

**Yosemite Foundation and Subsidiary**

dba Yosemite Conservancy

Consolidated Financial Statements

December 31, 2020 and 2019



**YOSEMITE  
CONSERVANCY®**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Yosemite Foundation and Subsidiary dba Yosemite Conservancy (a California nonprofit corporation) (the "Conservancy"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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 Subsidiary dba Yosemite Conservancy as of December 31, 2020 and 2019, 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.

## Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



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

May 11, 2021

Yosemite Foundation and Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statements of Financial Position  
 December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 17,106,202	\$ 17,590,940
Cash held for endowment	11,925	-
Pledges receivable, net	126,472	533,700
Other receivables, net	355,823	635,688
Investments	5,379,974	4,755,703
Inventory	663,810	498,971
Prepaid and other current assets	<u>475,272</u>	<u>439,107</u>
Total current assets	<u>24,119,478</u>	<u>24,454,109</u>
Non-current assets		
Pledges receivable, net of current portion	79,481	122,875
Deposits	14,500	16,150
Land held for future use	3,360,317	3,075,400
Investments, net of current portion	5,360,331	1,545,093
Charitable gift annuities	120,069	124,099
Property and equipment, net	<u>839,106</u>	<u>569,427</u>
Total non-current assets	<u>9,773,804</u>	<u>5,453,044</u>
 Total assets	 <u>\$ 33,893,282</u>	 <u>\$ 29,907,153</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 164,827	\$ 348,631
Accrued expenses	778,139	512,411
Grants payable to Yosemite National Park	<u>3,620,541</u>	<u>2,334,392</u>
Total current liabilities	<u>4,563,507</u>	<u>3,195,434</u>
Net assets		
Without donor restrictions	20,854,530	20,116,445
With donor restrictions	<u>8,475,245</u>	<u>6,595,274</u>
Total net assets	<u>29,329,775</u>	<u>26,711,719</u>
 Total liabilities and net assets	 <u>\$ 33,893,282</u>	 <u>\$ 29,907,153</u>

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

Yosemite Foundation and Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statement of Activities  
 For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions			
Individuals	\$ 9,969,985	\$ 4,284,005	\$ 14,253,990
Corporations	196,294	511,284	707,578
Foundations	411,400	763,334	1,174,734
Cause related contributions	131,041	698,867	829,908
Special events and other sources	<u>7,531</u>	<u>-</u>	<u>7,531</u>
Total contributions	<u>10,716,251</u>	<u>6,257,490</u>	<u>16,973,741</u>
Program revenues			
Retail and publishing sales	829,889	-	829,889
Cost of sales	<u>(508,877)</u>	<u>-</u>	<u>(508,877)</u>
Retail and publishing, net	321,012	-	321,012
Program service fees	<u>636,907</u>	<u>-</u>	<u>636,907</u>
Total program revenues	<u>957,919</u>	<u>-</u>	<u>957,919</u>
Other revenues			
Investment income, net	629,660	1,162,756	1,792,416
Loan forgiveness - Paycheck Protection Program	759,300	-	759,300
Other revenue	<u>9,754</u>	<u>-</u>	<u>9,754</u>
Total other revenues	<u>1,398,714</u>	<u>1,162,756</u>	<u>2,561,470</u>
Net assets released from restriction	<u>5,540,275</u>	<u>(5,540,275)</u>	<u>-</u>
Total support and revenue	<u>18,613,159</u>	<u>1,879,971</u>	<u>20,493,130</u>
Functional expenses			
Program services			
Project grants and administration	10,519,069	-	10,519,069
Retail and publishing	981,504	-	981,504
Visitor services and programs	<u>2,481,114</u>	<u>-</u>	<u>2,481,114</u>
Total program services	<u>13,981,687</u>	<u>-</u>	<u>13,981,687</u>
Support services			
Administration	1,330,413	-	1,330,413
Fundraising	<u>2,562,974</u>	<u>-</u>	<u>2,562,974</u>
Total support services	<u>3,893,387</u>	<u>-</u>	<u>3,893,387</u>
Total functional expenses	<u>17,875,074</u>	<u>-</u>	<u>17,875,074</u>
Change in net assets	738,085	1,879,971	2,618,056
Net assets, beginning of year	<u>20,116,445</u>	<u>6,595,274</u>	<u>26,711,719</u>
Net assets, end of year	<u>\$ 20,854,530</u>	<u>\$ 8,475,245</u>	<u>\$ 29,329,775</u>

