

Yosemite Foundation and Subsidiary

dba Yosemite Conservancy

Consolidated Financial Statements

December 31, 2021 and 2020



**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

Opinion

We have audited the accompanying consolidated financial statements of Yosemite Foundation (a California corporation) and Subsidiary dba Yosemite Conservancy (the "Conservancy"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yosemite Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yosemite Foundation's ability to continue as a going concern for a reasonable period of time.

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



Armanino^{LLP}
San Francisco, California

May 2, 2022

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Consolidated Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 14,411,065	\$ 17,106,202
Cash held for endowment	21,657	11,925
Pledges receivable, net	278,129	126,472
Other receivables, net	608,966	355,823
Investments	10,692,281	5,379,974
Inventory	542,917	663,810
Prepaid and other current assets	542,886	475,272
Total current assets	27,097,901	24,119,478
Non-current assets		
Pledges receivable, net of current portion	206,985	79,481
Deposits	14,500	14,500
Land held for future use	3,263,769	3,360,317
Investments, net of current portion	5,829,975	5,360,331
Charitable gift annuities	165,008	120,069
Property and equipment, net	910,935	839,106
Total non-current assets	10,391,172	9,773,804
Total assets	\$ 37,489,073	\$ 33,893,282
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 303,475	\$ 164,827
Accrued expenses	690,404	778,139
Grants payable to Yosemite National Park	4,630,434	3,620,541
Total current liabilities	5,624,313	4,563,507
Net assets		
Without donor restrictions	22,201,932	20,854,530
With donor restrictions	9,662,828	8,475,245
Total net assets	31,864,760	29,329,775
Total liabilities and net assets	\$ 37,489,073	\$ 33,893,282

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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions			
Individuals	\$ 10,468,309	\$ 3,149,750	\$ 13,618,059
Corporations	87,000	414,750	501,750
Foundations	480,900	397,348	878,248
Cause related contributions	277,993	843,014	1,121,007
In-kind contributions	180,819	-	180,819
Special events and other sources	6,175	-	6,175
Total contributions	<u>11,501,196</u>	<u>4,804,862</u>	<u>16,306,058</u>
Program revenues			
Retail and publishing sales	1,787,625	-	1,787,625
Cost of sales	<u>(997,011)</u>	<u>-</u>	<u>(997,011)</u>
Retail and publishing, net	790,614	-	790,614
Program service fees	<u>907,123</u>	<u>-</u>	<u>907,123</u>
Total program revenues	<u>1,697,737</u>	<u>-</u>	<u>1,697,737</u>
Other revenues			
Investment income, net	482,554	374,774	857,328
Loss on disposal of assets	(128,128)	-	(128,128)
Other revenue	<u>43,344</u>	<u>-</u>	<u>43,344</u>
Total other revenues	<u>397,770</u>	<u>374,774</u>	<u>772,544</u>
Net assets released from restriction	<u>3,992,053</u>	<u>(3,992,053)</u>	<u>-</u>
Total support and revenue	<u>17,588,756</u>	<u>1,187,583</u>	<u>18,776,339</u>
Functional expenses			
Program services			
Project grants and administration	8,252,917	-	8,252,917
Retail and publishing	962,632	-	962,632
Visitor services and programs	<u>2,792,452</u>	<u>-</u>	<u>2,792,452</u>
Total program services	<u>12,008,001</u>	<u>-</u>	<u>12,008,001</u>
Support services			
Administration	1,493,712	-	1,493,712
Fundraising	<u>2,739,641</u>	<u>-</u>	<u>2,739,641</u>
Total support services	<u>4,233,353</u>	<u>-</u>	<u>4,233,353</u>
Total functional expenses	<u>16,241,354</u>	<u>-</u>	<u>16,241,354</u>
Change in net assets	1,347,402	1,187,583	2,534,985
Net assets, beginning of year	<u>20,854,530</u>	<u>8,475,245</u>	<u>29,329,775</u>
Net assets, end of year	<u>\$ 22,201,932</u>	<u>\$ 9,662,828</u>	<u>\$ 31,864,760</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

