

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy

Consolidated Financial Statements

December 31, 2022 and 2021



YOSEMITE
CONSERVANCY®

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 30

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 nonprofit corporation) and Subsidiary dba Yosemite Conservancy (the "Conservancy"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Conservancy adopted FASB Topic 842, Leases. Our opinion is not modified with respect to that matter.

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 consolidated 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 consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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

April 20, 2023

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Consolidated Statements of Financial Position
 December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,419,331	\$ 14,411,065
Investments	12,554,161	10,692,281
Pledges receivable, net	4,298,510	278,129
Other receivables, net	76,018	608,966
Inventory	657,629	542,917
Prepaid and other current assets	701,308	542,886
Total current assets	30,706,957	27,076,244
Non-current assets		
Pledges receivable, net of current portion	-	206,985
Charitable gift annuities	129,905	165,008
Deposits	14,500	14,500
Land held for future use	3,431,314	3,263,769
Property and equipment, net	1,314,388	910,935
Operating lease right-of-use asset	770,362	-
Cash held for endowment	27,251	21,657
Investments held for endowment	4,624,841	5,829,975
Total non-current assets	10,312,561	10,412,829
Total assets	\$ 41,019,518	\$ 37,489,073
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 279,783	\$ 303,475
Accrued expenses	897,713	690,404
Operating lease liability	191,340	-
Grants payable to Yosemite National Park	3,196,176	4,630,434
Total current liabilities	4,565,012	5,624,313
Operating lease liability, net of current portion	603,319	-
Total liabilities	5,168,331	5,624,313
Net assets		
Without donor restrictions	24,943,586	22,201,932
With donor restrictions	10,907,601	9,662,828
Total net assets	35,851,187	31,864,760
Total liabilities and net assets	\$ 41,019,518	\$ 37,489,073

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions			
Individuals	\$ 13,772,691	\$ 4,621,326	\$ 18,394,017
Corporations	183,425	265,700	449,125
Foundations	617,900	310,100	928,000
Cause related contributions	459,459	809,726	1,269,185
Contributions of non-financial assets	125,704	-	125,704
Special events and other sources	41,280	-	41,280
Total contributions	15,200,459	6,006,852	21,207,311
Program revenues			
Retail and publishing sales	3,285,523	-	3,285,523
Cost of sales	(1,905,700)	-	(1,905,700)
Retail and publishing, net	1,379,823	-	1,379,823
Program service fees	1,393,029	-	1,393,029
Total program revenues	2,772,852	-	2,772,852
Other revenues			
Other revenue	73,130	-	73,130
Total other revenues	73,130	-	73,130
Net assets released from restriction	3,733,820	(3,733,820)	-
Total support and revenue	21,780,261	2,273,032	24,053,293
Functional expenses			
Program services			
Project grants and administration	8,031,449	-	8,031,449
Retail and publishing	1,418,946	-	1,418,946
Visitor services and programs	3,454,606	-	3,454,606
Total program services	12,905,001	-	12,905,001
Support services			
Administration	1,582,385	-	1,582,385
Fundraising	3,296,221	-	3,296,221
Total support services	4,878,606	-	4,878,606
Total functional expenses	17,783,607	-	17,783,607
Change in net assets from operations	3,996,654	2,273,032	6,269,686
Non-operating activities			
Change in value of charitable gift annuities	(35,103)	-	(35,103)
Investment loss, net	(1,219,897)	(1,028,259)	(2,248,156)
Total non-operating activities	(1,255,000)	(1,028,259)	(2,283,259)
Change in net assets	2,741,654	1,244,773	3,986,427
Net assets, beginning of year	22,201,932	9,662,828	31,864,760
Net assets, end of year	\$ 24,943,586	\$ 10,907,601	\$ 35,851,187