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

Yosemite Foundation and Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statement of Activities  
 For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions			
Individuals	\$ 9,882,546	\$ 1,331,396	\$ 11,213,942
Corporations	294,951	190,324	485,275
Foundations	403,329	2,284,940	2,688,269
Cause related contributions	406,310	1,005,735	1,412,045
Special events and other sources	<u>155,886</u>	<u>-</u>	<u>155,886</u>
Total contributions	<u>11,143,022</u>	<u>4,812,395</u>	<u>15,955,417</u>
Program revenues			
Retail and publishing sales	4,225,670	-	4,225,670
Cost of sales	<u>(2,230,829)</u>	<u>-</u>	<u>(2,230,829)</u>
Retail and publishing, net	1,994,841	-	1,994,841
Program service fees	<u>751,791</u>	<u>-</u>	<u>751,791</u>
Total program revenues	<u>2,746,632</u>	<u>-</u>	<u>2,746,632</u>
Other revenues			
Investment income, net	434,874	262,606	697,480
Other revenue	<u>158,445</u>	<u>-</u>	<u>158,445</u>
Total other revenues	<u>593,319</u>	<u>262,606</u>	<u>855,925</u>
Net assets released from restriction	<u>5,897,936</u>	<u>(5,897,936)</u>	<u>-</u>
Total support and revenue	<u>20,380,909</u>	<u>(822,935)</u>	<u>19,557,974</u>
Functional expenses			
Program services			
Project grants and administration	9,228,873	-	9,228,873
Retail and publishing	1,299,705	-	1,299,705
Visitor services and programs	<u>2,856,460</u>	<u>-</u>	<u>2,856,460</u>
Total program services	<u>13,385,038</u>	<u>-</u>	<u>13,385,038</u>
Support services			
Administration	1,244,594	-	1,244,594
Fundraising	<u>2,444,082</u>	<u>-</u>	<u>2,444,082</u>
Total support services	<u>3,688,676</u>	<u>-</u>	<u>3,688,676</u>
Total functional expenses	<u>17,073,714</u>	<u>-</u>	<u>17,073,714</u>
Change in net assets	3,307,195	(822,935)	2,484,260
Net assets, beginning of year	<u>16,809,250</u>	<u>7,418,209</u>	<u>24,227,459</u>
Net assets, end of year	<u>\$ 20,116,445</u>	<u>\$ 6,595,274</u>	<u>\$ 26,711,719</u>

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

Yosemite Foundation and Subsidiary  
dba Yosemite Conservancy  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2020

	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	\$ 1,401,868	\$ 623,365	\$ 1,032,751	\$ 3,057,984	\$ 991,388	\$ 619,575	\$ 1,610,963	\$ 4,668,947
Project commitments and aid to the National Park Service	8,791,890	-	-	8,791,890	-	-	-	8,791,890
Printing and postage	1,755	10,662	161,825	174,242	17,031	1,362,131	1,379,162	1,553,404
Cost of sales	-	508,877	-	508,877	-	-	-	508,877
Professional services	122,898	110,674	143,840	377,412	166,088	347,467	513,555	890,967
Marketing promotions	-	10,516	839,137	849,653	3,000	-	3,000	852,653
Rent and occupancy	117,529	23,376	35,997	176,902	14,050	40,878	54,928	231,830
Telephone, voice and data	22,396	32,676	38,176	93,248	7,406	6,550	13,956	107,204
Office supplies	1,161	9,414	12,393	22,968	30,909	28,750	59,659	82,627
Depreciation	13,335	17,330	12,341	43,006	14,485	6,520	21,005	64,011
Equipment repair and maintenance	12,756	-	4,550	17,306	10,779	22,230	33,009	50,315
Equipment non-amortized	-	9,921	19,559	29,480	10,475	2,427	12,902	42,382
Bank and merchant fees	-	28,005	25,588	53,593	11,977	79,484	91,461	145,054
Events, catering and rentals	-	-	-	-	519	-	519	519
Insurance	30,861	9,809	8,641	49,311	1,849	10,397	12,246	61,557
Premiums	60	-	1,257	1,317	454	2,932	3,386	4,703
Service charges and fees	84	3,495	3,204	6,783	8,689	12,601	21,290	28,073
Taxes, licenses and registrations	800	1,720	-	2,520	30,450	15,663	46,113	48,633
Travel and meals	1,658	1,246	10,248	13,152	8,271	5,350	13,621	26,773
Sales fulfillment	-	66,989	-	66,989	-	-	-	66,989
Media and publication production	-	-	130,927	130,927	-	-	-	130,927
Miscellaneous	18	22,306	680	23,004	2,593	19	2,612	25,616
	<u>10,519,069</u>	<u>1,490,381</u>	<u>2,481,114</u>	<u>14,490,564</u>	<u>1,330,413</u>	<u>2,562,974</u>	<u>3,893,387</u>	<u>18,383,951</u>
Less expenses included with revenues on the statement of activities								
Cost of sales	-	(508,877)	-	(508,877)	-	-	-	(508,877)
Total expenses included in the expense section on the statement of activities	<u>\$ 10,519,069</u>	<u>\$ 981,504</u>	<u>\$ 2,481,114</u>	<u>\$ 13,981,687</u>	<u>\$ 1,330,413</u>	<u>\$ 2,562,974</u>	<u>\$ 3,893,387</u>	<u>\$ 17,875,074</u>

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



Yosemite Foundation and Subsidiary  
dba Yosemite Conservancy  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019