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions			
Individuals	\$ 9,969,985	\$ 4,284,005	\$ 14,253,990
Corporations	62,355	261,284	323,639
Foundations	411,400	763,334	1,174,734
Cause related contributions	131,041	698,867	829,908
In-kind contributions	133,939	250,000	383,939
Special events and other sources	7,531	-	7,531
Total contributions	10,716,251	6,257,490	16,973,741
Program revenues			
Retail and publishing sales	829,889	-	829,889
Cost of sales	(508,877)	-	(508,877)
Retail and publishing, net	321,012	-	321,012
Program service fees	636,907	-	636,907
Total program revenues	957,919	-	957,919
Other revenues			
Investment income, net	629,660	1,162,756	1,792,416
Loan forgiveness - Paycheck Protection Program	759,300	-	759,300
Other revenue	9,754	-	9,754
Total other revenues	1,398,714	1,162,756	2,561,470
Net assets released from restriction	5,540,275	(5,540,275)	-
Total support and revenue	18,613,159	1,879,971	20,493,130
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	2,481,114	-	2,481,114
Total program services	13,981,687	-	13,981,687
Support services			
Administration	1,330,413	-	1,330,413
Fundraising	2,562,974	-	2,562,974
Total support services	3,893,387	-	3,893,387
Total functional expenses	17,875,074	-	17,875,074
Change in net assets	738,085	1,879,971	2,618,056
Net assets, beginning of year	20,116,445	6,595,274	26,711,719
Net assets, end of year	\$ 20,854,530	\$ 8,475,245	\$ 29,329,775

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, 2021

	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	\$ 1,457,318	\$ 608,455	\$ 1,146,382	\$ 3,212,155	\$ 907,716	\$ 656,482	\$ 1,564,198	\$ 4,776,353
Project commitments and aid to the National Park Service	6,514,281	-	-	6,514,281	-	-	-	6,514,281
Printing and postage	2,249	22,904	124,448	149,601	9,513	1,524,811	1,534,324	1,683,925
Cost of sales	-	997,011	-	997,011	-	-	-	997,011
Professional services	94,009	113,637	192,746	400,392	346,357	335,683	682,040	1,082,432
Marketing promotions	-	5,808	924,456	930,264	1,500	-	1,500	931,764
Rent and occupancy	113,268	18,142	50,792	182,202	13,560	38,168	51,728	233,930
Telephone, voice and data	22,846	31,099	48,261	102,206	9,745	6,451	16,196	118,402
Office supplies	1,668	15,214	37,438	54,320	79,696	15,378	95,074	149,394
Depreciation	3,543	17,861	11,310	32,714	29,753	3,826	33,579	66,293
Equipment repair and maintenance	12,950	-	2,639	15,589	14,370	26,211	40,581	56,170
Equipment non-amortized	2,841	-	19,251	22,092	2,387	2,554	4,941	27,033
Bank and merchant fees	-	47,949	29,583	77,532	18,199	88,529	106,728	184,260
Events, catering and rentals	-	-	1,234	1,234	48	260	308	1,542
Insurance	25,953	8,909	7,583	42,445	(890)	8,734	7,844	50,289
Premiums	52	-	1,531	1,583	937	2,510	3,447	5,030
Service charges and fees	54	3,732	16,141	19,927	7,888	10,352	18,240	38,167
Taxes, licenses and registrations	800	1,476	7,857	10,133	39,019	9,680	48,699	58,832
Travel and meals	1,085	2,798	18,226	22,109	13,652	8,236	21,888	43,997
Sales fulfillment	-	51,909	-	51,909	-	-	-	51,909
Media and publication production	-	-	142,916	142,916	-	-	-	142,916
Miscellaneous	-	12,739	9,658	22,397	262	1,776	2,038	24,435
	<u>8,252,917</u>	<u>1,959,643</u>	<u>2,792,452</u>	<u>13,005,012</u>	<u>1,493,712</u>	<u>2,739,641</u>	<u>4,233,353</u>	<u>17,238,365</u>
Less expenses included with revenues on the statement of activities	-	(997,011)	-	(997,011)	-	-	-	(997,011)
Total expenses included in the expense section on the statement of activities	<u>\$ 8,252,917</u>	<u>\$ 962,632</u>	<u>\$ 2,792,452</u>	<u>\$ 12,008,001</u>	<u>\$ 1,493,712</u>	<u>\$ 2,739,641</u>	<u>\$ 4,233,353</u>	<u>\$ 16,241,354</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	<u>-</u>	<u>(508,877)</u>	<u>-</u>	<u>(508,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(508,877)</u>
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 Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,534,985	\$ 2,618,056
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	66,293	64,011
Change in value of charitable gift annuities	(44,939)	4,030
Unrealized (gains) losses on investments	513,063	(1,467,540)
Realized gains on sale of investments	(1,206,663)	(79,582)
Contributions restricted for endowment	-	(2,675,729)
Loss on disposal of assets	128,128	-
Changes in operating assets and liabilities		
Pledges receivable, net	(279,161)	450,622
Other receivables, net	(253,143)	279,865
Inventory	120,893	(164,839)
Prepaid and other current assets	(67,614)	(36,165)
Deposits	-	1,650
Accounts payable	138,648	(183,804)
Accrued expenses	(87,735)	265,728
Grants payable to Yosemite National Park	<u>1,009,893</u>	<u>1,286,149</u>
Net cash provided by operating activities	<u>2,572,648</u>	<u>362,452</u>
Cash flows from investing activities		
Purchase of property and equipment	(169,702)	(333,690)
Purchase of land held for future use	-	(284,917)
Proceeds from sales of investments	17,539,774	2,888,280
Purchases of investments	<u>(22,628,125)</u>	<u>(3,104,938)</u>
Net cash used in investing activities	<u>(5,258,053)</u>	<u>(835,265)</u>
Net decrease in cash, cash equivalents and restricted cash	(2,685,405)	(472,813)
Cash, cash equivalents and restricted cash, beginning of year	<u>17,118,127</u>	<u>17,590,940</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 14,432,722</u>	<u>\$ 17,118,127</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash	\$ 14,411,065	\$ 17,106,202
Cash held for endowment	<u>21,657</u>	<u>11,925</u>
	<u>\$ 14,432,722</u>	<u>\$ 17,118,127</u>