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	\$ 10,423,371	\$ 3,149,750	\$ 13,573,121
Corporations	87,000	414,750	501,750
Foundations	480,900	397,348	878,248
Cause related contributions	277,993	843,014	1,121,007
Contributions of non-financial assets	180,819	-	180,819
Special events and other sources	6,175	-	6,175
Total contributions	<u>11,456,258</u>	<u>4,804,862</u>	<u>16,261,120</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			
Other revenue	<u>43,344</u>	<u>-</u>	<u>43,344</u>
Total other revenues	<u>43,344</u>	<u>-</u>	<u>43,344</u>
Net assets released from restriction	<u>3,992,053</u>	<u>(3,992,053)</u>	<u>-</u>
Total support and revenue	<u>17,189,392</u>	<u>812,809</u>	<u>18,002,201</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 from operations	<u>948,038</u>	<u>812,809</u>	<u>1,760,847</u>
Non-operating activities			
Change in value of charitable gift annuities	44,938	-	44,938
Loss on disposal of assets	(128,128)	-	(128,128)
Investment income, net	<u>482,554</u>	<u>374,774</u>	<u>857,328</u>
Total non-operating activities	<u>399,364</u>	<u>374,774</u>	<u>774,138</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 Functional Expenses
For the Year Ended December 31, 2022

	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	\$ 1,644,814	\$ 999,037	\$ 1,419,480	\$ 4,063,331	\$ 1,027,721	\$ 732,759	\$ 1,760,480	\$ 5,823,811
Project commitments and aid to the National Park Service	6,100,052	-	-	6,100,052	-	-	-	6,100,052
Printing and postage	3,474	29,146	155,087	187,707	10,427	1,726,091	1,736,518	1,924,225
Cost of sales	-	1,905,698	-	1,905,698	-	-	-	1,905,698
Professional services	109,532	138,400	207,461	455,393	249,443	590,649	840,092	1,295,485
Visitor education	-	3,152	992,127	995,279	270	-	270	995,549
Rent and occupancy	114,668	19,693	75,649	210,010	14,051	39,098	53,149	263,159
Telephone, voice and data	4,365	28,848	51,573	84,786	1,720	2,324	4,044	88,830
Office supplies	6,050	19,342	58,282	83,674	26,639	6,358	32,997	116,671
Depreciation	317	16,815	43,791	60,923	11,049	4,278	15,327	76,250
Equipment repair and maintenance	4,333	1,626	23,505	29,464	22,530	57,654	80,184	109,648
Equipment non-amortized	8,162	17,177	29,484	54,823	14,931	2,842	17,773	72,596
Bank and merchant fees	-	76,202	23,122	99,324	17,871	90,114	107,985	207,309
Events, catering and rentals	7,264	-	58,592	65,856	72,332	410	72,742	138,598
Insurance	24,058	8,455	16,467	48,980	2,928	8,091	11,019	59,999
Premiums	379	-	1,973	2,352	3,091	2,507	5,598	7,950
Service charges and fees	-	5,213	14,944	20,157	15,473	5,154	20,627	40,784
Taxes, licenses and registrations	800	7,069	12,109	19,978	33,700	11,842	45,542	65,520
Travel and meals	3,080	6,484	80,349	89,913	58,094	14,627	72,721	162,634
Sales fulfillment	-	38,275	-	38,275	-	-	-	38,275
Media and publication production	-	-	190,344	190,344	-	-	-	190,344
Miscellaneous	101	4,014	267	4,382	115	1,423	1,538	5,920
	<u>8,031,449</u>	<u>3,324,646</u>	<u>3,454,606</u>	<u>14,810,701</u>	<u>1,582,385</u>	<u>3,296,221</u>	<u>4,878,606</u>	<u>19,689,307</u>
Less expenses included with revenues on the statement of activities								
Cost of sales	<u>-</u>	<u>(1,905,700)</u>	<u>-</u>	<u>(1,905,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,905,700)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 8,031,449</u>	<u>\$ 1,418,946</u>	<u>\$ 3,454,606</u>	<u>\$ 12,905,001</u>	<u>\$ 1,582,385</u>	<u>\$ 3,296,221</u>	<u>\$ 4,878,606</u>	<u>\$ 17,783,607</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, 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
Visitor education	-	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								
Cost of sales	<u>-</u>	<u>(997,011)</u>	<u>-</u>	<u>(997,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(997,011)</u>
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 Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 3,986,427	\$ 2,534,985
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	76,250	66,293
Amortization of operating lease right-of-use asset	186,593	-
Change in value of charitable gift annuities	35,103	(44,938)
Unrealized losses on investments	2,356,103	513,063
Realized (gains) losses on sale of investments	219,247	(1,206,663)
Contributions restricted for endowment	(83)	-
Loss on disposal of assets	-	128,128
Changes in operating assets and liabilities		
Pledges receivable, net	(3,813,396)	(279,162)
Other receivables, net	532,948	(253,143)
Inventory	(114,712)	120,893
Prepaid and other current assets	(158,422)	(67,614)
Accounts payable	(23,692)	138,648
Accrued expenses	207,309	(87,735)
Operating lease liability	(162,296)	-
Grants payable to Yosemite National Park	(1,434,258)	1,009,893
Net cash provided by operating activities	<u>1,893,121</u>	<u>2,572,648</u>
Cash flows from investing activities		
Purchases of property and equipment	(479,703)	(169,702)
Improvements made to land held for future use	(167,545)	-
Proceeds from sales of investments	7,593,922	17,539,774
Purchases of investments	(10,826,018)	(22,628,125)
Net cash used in investing activities	<u>(3,879,344)</u>	<u>(5,258,053)</u>
Cash flows from financing activities		
Collection of contributions restricted for endowment	83	-
Net cash provided by financing activities	<u>83</u>	<u>-</u>
Net decrease in cash, cash equivalents and restricted cash	(1,986,140)	(2,685,405)
Cash, cash equivalents and restricted cash, beginning of year	<u>14,432,722</u>	<u>17,118,127</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 12,446,582</u>	<u>\$ 14,432,722</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 12,419,331	\$ 14,411,065
Cash held for endowment	<u>27,251</u>	<u>21,657</u>
	<u>\$ 12,446,582</u>	<u>\$ 14,432,722</u>