	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	\$ 1,325,048	\$ 864,185	\$ 1,001,236	\$ 3,190,469	\$ 803,870	\$ 590,593	\$ 1,394,463	\$ 4,584,932
Project commitments and aid to the National Park Service	7,613,831	-	-	7,613,831	-	-	-	7,613,831
Printing and postage	8,162	11,943	134,052	154,157	9,572	1,303,803	1,313,375	1,467,532
Cost of sales	-	2,230,829	-	2,230,829	-	-	-	2,230,829
Professional services	76,815	155,899	410,096	642,810	189,209	304,992	494,201	1,137,011
Marketing promotions	-	10,308	790,574	800,882	-	-	-	800,882
Rent and occupancy	111,202	26,171	32,359	169,732	13,537	47,739	61,276	231,008
Telephone, voice and data	10,853	27,291	35,496	73,640	3,380	2,419	5,799	79,439
Office supplies	3,138	30,236	31,335	64,709	19,986	23,138	43,124	107,833
Depreciation	18,876	15,730	12,111	46,717	7,783	4,567	12,350	59,067
Equipment repair and maintenance	14,071	1,922	2,503	18,496	11,287	21,988	33,275	51,771
Equipment non-amortized	1,012	7,088	18,977	27,077	5,608	3,737	9,345	36,422
Bank and merchant fees	42	99,920	13,282	113,244	10,146	53,865	64,011	177,255
Events, catering and rentals	9,269	-	168,239	177,508	58,227	592	58,819	236,327
Insurance	30,276	9,917	8,705	48,898	2,136	10,193	12,329	61,227
Premiums	-	-	1,823	1,823	2,284	3,094	5,378	7,201
Service charges and fees	62	7,560	3,181	10,803	24,392	39,854	64,246	75,049
Taxes, licenses and registrations	801	809	-	1,610	18,694	11,545	30,239	31,849
Travel and meals	5,415	6,860	86,036	98,311	63,448	21,963	85,411	183,722
Sales fulfillment	-	23,552	-	23,552	-	-	-	23,552
Media and publication production	-	-	92,383	92,383	-	-	-	92,383
Miscellaneous	-	314	14,072	14,386	1,035	-	1,035	15,421
	<u>9,228,873</u>	<u>3,530,534</u>	<u>2,856,460</u>	<u>15,615,867</u>	<u>1,244,594</u>	<u>2,444,082</u>	<u>3,688,676</u>	<u>19,304,543</u>
Less expenses included with revenues on the statement of activities								
Cost of sales	-	(2,230,829)	-	(2,230,829)	-	-	-	(2,230,829)
Total expenses included in the expense section on the statement of activities	<u>\$ 9,228,873</u>	<u>\$ 1,299,705</u>	<u>\$ 2,856,460</u>	<u>\$ 13,385,038</u>	<u>\$ 1,244,594</u>	<u>\$ 2,444,082</u>	<u>\$ 3,688,676</u>	<u>\$ 17,073,714</u>

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

Yosemite Foundation and Subsidiary  
 dba Yosemite Conservancy  
 Consolidated Statements of Cash Flows  
 For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 2,618,056	\$ 2,484,260
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	64,011	59,067
Change in value of charitable gift annuities	4,030	(4,747)
Unrealized gain on investments	(1,467,540)	(542,586)
Realized gain on sale of investments	(79,582)	(4,221)
Contributions restricted for endowment	(2,675,729)	(5,850)
Changes in operating assets and liabilities		
Pledges receivable, net	450,622	887,527
Other receivables, net	279,865	(236,394)
Inventory	(164,839)	158,036
Prepaid and other current assets	(36,165)	(103,737)
Deposits	1,650	(1,650)
Accounts payable	(183,804)	181,565
Accrued expenses	265,728	919
Grants payable to Yosemite National Park	1,286,149	(857,708)
Net cash provided by operating activities	362,452	2,014,481
Cash flows from investing activities		
Purchase of property and equipment	(333,690)	(33,358)
Purchase of land held for future use	(284,917)	(559,944)
Proceeds from sales of investments	2,888,280	2,067,802
Purchases of investments	(3,104,938)	(2,244,840)
Collection of contributions restricted for endowment purposes	-	5,850
Net cash used in investing activities	(835,265)	(764,490)
Net increase (decrease) in cash, cash equivalents and restricted cash	(472,813)	1,249,991
Cash, cash equivalents and restricted cash, beginning of year	17,590,940	16,340,949
Cash, cash equivalents and restricted cash, end of year	\$ 17,118,127	\$ 17,590,940
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 17,106,202	\$ 17,590,940
Cash held for endowment	11,925	-
	\$ 17,118,127	\$ 17,590,940

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

Yosemite Foundation and Subsidiary  
dba Yosemite Conservancy  
Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

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 2.3 million visitor experiences each year.

YF Real Estate Holdings LLC, ("Subsidiary"), 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 ("Yosemite") 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 \$140 million in grants for more than 700 completed projects to preserve Yosemite and enrich the visitor experience for all.

Through the generous donations of individuals, corporations and foundations, the Conservancy provided over \$14 million in cash and non-cash support to Yosemite in 2020, including over \$2.2 million to support the restoration of Bridalveil Fall and over \$2.6 million for the construction and design of a new Welcome Center.