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, 2021 and 2020

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 3.3 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 \$146 million in grants for more than 760 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 \$12 million in cash and non-cash support to Yosemite in 2021.

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.

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, 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.

Yosemite Foundation and Subsidiary
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Notes to Consolidated Financial Statements
December 31, 2021 and 2020

1. NATURE OF OPERATIONS (continued)

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.

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 \$20,386,220 and \$18,966,934 as of December 31, 2021 and 2020, 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.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$10,000 and \$6,000 as of December 31, 2021 and 2020, respectively.

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;

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

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

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 capitalizes property and equipment of \$5,000 or more and will provide future benefit to the Conservancy. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$170,483 and \$78,370 for the years ended December 31, 2021 and 2020, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor-restricted endowment (continued)

Yosemite Conservancy Endowment

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. 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 40% fixed income and 60% equity.

Crane Endowment

Capital Group is trustee of the Crane Memorial Trust therefore endowment assets are invested in a manner decided by the trustee. The decision to spend or appropriate from the Crane Endowment is also controlled by Capital Group. Currently, trust assets are allocated 30% fixed income and 70% 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, 2021 and 2020, 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$180,819 and \$383,939 during the years ended December 31, 2021 and 2020, 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, 2021, the Conservancy had 110 volunteers who donated approximately 8,000 volunteer hours. For the year ended December 31, 2020, the Conservancy was unable to operate its volunteer program due to the COVID-19 pandemic.

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, 2021 or 2020.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 or 2020.