Supplemental schedule of noncash investing and financing activities

Right-of-use asset obtained in exchange for lease liability	\$ 956,955	\$ -
---	------------	------

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, 2022 and 2021

1. NATURE OF OPERATIONS

Yosemite Foundation, doing business as Yosemite Conservancy, is a California not-for-profit public benefit corporation incorporated on January 11, 1988. Through donations and various fundraising activities, Yosemite Conservancy provides financial assistance and programming to the National Park Service for the preservation of Yosemite National Park and the enhancement of over 3.6 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 \$152 million in grants for more than 800 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 2022.

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
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 \$27,606,227 and \$20,386,220 as of December 31, 2022 and 2021, 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.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Conservancy's typical operations. Non-operating activities include investment and other activities considered to be of a more unusual or nonrecurring nature.

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.

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;

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- 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.

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 \$5,000 and \$10,000 as of December 31, 2022 and 2021, respectively.

Inventory

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

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor-restricted endowment (continued)

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 in the range of 3-6% 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 \$232,955 and \$170,483 for the years ended December 31, 2022 and 2021, respectively.

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 30% fixed income and 70% 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, 2022 and 2021, the Conservancy did not have any underwater endowment funds.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Donated materials, supplies and services

Donations of services, property or products are recorded as contributions of non-financial assets at their estimated fair value. These donations were valued at \$125,704 and \$180,819 during the years ended December 31, 2022 and 2021, 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, 2022, the Conservancy had 185 volunteers who donated approximately 8,200 volunteer hours. For the year ended December 31, 2021, the Conservancy had 110 volunteers who donated approximately 8,000 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, 2022 or 2021.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Expenses, such as payroll and benefits, have been allocated among program services and support services based upon the employees' estimated time spent by function. Printing and postage related costs have been allocated based upon messaging of the material.

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, 2022 or 2021.

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

Recently adopted accounting guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently adopted accounting guidance (continued)

The Conservancy adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Conservancy maintains a lease for its office space in San Francisco that is scheduled to expire in December 2026. As a result of the adoption of the new lease accounting guidance, the Conservancy recognized on January 1, 2022, a lease liability of \$956,955 which represents the present value of the remaining operating lease payments of \$988,121, discounted using the risk-free rate of 1.26%, and a right-of-use asset of \$956,955.

The standard impacted the Conservancy's consolidated statement of financial position as of December 31, 2022, but did not have a material impact on the Conservancy's consolidated statement of activities, nor consolidated statement of cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases on the consolidated statement of financial position as of December 31, 2022.

Leases

The Conservancy leases office space under an operating lease. The Conservancy determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the consolidated statement of financial position. The Conservancy does not have any finance leases.

ROU assets represent the Conservancy's right to use an underlying asset for the lease term and lease liabilities represent the Conservancy's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Conservancy's lease does not provide an implicit rate, the Conservancy uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Conservancy's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Conservancy has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The Conservancy does not have any short-term leases.

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

3. 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 maintains short-term investments of at least six months of fixed operating expenses.