As part of its total support to Yosemite in 2020, the Conservancy provided over \$700,000 in funding for Youth in Yosemite programs, which inspire the future stewards of national parks by helping young people connect with Yosemite.

Retail and publishing

This program comprises sales conducted at visitor center bookstores, information centers and wilderness centers, through an online store, and to wholesale vendors. In addition to selling maps, guides, Native American handcrafts, apparel and other items related to Yosemite and the Sierra Nevada, the Conservancy publishes and sells books that educate people and inspire them to connect with and care for national parks and public lands.

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1. NATURE OF OPERATIONS (continued)

Park programs

The Conservancy supports the preservation- and education-related roles of the National Park Service mission through a diverse portfolio of public educational programs. The Conservancy's Outdoor Adventures enhance the Yosemite experience for park visitors through dozens of interpretive and educational day hikes, backpacking trips and other programs in geology, botany, natural and cultural history, photography, and the arts. The Conservancy also conducts educational field programs on a custom basis and by contract with travel providers. In addition, the Conservancy supports art programs, Yosemite Theater and the Parsons Memorial Lodge Summer Series. The Conservancy also helps inspire and train the next generation of stewards by supporting internships, Junior Ranger activities, and other youth programs in the park, and helps sustain Yosemite-focused leadership programming and educational outreach with University of California, Merced.

The Conservancy's Wilderness operations program assists the National Park Service in ensuring that Yosemite backcountry visitors are educated about and prepared for wilderness travel. Conservancy wilderness staff manage the wilderness reservation system, issue permits, sponsor the bear-proof food canister rental program, operate the Ostrander Ski Hut, sell interpretive and orientation materials, and provide visitors with the opportunity for an enjoyable and respectful wilderness experience.

The Conservancy's Volunteer program recruits, trains and manages volunteers who support Yosemite through numerous week-long natural resource restoration projects and through a month-long "visitor information assistant" program that improves the experience of hundreds of thousands of park 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 accounting principles generally accepted in the United States of America ("U.S. GAAP"). All material intercompany transactions and account balances have been eliminated in consolidation.

Yosemite Foundation and Subsidiary  
dba Yosemite Conservancy  
Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation

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

- *Without donor restrictions* - Those net assets and activities which represent the portion of expendable funds available to support operations that are not subject to donor-imposed stipulations. A portion of these net assets may be designated by the Board of Trustees ("Board") for specific purposes. Board-designated net assets were \$18,966,934 and \$18,542,135 as of December 31, 2020 and 2019, respectively.
- *With donor restrictions* - 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 or the portion of net assets held in perpetuity by donor-imposed stipulations, for which the income from these contributions is available to support the activities of the Conservancy as designated by the donor.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Conservancy considers all highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

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 such discounts is included in contribution revenue.

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. The allowance for uncollectible pledges receivable totaled \$6,000 and \$19,000 as of December 31, 2020 and 2019, respectively.

Yosemite Foundation and Subsidiary  
dba Yosemite Conservancy  
Notes to Consolidated Financial Statements  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Conservancy reports investments 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. Investment income is reported net of investment advisor fees.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

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 gift annuities: Valued based on the present value of estimated future cash flow.

Inventory

Inventory is stated at the lower of cost or net realizable value. The cost is determined by the average cost method.

Property and equipment

Property and equipment consists of buildings 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 lives of the improvements.

Grants payable to Yosemite National Park

Grants are recognized as an expense and a liability when the Board 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor-restricted endowment

*Interpretation of Relevant Law*

The Board has interpreted the State of California's enacted version of 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 Conservancy classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, (3) additions to the endowment in accordance with donor directions, and (4) the remaining portion of the donor-restricted endowment fund whose use is restricted 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 endowment assets is included in net assets with donor restrictions and is 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 \$78,370 and \$54,100 for the years ended December 31, 2020 and 2019, respectively.



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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, and 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 net assets with donor restrictions. As of December 31, 2020 and 2019, the Conservancy did not have any underwater endowment funds.

Contributions

Contributions and grants received are recorded as with donor restrictions and without donor restrictions 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. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Donor-restricted or time-restricted contributions are reclassified to being without donor restrictions 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 \$383,939 and \$98,563 during the years ended December 31, 2020 and 2019, respectively.

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 consolidated financial statements for those services as they do not meet the criteria for recognition under professional accounting standards. For the year ended December 31, 2020, the Conservancy was unable to operate its volunteer program due to the COVID-19 pandemic (Note 20). For the year ended December 31, 2019, the Conservancy had 390 volunteers who donated approximately 17,180 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's mission and projects. The estimated value of these contributions for donated space was not determinable and thus is not reflected in the consolidated financial statements as of and for the years ended December 31, 2020 or 2019.

Functional expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among program services and support services based on management's estimates.

Sales taxes

The Conservancy collects sales taxes from customers and is responsible for remitting the entire amount collected to the State. The Conservancy records sales taxes collected as a liability in accordance with U.S. GAAP.

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 consolidated 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, 2020 or 2019.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

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

Reclassifications

Certain amounts presented in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously presented.