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

3. PLEDGES RECEIVABLE, NET

Pledges receivable, net consisted of the following:

	2021	2020
Less than one year	\$ 284,129	\$ 130,472
One to five years	215,409	84,500
	499,538	214,972
Less allowance for uncollectible amounts	(10,000)	(6,000)
Less present value discount (using rates from 0.10% to 2.60%)	(4,424)	(3,019)
	\$ 485,114	\$ 205,953

4. INVESTMENTS

Investments, stated at fair value, consist of the following as of December 31, 2021:

	2021	
	Cost	Fair Value
Money market funds	\$ 304,339	\$ 304,339
Debt securities	10,585,631	10,508,012
Equity securities	4,465,696	5,709,905
	\$ 15,355,666	\$ 16,522,256

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4. INVESTMENTS (continued)

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

	2020	
	<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>

Investment income, net consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 57,922	\$ 68,533
Dividend income	171,614	217,300
Realized gains	1,206,663	79,582
Unrealized gains (losses)	(513,063)	1,467,540
Investment advisor fees	<u>(65,808)</u>	<u>(40,539)</u>
	<u>\$ 857,328</u>	<u>\$ 1,792,416</u>

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 304,339	\$ -	\$ -	\$ 304,339
Debt securities	10,508,012	-	-	10,508,012
Equity securities	5,709,905	-	-	5,709,905
Charitable gift annuities, net	<u>-</u>	<u>-</u>	<u>165,008</u>	<u>165,008</u>
	<u>\$ 16,522,256</u>	<u>\$ -</u>	<u>\$ 165,008</u>	<u>\$ 16,687,264</u>

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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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
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	<u>-</u>	<u>-</u>	<u>120,069</u>	<u>120,069</u>
	<u>\$ 10,740,305</u>	<u>\$ -</u>	<u>\$ 120,069</u>	<u>\$ 10,860,374</u>

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 120,069	\$ 124,099
Contributions	50,000	-
Change in value of charitable gift annuities	<u>(5,061)</u>	<u>(4,030)</u>
Balance, end of year	<u>\$ 165,008</u>	<u>\$ 120,069</u>

6. REAL PROPERTY HELD BY YF REAL ESTATE HOLDINGS LLC

YF Real Estate Holdings LLC. holds properties to be used for potential park visitor services and employee housing. A summary of the properties held is summarized as follows:

	<u>2021</u>	<u>2020</u>
Land parcels purchased for development	\$ 2,553,998	\$ 2,553,998
Improvements to land held for future use	709,771	806,319
Houses, net of depreciation	<u>738,602</u>	<u>603,878</u>
	<u>\$ 4,002,371</u>	<u>\$ 3,964,195</u>

Some of the homes are rented at market value. The buildings and improvements are recorded in property and equipment. The homes sit on National Park Service land that has been formally assigned to the Conservancy under the current cooperating agreement.

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7. CHARITABLE GIFT ANNUITIES

The Conservancy has been named as the beneficiary of four charitable gift annuities. The income beneficiaries are entitled to a payment each quarter calculated from 2.1% 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>2021</u>	<u>2020</u>
Present value	\$165,008	\$120,069
Contract value	\$191,626	\$141,425
Projected term of the contract based on actuarial tables (years)	5.3 - 13.5	5.7 - 14.1
Projected growth rate net of payments to income beneficiaries	0.0%	0.0%
Risk-free discount rate	1.6 - 2.4%	2.0 - 2.4%

8. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	<u>2021</u>	<u>2020</u>
Non-depreciable assets		
Donated artwork	<u>\$ 106,510</u>	<u>\$ 138,090</u>
Depreciable assets		
Buildings and improvements	870,166	708,637
Furniture and fixtures	458,928	450,755
Leasehold improvements	109,442	109,442
Automobiles	<u>99,385</u>	<u>99,385</u>
	1,537,921	1,368,219
Accumulated depreciation	<u>(733,496)</u>	<u>(667,203)</u>
	<u>\$ 910,935</u>	<u>\$ 839,106</u>

Depreciation expense totaled \$66,293 and \$64,011 for the years ended December 31, 2021 and 2020, respectively.