The Conservancy manages the 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 Yosemite Legacy Fund is deemed available for grant spending in the following year.

The following reflects the Conservancy's financial assets available within one year of December 31, 2022 and December 31, 2021 to fund general expenditures and other obligations:

	2022	2021
<u>Financial assets</u>		
Cash and cash equivalents	\$ 12,419,331	\$ 14,411,065
Investments	12,554,161	10,692,281
Pledges receivable, net	4,298,510	278,129
Other receivables, net	76,018	608,966
Pledges receivable, net of current portion	-	206,985
Charitable gift annuities	129,905	165,008
Cash held for endowment	27,251	21,657
Investments held for endowment	4,624,841	5,829,975
Total financial assets	34,130,017	32,214,066
 <u>Less: amounts unavailable for general expenditure within one year:</u>		
Contractual:		
Donor-imposed or time restrictions:		
Restricted by donor with purpose restrictions	(2,556,214)	(2,988,461)
Restricted due to time	(3,699,295)	(822,735)
Endowment cash and investments (see Note 15)	(4,652,092)	(5,851,632)
Board designations:		
Yosemite Legacy Fund	(15,460,525)	(12,854,517)
25% of Yosemite Legacy Fund for grants awarded in the next year, if needed	4,765,000	3,214,000
Emergency Reserve	(3,800,000)	(3,357,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,726,891	\$ 9,553,721

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

4. INVESTMENTS

Investments, stated at fair value, consist of the following as of December 31, 2022:

	2022	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 319,861	\$ 319,861
Debt securities	13,118,952	11,943,248
Equity securities	<u>4,941,209</u>	<u>4,915,893</u>
	<u>\$ 18,380,022</u>	<u>\$ 17,179,002</u>

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

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

Certain investments are held for endowment. Investments by restriction are comprised of the following:

	<u>2022</u>	<u>2021</u>
Investments	\$ 12,554,161	\$ 10,692,281
Investments held for endowment	<u>4,624,841</u>	<u>5,829,975</u>
	<u>\$ 17,179,002</u>	<u>\$ 16,522,256</u>

Investment income (loss), net consisted of the following:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 93,612	\$ 57,922
Dividend income	325,406	171,614
Realized gains (losses)	(219,247)	1,206,663
Unrealized losses	(2,356,103)	(513,063)
Investment advisor fees	<u>(91,824)</u>	<u>(65,808)</u>
	<u>\$ (2,248,156)</u>	<u>\$ 857,328</u>

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 319,861	\$ -	\$ -	\$ 319,861
Debt securities	11,943,248	-	-	11,943,248
Equity securities	4,915,893	-	-	4,915,893
Charitable gift annuities, net	<u>-</u>	<u>-</u>	<u>129,905</u>	<u>129,905</u>
	<u>\$ 17,179,002</u>	<u>\$ -</u>	<u>\$ 129,905</u>	<u>\$ 17,308,907</u>

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>

6. PLEDGES RECEIVABLE, NET

Pledges receivable, net consisted of the following:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 4,303,510	\$ 284,129
One to five years	<u>-</u>	<u>215,409</u>
	4,303,510	499,538
Less allowance for uncollectible amounts	(5,000)	(10,000)
Less present value discount (using rates from 0.10% to 2.60%)	<u>-</u>	<u>(4,424)</u>
	<u>\$ 4,298,510</u>	<u>\$ 485,114</u>

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

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>2022</u>	<u>2021</u>
Present value	\$129,905	\$165,008
Contract value	\$149,961	\$191,626
Projected term of the contract based on actuarial tables (years)	5.1 - 13.0	5.3 - 13.5
Projected growth rate net of payments to income beneficiaries	0.0%	0.0%
Risk-free discount rate	1.6 - 2.4%	1.6 - 2.4%

8. 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>2022</u>	<u>2021</u>
Land parcels purchased for development	\$ 2,553,998	\$ 2,553,998
Improvements to land held for future use	877,316	709,771
Houses, net of depreciation	<u>1,175,315</u>	<u>738,602</u>
	<u>\$ 4,606,629</u>	<u>\$ 4,002,371</u>

The land parcels and improvements are included as land held for future use and the houses are included in property and equipment, net on the accompanying consolidated statements of financial position. The houses sit on National Park Service land that has been formally assigned to the Conservancy under the current cooperating agreement.