3. PLEDGES RECEIVABLE

Pledges receivable, net consisted of the following:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 130,472	\$ 549,700
One to five years	<u>84,500</u>	<u>129,158</u>
	214,972	678,858
Less allowance for uncollectible amounts	(6,000)	(19,000)
Less present value discount (using rates from 1.56% to 2.66%)	<u>(3,019)</u>	<u>(3,283)</u>
	<u>\$ 205,953</u>	<u>\$ 656,575</u>

4. INVESTMENTS

Investments, stated at fair value, consist of the following as of December 31, 2020:

	<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 10,627	\$ 10,627
Debt securities	4,791,282	4,918,981
Equity securities	<u>4,214,458</u>	<u>5,810,697</u>
	<u>\$ 9,016,367</u>	<u>\$ 10,740,305</u>

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4. INVESTMENTS (continued)

Investments, stated at fair value, consist of the following as of December 31, 2019:

	2019	
	Cost	Fair Value
Money market funds	\$ 53,304	\$ 53,304
Debt securities	3,734,513	3,792,439
Equity securities	2,256,651	2,455,053
	\$ 6,044,468	\$ 6,300,796

Investment income, net consisted of the following:

	2020	2019
Interest income	\$ 68,533	\$ 72,496
Dividend income	217,300	107,199
Realized gain	79,582	4,221
Unrealized gain	1,467,540	542,586
Investment advisor fees	(40,539)	(29,022)
	\$ 1,792,416	\$ 697,480

5. 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, 2020:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ 10,627	\$ -	\$ -	\$ 10,627
Debt securities	4,918,981	-	-	4,918,981
Equity securities	5,810,697	-	-	5,810,697
Charitable gift annuities, net	-	-	120,069	120,069
	\$ 10,740,305	\$ -	\$ 120,069	\$ 10,860,374

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5. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 53,304	\$ -	\$ -	\$ 53,304
Debt securities	3,792,439	-	-	3,792,439
Equity securities	2,455,053	-	-	2,455,053
Charitable gift annuities, net	<u>-</u>	<u>-</u>	<u>124,099</u>	<u>124,099</u>
	<u>\$ 6,300,796</u>	<u>\$ -</u>	<u>\$ 124,099</u>	<u>\$ 6,424,895</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 124,099	\$ 119,352
Change in value of charitable gift annuities	<u>(4,030)</u>	<u>4,747</u>
Balance, end of year	<u>\$ 120,069</u>	<u>\$ 124,099</u>

6. LAND HELD BY YF REAL ESTATE HOLDINGS LLC

In November 2009, the Conservancy purchased two parcels of land totaling 11 acres in Mariposa, California for potential park visitor services. The parcels are held in the Subsidiary. Each parcel was acquired through a bargain purchase resulting in non-cash contributions of \$520,448 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.

During 2014, the Conservancy purchased a house in the amount of \$243,752 in El Portal, California to be rented as housing to Conservancy employees. In 2020, an additional house was purchased in El Portal, California in the amount of \$300,859, for the same purpose. The houses are rented at market value. The buildings and improvements are recorded in property and equipment. The houses sit on National Park Service land that has been officially assigned to the Conservancy through the current cooperating agreement.

During 2018, the Conservancy purchased land amounting to \$1,751,256 in Yosemite West with the purpose of constructing housing for Yosemite employees in the future. In 2019, additional land was purchased, and improvements were made, amounting to \$559,944. In 2020, additional improvements were made in the amount of \$284,917.

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7. 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 6.6% 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 statements of activities.

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

	<u>2020</u>	<u>2019</u>
Present value	\$120,069	\$124,099
Contract value	\$141,425	\$148,954
Projected term of the contract based on actuarial tables (years)	5.7 - 14.1	6.2 - 14.8
Projected growth rate net of payments to income beneficiaries	0.0%	0.0%
Risk-free discount rate	2.0 - 2.4%	2.0% - 2.4%

8. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	<u>2020</u>	<u>2019</u>
Non-depreciable assets		
Donated artwork	<u>\$ 138,090</u>	<u>\$ 138,090</u>
Depreciable assets		
Buildings and improvements	708,637	408,128
Furniture and fixtures	450,755	436,729
Leasehold improvements	109,442	90,287
Automobiles	<u>99,385</u>	<u>99,385</u>
	1,368,219	1,034,529
Accumulated depreciation	<u>(667,203)</u>	<u>(603,192)</u>
	<u><u>\$ 839,106</u></u>	<u><u>\$ 569,427</u></u>

Depreciation expense totaled \$64,011 and \$59,067 for the years ended December 31, 2020 and 2019, respectively.

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9. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	2020	2019
Accrued salaries and benefits	\$ 458,592	\$ 213,701
Accrued vacation	206,477	145,325
Accrued royalties	11,286	22,346
Deferred rent	24,866	49,723
Other accrued expenses	76,918	81,316
	\$ 778,139	\$ 512,411

10. GRANT COMMITMENT AND AID TO NATIONAL PARK SERVICE

Every year, the Conservancy makes grants to the National Park Service to fund projects and programs within Yosemite 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, 2020 and 2019, the total grants made were \$8,791,890 and \$7,613,831, respectively. These project commitments funded over 38 and 55 individual projects and programs in 2020 and 2019, respectively.

