80,000	-	1,630,000
Mariposa Grove Unrestricted Fund	<u>2,572,724</u>	<u>-</u>	<u>(532,081)</u>	<u>-</u>	<u>2,040,643</u>
	<u>\$ 10,403,348</u>	<u>\$ 11,311,822</u>	<u>\$ -</u>	<u>\$ (8,903,321)</u>	<u>\$ 12,811,849</u>



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14. TEMPORARILY RESTRICTED NET ASSETS

Temporarily net assets were restricted for the following purposes as follows as of December 31, 2017:

	Beginning Balance	Contributions	Transfers	Releases	Ending Balance
Cultural and Historic Preservation Projects	\$ 57,262	\$ 67,050	\$ (7,309)	\$ (117,003)	\$ -
Habitat Restoration Projects	-	139,744	-	(139,744)	-
Scientific Research Projects	9,094	9,610	-	-	18,704
Trail Repair and Access Projects	241,893	360,927	387,132	(609,021)	380,931
Visitor Services and Education Projects	27,784	273,510	43,592	(289,588)	55,298
Wildlife Management Projects	-	23,697	200,000	(223,697)	-
Mariposa Grove Fund	29,653	92,907	44,000	(137,759)	28,801
Bridalveil Falls	-	3,124,328	-	(360,449)	2,763,879
Donor restricted and other park programs	<u>694,614</u>	<u>1,298,916</u>	<u>(667,415)</u>	<u>(476,169)</u>	<u>849,946</u>
	<u>\$ 1,060,300</u>	<u>\$ 5,390,689</u>	<u>\$ -</u>	<u>\$ (2,353,430)</u>	<u>\$ 4,097,559</u>

Temporarily net assets were restricted for the following purposes as follows as of December 31, 2016:

	Beginning Balance	Contributions	Transfers	Releases	Ending Balance
Cultural and Historic Preservation Projects	\$ -	\$ 55,655	\$ 2,262	\$ (655)	\$ 57,262
Habitat Restoration Projects	531,277	73,797	(25,003)	(580,071)	-
Scientific Research Projects	-	31,860	31,994	(54,760)	9,094
Trail Repair and Access Projects	193,703	201,599	686,917	(840,326)	241,893
Visitor Services and Education Projects	99,265	190,890	53,774	(316,145)	27,784
Wildlife Management Projects	-	10,827	-	(10,827)	-
Mariposa Grove Fund	8,923,278	437,363	49,514	(9,380,502)	29,653
Donor restricted and other park programs	<u>665,103</u>	<u>1,213,047</u>	<u>(799,458)</u>	<u>(384,078)</u>	<u>694,614</u>
	<u>\$ 10,412,626</u>	<u>\$ 2,215,038</u>	<u>\$ -</u>	<u>\$ (11,567,364)</u>	<u>\$ 1,060,300</u>

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15. DONOR RESTRICTED ENDOWMENT

The Conservancy's endowment consists of two donor-restricted endowment funds classified and reported as permanently restricted net assets. The permanently restricted endowment funds have a long-term investment objective of growth and are invested 14% in fixed income and 86% in equity.

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Trail repair endowment	\$ -	\$ 376,425	\$ 892,918	\$ 1,269,343
Search and rescue endowment	<u>-</u>	<u>21,281</u>	<u>120,791</u>	<u>142,072</u>
	<u>\$ -</u>	<u>\$ 397,706</u>	<u>\$ 1,013,709</u>	<u>\$ 1,411,415</u>

Endowment net asset composition by type of fund as of December 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Trail repair endowment	\$ -	\$ 231,745	\$ 892,918	\$ 1,124,663
Search and rescue endowment	<u>-</u>	<u>519</u>	<u>120,791</u>	<u>121,310</u>
	<u>\$ -</u>	<u>\$ 232,264</u>	<u>\$ 1,013,709</u>	<u>\$ 1,245,973</u>

Changes in endowment net assets for the fiscal year ended December 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, December 31, 2016	<u>\$ -</u>	<u>\$ 232,264</u>	<u>\$ 1,013,709</u>	<u>\$ 1,245,973</u>
Investment return				
Unrealized investment gain	<u>-</u>	<u>214,242</u>	<u>-</u>	<u>214,242</u>
Total investment return	<u>-</u>	<u>214,242</u>	<u>-</u>	<u>214,242</u>
Appropriation of net assets	<u>-</u>	<u>(48,800)</u>	<u>-</u>	<u>(48,800)</u>
	<u>-</u>	<u>165,442</u>	<u>-</u>	<u>165,442</u>
Balance, December 31, 2017	<u>\$ -</u>	<u>\$ 397,706</u>	<u>\$ 1,013,709</u>	<u>\$ 1,411,415</u>