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9. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	<u>2021</u>	<u>2020</u>
Accrued salaries and benefits	\$ 366,726	\$ 458,592
Accrued vacation	197,031	206,477
Accrued royalties	19,245	11,286
Deferred rent	16,469	24,866
Other accrued expenses	<u>90,933</u>	<u>76,918</u>
	<u>\$ 690,404</u>	<u>\$ 778,139</u>

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, 2021 and 2020, the total grants made were \$6,514,281 and \$8,791,890, respectively. These project commitments funded over 44 and 38 individual projects and programs in 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Campaign and Special Projects:		
Bridalveil Fall Restoration	\$ 117,805	\$ 2,231,677
Mariposa Grove Restoration	619,509	-
Yosemite Valley Welcome Center	750,000	2,656,894
Cultural and historic preservation	355,650	214,732
Habitat restoration	629,701	166,604
Scientific research	495,647	84,135
Trail repair and access	849,330	600,000
Visitor services and education	1,615,448	1,044,529
Wildlife management	368,000	1,310,024
Donor restricted and other park programs	<u>713,191</u>	<u>483,295</u>
	<u>\$ 6,514,281</u>	<u>\$ 8,791,890</u>

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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 20).
- 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, 2021:

	<u>Beginning Balance</u>	<u>Contributions and Revenue</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 1,887,596	\$ 12,708,698	\$ (531,281)	\$(12,249,301)	\$ 1,815,712
Board-designated:					
Yosemite Legacy Fund	11,966,512	888,005	-	-	12,854,517
Emergency Reserve	2,801,000	-	556,000	-	3,357,000
Real Estate, Property & Equipment Fund	4,199,422	-	(24,719)	-	4,174,703
	<u>18,966,934</u>	<u>888,005</u>	<u>531,281</u>	<u>-</u>	<u>20,386,220</u>
	<u>\$ 20,854,530</u>	<u>\$ 13,596,703</u>	<u>\$ -</u>	<u>\$(12,249,301)</u>	<u>\$ 22,201,932</u>

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

	<u>Beginning Balance</u>	<u>Contributions and Revenue</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	3,644,826	554,596	-	-	4,199,422
	<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>

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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, 2021:

	<u>Beginning Balance</u>	<u>Contributions and Investment Income</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Campaigns:					
Bridalveil Fall Restoration	\$ 1,057,564	\$ 3,794	\$ -	\$ (309,993)	\$ 751,365
Mariposa Grove Restoration	373,611	368,169	4,730	(141,519)	604,991
Cultural and Historic Preservation Projects	29,056	172,447	-	(105,755)	95,748
Habitat Restoration Projects	-	86,255	325,000	(408,755)	2,500
Scientific Research Projects	-	5,275	85,786	(91,061)	-
Trail Repair and Access Projects	858,427	869,944	40	(315,143)	1,413,268
Visitor Services and Education Projects	128,799	2,260,977	24,960	(1,266,857)	1,147,879
Wildlife Management Projects	452,195	92,255	165,000	(626,241)	83,209
Donor restricted and other park programs	1,124,763	1,146,344	(605,516)	(619,746)	1,045,845
Trail Repair Endowment	899,073	-	-	-	899,073
Search and Rescue Endowment	120,791	-	-	-	120,791
Crane Endowment	2,675,424	-	-	-	2,675,424
Time-restrictions	<u>755,542</u>	<u>174,176</u>	<u>-</u>	<u>(106,983)</u>	<u>822,735</u>
	<u>\$ 8,475,245</u>	<u>\$ 5,179,636</u>	<u>\$ -</u>	<u>\$ (3,992,053)</u>	<u>\$ 9,662,828</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, 2020:

	<u>Beginning Balance</u>	<u>Contributions and Investment Income</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>

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 40% in fixed income and 60% 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, 2021 and 2020.

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13. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	
Trail repair endowment	\$ 1,039,394	\$ 899,073	\$ 1,938,467
Search and rescue endowment	139,643	120,791	260,434
Crane endowment	<u>977,307</u>	<u>2,675,424</u>	<u>3,652,731</u>
	<u>\$ 2,156,344</u>	<u>\$ 3,695,288</u>	<u>\$ 5,851,632</u>

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

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unappropriated Earnings</u>	<u>Original Amount</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>