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

	2020	2019
Campaign and Special Projects:		
Bridalveil Fall Restoration	\$ 2,231,677	\$ 2,361,913
Mariposa Grove Restoration	-	138,242
Yosemite Valley Welcome Center	2,656,894	882,650
Cultural and historic preservation	214,732	296,368
Habitat restoration	166,604	354,958
Scientific research	84,135	115,621
Trail repair and access	600,000	1,239,493
Visitor services and education	1,044,529	1,328,508
Wildlife management	1,310,024	344,317
Donor restricted and other park programs	483,295	551,761
	\$ 8,791,890	\$ 7,613,831

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11. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board has created three specific board-designated funds:

- Yosemite Legacy Fund to hold bequests without donor restriction and other gifts until they are allocated by the Board annually in the budget process to specific projects, programs or campaigns. The Conservancy may spend 25% of the June 30th balance in this fund for general purposes (Note 21).
- Emergency Reserve to hold six months of fixed expenses less recurring cause-related revenue.
- Real Estate, Property & Equipment Fund to hold board-designated funds for future use for the construction of housing for park employees and property and equipment, net of depreciation.

The Yosemite Legacy Fund and Emergency Reserve have a short-term investment objective of capital preservation and are currently invested in bonds and cash.

Net assets without donor restrictions including board-designated net assets were as follows as of December 31, 2020:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 1,574,310	\$ 10,720,085	\$ 1,928,000	\$(12,334,799)	\$ 1,887,596
Board-designated:					
Yosemite Legacy Fund	12,068,309	1,798,203	(1,900,000)	-	11,966,512
Emergency Reserve	2,829,000	-	(28,000)	-	2,801,000
Real Estate, Property & Equipment Fund	<u>3,644,826</u>	<u>554,596</u>	<u>-</u>	<u>-</u>	<u>4,199,422</u>
	<u>18,542,135</u>	<u>2,352,799</u>	<u>(1,928,000)</u>	<u>-</u>	<u>18,966,934</u>
	<u>\$ 20,116,445</u>	<u>\$ 13,072,884</u>	<u>\$ -</u>	<u>\$(12,334,799)</u>	<u>\$ 20,854,530</u>

Net assets without donor restrictions including board designated net assets were as follows as of December 31, 2019:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 957,125	\$ 12,234,985	\$ (413,000)	\$(11,204,800)	\$ 1,574,310
Board-designated:					
Yosemite Legacy Fund	10,325,533	1,742,776	-	-	12,068,309
Emergency Reserve	2,416,000	-	413,000	-	2,829,000
Real Estate, Property & Equipment Fund	<u>3,110,592</u>	<u>534,234</u>	<u>-</u>	<u>-</u>	<u>3,644,826</u>
	<u>15,852,125</u>	<u>2,277,010</u>	<u>413,000</u>	<u>-</u>	<u>18,542,135</u>
	<u>\$ 16,809,250</u>	<u>\$ 14,511,995</u>	<u>\$ -</u>	<u>\$(11,204,800)</u>	<u>\$ 20,116,445</u>



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12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2020:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Campaigns:					
Bridalveil Fall Restoration	\$ 2,945,406	\$ 403,798	\$ -	\$ (2,291,640)	\$ 1,057,564
Mariposa Grove Restoration	482,328	-	8,254	(116,971)	373,611
Cultural and Historic Preservation Projects	2,030	122,928	-	(95,902)	29,056
Habitat Restoration Projects	-	11,747	197,153	(208,900)	-
Scientific Research Projects	-	2,000	225,000	(227,000)	-
Trail Repair and Access Projects	618,025	771,706	66,503	(597,807)	858,427
Visitor Services and Education Projects	184,255	1,273,048	108,497	(1,437,001)	128,799
Wildlife Management Projects	230,923	453,420	-	(232,148)	452,195
Donor restricted and other park programs	1,112,748	950,328	(605,407)	(332,906)	1,124,763
Trail Repair Endowment	898,768	305	-	-	899,073
Search and Rescue Endowment	120,791	-	-	-	120,791
Crane Endowment	-	2,675,424	-	-	2,675,424
Time-restrictions	-	755,542	-	-	755,542
	<u>\$ 6,595,274</u>	<u>\$ 7,420,246</u>	<u>\$ -</u>	<u>\$ (5,540,275)</u>	<u>\$ 8,475,245</u>