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

9. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	2022	2021
Non-depreciable assets		
Donated artwork	\$ 106,510	\$ 106,510
Depreciable assets		
Buildings and improvements	1,350,604	870,166
Furniture and fixtures	250,291	458,928
Leasehold improvements	67,872	109,442
Automobiles	99,385	99,385
	1,768,152	1,537,921
Accumulated depreciation	(560,274)	(733,496)
	\$ 1,314,388	\$ 910,935

Depreciation expense totaled \$76,250 and \$66,293 for the years ended December 31, 2022 and 2021, respectively.

10. LEASES

The Conservancy maintains a lease for its office space in San Francisco that is scheduled to expire in December 2026. This lease calls for monthly payments starting at \$15,757 with scheduled increases up to \$17,735. At December 31, 2022, the operating lease ROU asset and operating lease liability amounted to \$770,362 and \$794,659, respectively.

Additional information related to leases is as follows:

Operating lease cost	\$192,897
Operating cash flows from operating leases	\$189,558
ROU asset obtained in exchange for lease obligations	\$956,955
Remaining lease term	4.0 years
Discount rate	1.26%

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

10. LEASES (continued)

Future minimum lease payments under non-cancellable operating leases as of December 31, 2022 were as follows:

Year ending December 31,

2023	\$	195,244
2024		201,102
2025		207,135
2026		<u>195,082</u>
		<u><u>\$ 798,563</u></u>

11. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	<u>2022</u>		<u>2021</u>
Accrued salaries and benefits	\$ 432,860	\$	366,726
Accrued vacation	219,708		197,031
Accrued royalties	28,881		19,245
Deferred rent	-		16,469
Other accrued expenses	<u>216,264</u>		<u>90,933</u>
	<u><u>\$ 897,713</u></u>		<u><u>\$ 690,404</u></u>

12. 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, 2022 and 2021, the total grants made were \$6,100,052 and \$6,514,281, respectively. These project commitments funded over 67 and 44 individual projects and programs in 2022 and 2021, respectively.

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

12. GRANT COMMITMENT AND AID TO NATIONAL PARK SERVICE (continued)

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

	2022	2021
Campaign and Special Projects:		
Bridalveil Fall Restoration	\$ -	\$ 117,805
Mariposa Grove Restoration	-	619,509
Yosemite Valley Welcome Center	-	750,000
Cultural and historic preservation	503,299	355,650
Habitat restoration	821,283	629,701
Scientific research	722,449	495,647
Trail repair and access	751,120	849,330
Visitor services and education	2,165,937	1,615,448
Wildlife management	572,741	368,000
Donor restricted and other park programs	563,223	713,191
	\$ 6,100,052	\$ 6,514,281

13. 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 3).
- Emergency Reserve to hold six months of fixed expenses less recurring cause-related revenue.
- Real Estate, Property & Equipment Fund to hold funds for future 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.

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

13. NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

Net assets without donor restrictions including board-designated net assets were as follows as of December 31, 2022:

	<u>Beginning Balance</u>	<u>Contributions and Revenue</u>	<u>Transfers</u>	<u>Releases</u>	<u>Ending Balance</u>
Available for operations	\$ 1,815,712	\$ 13,614,435	\$ -	\$(14,492,788)	\$ 937,359
Board-designated:					
Yosemite Legacy Fund	12,854,517	2,606,008	-	-	15,460,525
Emergency Reserve	3,357,000	443,000	-	-	3,800,000
Real Estate, Property & Equipment Fund	<u>4,174,703</u>	<u>570,999</u>	<u>-</u>	<u>-</u>	<u>4,745,702</u>
	<u>20,386,220</u>	<u>3,620,007</u>	<u>-</u>	<u>-</u>	<u>24,006,227</u>
	<u>\$ 22,201,932</u>	<u>\$ 17,234,442</u>	<u>\$ -</u>	<u>\$(14,492,788)</u>	<u>\$ 24,943,586</u>

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	<u>4,199,422</u>	<u>-</u>	<u>(24,719)</u>	<u>-</u>	<u>4,174,703</u>
	<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>

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2022:

	Beginning Balance	Contributions and Investment Income (Loss)	Transfers	Releases	Ending Balance
Campaigns:					
Bridalveil Fall Restoration	\$ 751,365	\$ 5,000	\$ -	\$ (270,592)	\$ 485,773
Mariposa Grove Restoration	604,991	34,455	-	(439,021)	200,425
Cultural and Historic Preservation Projects	95,748	89,406	-	(154,724)	30,430
Habitat Restoration Projects	2,500	133,398	-	(135,898)	-
Scientific Research Projects	-	231,528	-	(231,528)	-
Trail Repair and Access Projects	1,413,268	(23,553)	-	(263,036)	1,126,679
Visitor Services and Education Projects	1,147,879	316,319	-	(1,047,324)	416,874
Wildlife Management Projects	83,209	154,730	-	(197,078)	40,861
Donor restricted and other park programs	1,045,845	1,144,038	-	(977,990)	1,211,893
Trail Repair Endowment	899,073	83	-	-	899,156
Search and Rescue Endowment	120,791	-	-	-	120,791
Crane Endowment	2,675,424	-	-	-	2,675,424
Time-restrictions	822,735	2,893,189	-	(16,629)	3,699,295
	<u>\$ 9,662,828</u>	<u>\$ 4,978,593</u>	<u>\$ -</u>	<u>\$ (3,733,820)</u>	<u>\$ 10,907,601</u>

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

14. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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>

15. 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 30% in fixed income and 70% 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 consolidated statement of financial position at December 31, 2022 and 2021.

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

15. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	<u>Total</u>
Trail Repair Endowment	\$ 755,882	\$ 899,156	\$ 1,655,038
Search and Rescue Endowment	101,544	120,791	222,335
Crane Endowment	<u>99,295</u>	<u>2,675,424</u>	<u>2,774,719</u>
	<u>\$ 956,721</u>	<u>\$ 3,695,371</u>	<u>\$ 4,652,092</u>

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

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

Changes in endowment net assets for the fiscal year ended December 31, 2022 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Unappropriated Earnings</u>	<u>Original Amount</u>	<u>Total</u>
Balance, December 31, 2021	\$ 2,156,344	\$ 3,695,288	\$ 5,851,632
Net investment loss	(966,668)	-	(966,668)
Contributions	-	83	83
Appropriation of net assets	<u>(232,955)</u>	<u>-</u>	<u>(232,955)</u>
Net change	<u>(1,199,623)</u>	<u>83</u>	<u>(1,199,540)</u>
Balance, December 31, 2022	<u>\$ 956,721</u>	<u>\$ 3,695,371</u>	<u>\$ 4,652,092</u>

Yosemite Foundation and Subsidiary
 dba Yosemite Conservancy
 Notes to Consolidated Financial Statements
 December 31, 2022 and 2021

15. DONOR RESTRICTED ENDOWMENT (continued)

Endowment composition (continued)

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

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

16. ALLOCATION OF JOINT COSTS

During the years ended December 31, 2022 and 2021, the Conservancy incurred costs of \$2,663,830 and \$2,397,955, respectively, for informational materials and activities that included fundraising appeals.

Joint costs have been allocated to the following functions:

	<u>2022</u>	<u>2021</u>
Fundraising	\$ 1,437,737	\$ 1,321,129
Donor education	1,213,504	1,068,605
Administration	<u>12,589</u>	<u>8,221</u>
	<u>\$ 2,663,830</u>	<u>\$ 2,397,955</u>

17. RELATED PARTY TRANSACTIONS

The Conservancy had contribution revenue and contributions of non-financial assets of approximately \$535,000 and \$674,000 from members of the Council and employees for the years ended December 31, 2022 and 2021, respectively. The Conservancy had pledges receivable from members of the Council totaling approximately \$4,000 as of December 31, 2021. There were no related party receivables as of December 31, 2022.

Yosemite Foundation and Subsidiary
dba Yosemite Conservancy
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

18. 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.

One donor comprised 87% of pledges receivable and 17% of contribution revenue as of and for the year ended December 31, 2022. As of December 31, 2021, four donors comprised 54% of pledges receivable.

19. 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 \$220,299 and \$213,521 for the years ended December 31, 2022 and 2021, respectively.

20. SUBSEQUENT EVENTS

Management has evaluated material subsequent events through April 20, 2023, the date the consolidated financial statements were available to be issued.

Subsequent to year end, the Conservancy's Executive Committee approved \$5,831,090 in new grants for forty-nine 2023 park projects. Additionally, the Executive Committee approved \$66,035 in Aid to the National Park Service.