Changes in endowment net assets for the fiscal year ended December 31, 2021 is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	
Balance, December 31, 2020	\$ 1,676,968	\$ 3,695,288	\$ 5,372,256
Net investment gain	649,859	-	649,859
Appropriation of net assets	<u>(170,483)</u>	<u>-</u>	<u>(170,483)</u>
Net change	<u>479,376</u>	<u>-</u>	<u>479,376</u>
Balance, December 31, 2021	<u>\$ 2,156,344</u>	<u>\$ 3,695,288</u>	<u>\$ 5,851,632</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, 2020 is as follows:

	With Donor Restrictions		Total
	Unappropriated Earnings	Original Amount	
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	(78,370)	-	(78,370)
Net change	1,151,434	2,675,729	3,827,163
Balance, December 31, 2020	\$ 1,676,968	\$ 3,695,288	\$ 5,372,256

14. ALLOCATION OF JOINT COSTS

During the years ended December 31, 2021 and 2020, the Conservancy incurred costs of \$2,397,955 and \$2,306,831, respectively, for informational materials and activities that included fundraising appeals.

Joint costs have been allocated to the following functions:

	2021	2020
Fundraising	\$ 1,321,129	\$ 1,254,625
Donor education	1,068,605	1,043,233
Administration	8,221	8,973
	\$ 2,397,955	\$ 2,306,831

15. RELATED PARTY TRANSACTIONS

The Conservancy had contribution revenue and in-kind donations of approximately \$674,000 and \$840,000 from members of the Council and employees for the years ended December 31, 2021 and 2020, respectively. The Conservancy had pledges receivable from members of the Council totaling approximately \$4,000 and \$22,000 as of December 31, 2021 and 2020, 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.

As of December 31, 2021, four donors comprised 54% of pledges receivable. 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 \$213,521 and \$216,271 for the years ended December 31, 2021 and 2020, 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"). During the year ended December 31, 2020, the Conservancy believed it had met the PPP's eligibility criteria and concluded that the PPP loan represented, in substance, a grant that was expected to be forgiven, and accordingly accounted for the PPP loan as a conditional contribution. 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 were 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.

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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 December 2026. 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:

Year ending December 31,

2022		\$	191,706
2023			197,392
2024			201,818
2025			207,135
2026			<u>195,082</u>
			<u>\$ 993,133</u>

Rental expense, including month-to-month leases for certain equipment and facilities, was approximately \$219,000 and \$222,000 for the years ended December 31, 2021 and 2020, respectively.

20. 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. Pursuant to this end, the Conservancy structures its short-term investments to equal at least six-months of fixed expenses less recurring cause-related revenue.

The Conservancy manages the uncertainty of funding grant commitments in the succeeding year by budgeting a maximum amount of grant commitment using adjusted financial results through June 30 of each year. For this purpose, adjusted financial results are defined as operating surplus excluding campaign contributions, bequests, and grant expenses. This adjusted surplus plus 25% of the Legacy Fund is deemed available for grant spending in the following year. The Conservancy has chosen June 30th to provide the Conservancy's Grant Review Committee with the amount available for the following year for its meeting with the National Park Service.

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20. 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, 2021 and December 31, 2020 to fund general expenditures and other obligations as they become due:

	2021	2020
<u>Financial assets</u>		
Cash	\$ 14,411,065	\$ 17,106,202
Cash held for endowment	21,657	11,925
Pledges receivable, net	485,114	205,953
Other receivables, net	608,966	355,823
Investments	16,522,256	10,740,305
Total financial assets	32,049,058	28,420,208
 <u>Less: amounts unavailable for general expenditure within one year:</u>		
Contractual:		
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(3,811,196)	(3,102,989)
Endowment cash and investments (see Note 13)	(5,851,632)	(5,372,256)
Board designations:		
Legacy fund	(12,854,517)	(11,966,512)
25% of Legacy fund for grants awarded in the next year, if needed	3,114,000	3,039,962
Emergency fund	(3,357,000)	(2,801,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,288,713	\$ 8,217,413

21. SUBSEQUENT EVENTS

Management has evaluated material subsequent events through May 2, 2022, the date the consolidated financial statements were available to be issued.

Subsequent to year end, the Conservancy's Executive Committee approved \$5,830,887 in new grants for sixty-six 2022 park projects. Additionally the Executive Committee approved \$56,500 in Aid to the National Park Service.