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12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2019:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Campaigns:					
Bridalveil Fall Restoration	\$ 4,369,621	\$ 1,716,800	\$ -	\$ (3,141,015)	\$ 2,945,406
Mariposa Grove Restoration	605,573	1,013	13,984	(138,242)	482,328
Cultural and Historic Preservation Projects	977	149,289	-	(148,236)	2,030
Habitat Restoration Projects	-	121,575	203,478	(325,053)	-
Scientific Research Projects	20,001	71,100	-	(91,101)	-
Trail Repair and Access Projects	367,915	398,123	425,000	(573,013)	618,025
Visitor Services and Education Projects	74,860	855,468	-	(746,073)	184,255
Wildlife Management Projects	-	546,503	-	(315,580)	230,923
Donor restricted and other park programs	965,553	1,209,280	(642,462)	(419,623)	1,112,748
Trail Repair Endowment	892,918	5,850	-	-	898,768
Search and Rescue Endowment	<u>120,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,791</u>
	<u>\$ 7,418,209</u>	<u>\$ 5,075,001</u>	<u>\$ -</u>	<u>\$ (5,897,936)</u>	<u>\$ 6,595,274</u>

13. DONOR RESTRICTED ENDOWMENT

The Conservancy's endowment consists of three donor-restricted endowment funds classified and reported as net assets with donor restrictions. The funds have a long-term investment objective of growth and are invested 15% in fixed income and 85% in equity.

In 2020, the Conservancy recorded a bequest from Lawrence Crane of \$2,675,424 after receiving confirmation that the Conservancy was the sole beneficiary. The trust stated that the funds were to establish an endowment to be used at the discretion of the Conservancy. The trust is managed by a trustee, who distributes a portion of the earnings on a regular basis. The funds are included in investments on the statement of financial position at December 31, 2020.

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13. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	<u>Total</u>
Trail repair endowment	\$ 847,432	\$ 899,073	\$ 1,746,505
Search and rescue endowment	73,994	120,791	194,785
Crane endowment	<u>755,542</u>	<u>2,675,424</u>	<u>3,430,966</u>
	<u>\$ 1,676,968</u>	<u>\$ 3,695,288</u>	<u>\$ 5,372,256</u>

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	<u>Total</u>
Trail repair endowment	\$ 491,255	\$ 898,768	\$ 1,390,023
Search and rescue endowment	<u>34,279</u>	<u>120,791</u>	<u>155,070</u>
	<u>\$ 525,534</u>	<u>\$ 1,019,559</u>	<u>\$ 1,545,093</u>

Changes in endowment net assets for the fiscal year ended December 31, 2020 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	<u>Total</u>
Balance, December 31, 2019	\$ 525,534	\$ 1,019,559	\$ 1,545,093
Net investment gain	1,229,804	-	1,229,804
Contributions	-	2,675,729	2,675,729
Appropriation of net assets	<u>(78,370)</u>	<u>-</u>	<u>(78,370)</u>
Net change	<u>1,151,434</u>	<u>2,675,729</u>	<u>3,827,163</u>
Balance, December 31, 2020	<u>\$ 1,676,968</u>	<u>\$ 3,695,288</u>	<u>\$ 5,372,256</u>

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13. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2019 is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	
Balance, December 31, 2018	\$ 217,072	\$ 1,013,709	\$ 1,230,781
Net investment gain	362,562	-	362,562
Contributions	-	5,850	5,850
Appropriation of net assets	(54,100)	-	(54,100)
Net change	<u>308,462</u>	<u>5,850</u>	<u>314,312</u>
Balance, December 31, 2019	<u>\$ 525,534</u>	<u>\$ 1,019,559</u>	<u>\$ 1,545,093</u>

14. ALLOCATION OF JOINT COSTS

During the years ended December 31, 2020 and 2019, the Conservancy incurred costs of \$2,306,831 and \$2,087,488, respectively, for informational materials and activities that included fundraising appeals.

Joint costs have been allocated to the following functions:

	<u>2020</u>	<u>2019</u>
Fundraising	\$ 1,254,625	\$ 1,156,195
Donor education	1,043,233	923,290
Administration	<u>8,973</u>	<u>8,003</u>
	<u>\$ 2,306,831</u>	<u>\$ 2,087,488</u>

15. RELATED PARTY TRANSACTIONS

The Conservancy had contribution revenue and in-kind donations of approximately \$840,000 and \$455,000 from members of the Council and employees for the years ended December 31, 2020 and 2019, respectively. The Conservancy had pledges receivable from members of the Council totaling approximately \$22,000 and \$161,000 as of December 31, 2020 and 2019, respectively.

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16. 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 statements of financial position.

During the year ended December 31, 2020, one donor comprised 18% of total contributions. As of December 31, 2020, three donors comprised 60% of pledges receivable.

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, and are 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 \$216,271 and \$178,970 for the years ended December 31, 2020 and 2019, respectively.

18. PAYCHECK PROTECTION PROGRAM

On April 23, 2020, the Conservancy received loan proceeds of \$759,300 from a promissory note issued by City National Bank under the Paycheck Protection Program ("PPP"), which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration ("SBA"). Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness is determined based on the use of the loan proceeds for payroll costs, rent and utility expenses, and the maintenance of workforce and compensation levels with certain limitations. The Conservancy believes it has met the PPP's eligibility criteria and has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven, and accordingly has accounted for the PPP loan as a conditional contribution. Proceeds received under the PPP loan are recognized as revenue when the Conservancy has incurred expenditures in compliance with the promissory note provisions and when the conditions have been substantially met. The Conservancy recognized conditional grant revenue totaling \$759,300 during the year ended December 31, 2020 based on qualifying expenditures made under the PPP that are expected to be forgiven. On February 11, 2021, the Conservancy received notification that the full amount of the loan had been forgiven by the SBA (Note 22).