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15. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, December 31, 2015	\$ -	\$ 190,483	\$ 1,013,709	\$ 1,204,192
Investment return				
Investment income	-	91,081	-	91,081
Total investment return	-	91,081	-	91,081
Appropriation of net assets	-	(49,300)	-	(49,300)
	-	41,781	-	41,781
Balance, December 31, 2016	<u>\$ -</u>	<u>\$ 232,264</u>	<u>\$ 1,013,709</u>	<u>\$ 1,245,973</u>

16. GRANT COMMITMENT AND AID TO NATIONAL PARK SERVICE

Every year the Conservancy makes project grants to the National Park Service to fund projects and programs within the Yosemite National Park which would not otherwise be completed without private funding. These project grants help protect Yosemite's natural resources and enhance the visitor experience. For the years ending December 31, 2017 and 2016 the total grants were \$5,712,989 and \$12,833,576, respectively. These project commitments funded over 39 and 57 individual projects and programs in 2017 and 2016, respectively.

Grant commitment and Aid to National Park Service consist of the following:

	<u>2017</u>	<u>2016</u>
Cultural and historic preservation	\$ 183,611	\$ 135,104
Habitat restoration	820,936	339,482
Scientific research	176,402	242,290
Trail repair and access	692,506	1,055,112
Visitor services and education	730,237	722,349
Wildlife management	441,589	506,187
Mariposa Grove campaign	1,442,747	9,314,552
Donor restricted and other park programs	<u>1,224,961</u>	<u>518,500</u>
	<u>\$ 5,712,989</u>	<u>\$ 12,833,576</u>

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17. RETIREMENT PLAN

The Conservancy has a defined contribution retirement plan for all employees meeting certain eligibility requirements. Annual contributions as a percent of annual wages are determined by the Board of Trustees, currently 7%. Eligible employees have the option to make elective contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Conservancy contributed \$160,962 and \$161,445 for the years ended December 31, 2017 and 2016, respectively.

18. ALLOCATION OF JOINT COSTS

During the years ended December 31, 2017 and 2016, The Yosemite Conservancy incurred costs of \$1,691,616 and \$1,329,939, respectively, for informational materials and activities that included fundraising appeals.

Joint costs have been allocated to the following functional expense as follows:

	2017	2016
Fundraising	\$ 900,105	\$ 659,528
Donor education	782,872	659,305
Administrative	8,639	11,106
	\$ 1,691,616	\$ 1,329,939

19. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Conservancy's San Francisco office lease expires in October 2021. The El Portal office and warehouse facilities as well as the various locations within Yosemite are assigned to the Conservancy from the National Park Service at no cost under a cooperative agreement.

The Conservancy leases two vehicles under operating leases that expire in June 2018.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending December 31,</u>		
2018	\$	196,591
2019		194,412
2020		195,690
2021		167,226
	\$	753,919

Yosemite Foundation and its Subsidiary  
dba Yosemite Conservancy  
Notes to Consolidated Financial Statements  
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19. COMMITMENTS AND CONTINGENCIES (continued)

Lease commitments (continued)

Rental expense including month-to-month leases for certain equipment and for facilities for years ended December 31, 2017 and 2016 was approximately \$224,000 and \$213,000, respectively.

20. RELATED PARTY

The Conservancy had contribution revenue of approximately \$2,123,000 and \$364,000 from members of the Council for the years ended December 31, 2017 and 2016, respectively. The Conservancy had pledges receivable from members of the Council totaling \$1,561,000 and \$488,000 as of December 31, 2017 and 2016, respectively. The Conservancy's charitable remainder trust was created by a Council member.

21. SUBSEQUENT EVENTS

Management has evaluated material subsequent events through May 11, 2018, the date the financial statements were available to be issued.

On January 3, 2018, the Conservancy's Executive Committee approved \$3,617,077 in new grants payable for 2018 Park projects and also approved \$2,606,874 for the Bridalveil Fall Restoration Project.