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19. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Conservancy maintains a lease for its office space in San Francisco that is scheduled to expire in October 2021. The Conservancy also maintains a lease for office equipment that expires in April 2024. 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 cooperating agreement.

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

<u>Year ending December 31,</u>		
2021	\$	189,774
2022		2,148
2023		2,148
2024		<u>716</u>
	<u>\$</u>	<u>194,786</u>

Rental expense, including month-to-month leases for certain equipment and facilities, was approximately \$222,000 and \$218,000 for the years ended December 31, 2020 and 2019, respectively.

20. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization characterized a novel strain of coronavirus ("COVID-19") as a pandemic. In addition, several states in the U.S., including California, where the Conservancy is headquartered, have declared a state of emergency. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations (Note 18).

Potential impacts to the Conservancy's operations include disruptions or restrictions on the employees' ability to work and the fluctuation in investment balances due to the negative effect of this pandemic on the financial markets. COVID-19 also affects the public's ability to visit Yosemite, thereby affecting retail store sales and related program service fees at the park. The Conservancy's donor base may also be affected in a variety of ways, potentially limiting the amount of contributions that might be received during this time. Any of the foregoing could harm the Conservancy's operations and the ways in which COVID-19 and similar public health crises could adversely impact the business cannot be anticipated. Although the Conservancy is continuing to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate impact of the COVID-19 outbreak or a similar epidemic is highly uncertain and subject to change.

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21. LIQUIDITY AND FUNDS AVAILABLE

Under the Conservancy's liquidity management plan, the Conservancy manages its financial assets to be available as its general expenditures, liabilities and grant commitments come due. The Conservancy also actively manages cash flow to fund large multi-year capital campaign projects in anticipation of the grant expenditure plan.

Pursuant to the liquidity management plan, the Conservancy has structured its short-term investments to equal at least six months of fixed expenses less recurring cause-related revenue. The Conservancy reduces the uncertainty of funding grant commitments in the succeeding year by determining the maximum amount of grant commitments based on financial performance that has already been generated. The Conservancy determines financial performance for each year for the 12-month period ended June 30th excluding campaign contributions, bequests and grant expense. This surplus, consisting of how much the Conservancy would have made, if no grants were made in that period, plus 25% of the Legacy Fund, would be deemed available for grant spending the following year. The Conservancy has chosen June 30th, because this provides the Conservancy's Grant Review Committee with the known amount available for the following year for its meeting with the National Park Service.

At December 31, 2020, cash on hand of \$17,118,127 includes \$4,779,957 earmarked for donor-restricted projects, including \$11,925 of cash held for endowment purposes. The Conservancy may access \$12,338,170 to support general operations, subject to Board approval. As of December 31, 2019, cash on hand of \$17,590,940 includes \$5,576,555 subject for use to satisfy donor restrictions.

At December 31, 2020, pledges receivable were \$205,953 compared to \$656,575 at December 31, 2019, and consist mostly of commitments to fund a capital campaign to restore Bridalveil Fall and for building and site improvements of a new Welcome Center.

At December 31, 2020, investments of \$10,740,305 include \$5,360,026 from donor-restricted endowments. Because of this restriction, \$5,380,279 is available for operations as necessary. As of December 31, 2019, investments of \$6,300,796 include \$1,545,093 from donor-restricted endowments. The Conservancy does not intend to liquidate such investments due to its strong cash position.

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21. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes the Conservancy's financial assets available within one year of December 31, 2020 and December 31, 2019 to fund general expenditures and other obligations as they become due:

	2020	2019
<u>Financial assets</u>		
Cash and cash equivalents	\$ 17,106,202	\$ 17,590,940
Cash held for endowment	11,925	-
Pledges receivable, net	205,953	656,575
Other receivables, net	355,823	635,688
Investments	10,740,305	6,300,796
Charitable gift annuities	120,069	124,099
Deferred compensation	201,873	213,700
Total financial assets	28,742,150	25,521,798
 <u>Less: amounts unavailable for general expenditure within one year:</u>		
Contractual:		
Deferred compensation asset	(201,873)	(213,700)
Donor-imposed restrictions:		
Charitable gift annuities	(120,069)	(124,099)
Time and purpose restrictions	(4,779,957)	(5,575,715)
Endowment investments	(3,695,288)	(1,019,559)
Board designations:		
Legacy fund	(8,926,550)	(10,091,048)
Emergency fund	(2,801,000)	(2,829,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,217,413	\$ 5,668,677

22. SUBSEQUENT EVENTS

Management has evaluated material subsequent events through May 11, 2021, the date the consolidated financial statements were available to be issued.

On January 4, 2021, the Conservancy's Executive Committee approved \$4,243,846 in new grants payable for 2021 park projects.

On February 11, 2021, the Conservancy received notification that the full amount of borrowings under the PPP loan of \$759,300 had been forgiven by the SBA (Note 18).