NatureBridge

June 30, 2019

Independent Auditors' Report

and

Financial Statements

NatureBridge

Independent Auditors' Report and Financial Statements

Independent Auditors' Report

THE BOARD OF DIRECTORS
NATUREBRIDGE
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of **NATUREBRIDGE** which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NatureBridge as of June 30, 2019 and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited NatureBridge's June 30, 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Effect of Adopting New Accounting Standard

As described in Note 1, NatureBridge adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

Hood & Strong LLP

San Francisco, California
January 23, 2020

NatureBridge

Statement of Financial Position

June 30, 2019 (with summarized comparative totals as of June 30, 2018)

Assets	2019	2018
Cash and cash equivalents	$ 4,155,320	$ 5,553,510
Accounts receivable, net	781,914	437,048
Pledges receivable, net	4,467,334	5,740,360
Inventory	54,791	49,788
Prepaid expenses and other assets	170,163	170,974
Investments at fair value	3,141,176	2,934,135
Property, equipment, and improvements, net	30,564,554	28,932,689
Total assets	$ 43,335,252	$ 43,818,504

Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 1,624,382	$ 1,898,069
Deferred revenue	2,159,284	2,126,300
Deposits payable	40,687	37,783
Notes payable	2,086,482	3,053,768
Total liabilities	5,910,835	7,115,920
Net Assets:		
Without donor restrictions	3,908,536	4,016,378
With donor restrictions	33,515,881	32,686,206
Total net assets	37,424,417	36,702,584
Total liabilities and net assets	$ 43,335,252	$ 43,818,504

See accompanying notes to financial statements.

NatureBridge

Statement of Activities

Year ended June 30, 2019 (with summarized comparative totals for June 30, 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
Revenue and Support:				
Program revenue:				
Field science programs, net of scholarships of $1,268,951 and $1,414,058, respectively	$ 9,867,209	$	$ 9,867,209	$ 10,861,625
Conferences and adult programs	1,427,745		1,427,745	1,335,904
Summer program revenue	595,034		595,034	561,976
Other income	770,850		770,850	582,924
Total program revenue	12,660,838	-	12,660,838	13,342,429
Other revenue:				
Investment income	102,849	164,063	266,912	159,802
Miscellaneous income	22,709		22,709	11,325
Total other revenue	125,558	164,063	289,621	171,127
Public support:				
Donations and grants	1,280,365	2,262,577	3,542,942	2,804,446
Donated goods and services	477,971	27,336	505,307	253,853
Total public support	1,758,336	2,289,913	4,048,249	3,058,299
Net assets released from restrictions	3,679,565	(3,679,565)	-	-
Total revenue and support	18,224,297	(1,225,589)	16,998,708	16,571,855
Expenses:				
Program services	14,164,619		14,164,619	13,963,145
General and administrative	2,186,658		2,186,658	2,123,307
Fundraising and development	1,964,993		1,964,993	1,622,593
Total operating expenses	18,316,270	-	18,316,270	17,709,045
Change in Net Assets from Operations	(91,973)	(1,225,589)	(1,317,562)	(1,137,190)
Non-Operating Revenue and Expenses:				
Capital campaign donations		2,125,364	2,125,364	3,445,879
Capital contributions released from restriction	70,100	(70,100)	-	-
Grants for capital projects	(85,969)		(85,969)	(517,235)
Total Non-Operating Changes	(15,869)	2,055,264	2,039,395	2,928,644
TOTAL CHANGES IN NET ASSETS	(107,842)	829,675	721,833	1,791,454
Net Assets - beginning of year	4,016,378	32,686,206	36,702,584	34,911,130
Net Assets - end of year	$ 3,908,536	$ 33,515,881	$ 37,424,417	$ 36,702,584

See accompanying notes to financial statements.

NatureBridge

Statement of Cash Flows

Year ended June 30, 2019 (with summarized comparative totals for June 30, 2018)	2019	2018
Cash Flows from Operating Activities:		
Changes in net assets	$ 721,833	$ 1,791,454
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Contributions restricted for non-operating use	(2,122,242)	(3,445,879)
Depreciation and amortization	457,425	535,455
Realized and unrealized gain on sale of investments	(140,506)	(66,562)
Gain on disposal of property, equipment and improvements	(11,992)	-
Provision for bad debts	27,013	16,075
Provision for imputed interest	-	(175,961)
Changes in operating assets and liabilities:		
Accounts receivable	(344,866)	(176,882)
Pledges receivable	1,192,097	1,593,684
Inventory	(5,003)	4,824
Prepaid expenses and other assets	811	(15,399)
Accounts payable and accrued expenses	(100,617)	(124,678)
Deferred revenue	32,984	142,805
Deposits payable	2,904	2,582
Net cash (used) provided by operating activities	(290,159)	81,518
Cash Flows from Investing Activities:		
Proceeds from sales of investments	1,549,464	3,743,761
Investments in securities	(1,615,999)	(3,783,532)
Proceeds from disposals of property, equipment, and improvements	16,615	
Purchases of property, equipment, and improvements	(2,202,436)	(3,872,878)
Net cash used by investing activities	(2,252,356)	(3,912,649)
Cash Flows from Financing Activities:		
Proceeds from notes payable	-	2,690,000
Payment to paydown principal of notes payable	(1,031,833)	(1,642,500)
Receipt of funds restricted for capital projects	2,176,158	4,408,493
Net cash provided by financing activities	1,144,325	5,455,993
Net Change in Cash and Cash Equivalents	(1,398,190)	1,624,862
Cash and Cash Equivalents - beginning of year	5,553,510	3,928,648
Cash and Cash Equivalents - end of year	$ 4,155,320	$ 5,553,510
Supplemental Disclosure of Non Cash Operating and Financing Activities:		
Donated securities, for both operations and capital projects, converted immediately to cash, including $0 and $103,029, respectively, received in satisfaction of pledges arising in prior years	$ 450,686	$ 671,119
Property, equipment, and improvements included in accounts payable and accrued expenses	$ 142,652	$ 315,722
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 29,596	$ 33,404
Donated goods and services	$ 505,306	$ 253,853

See accompanying notes to financial statements.

NatureBridge

Statement of Functional Expenses

Year ended June 30, 2019 (with summarized comparative totals for June 30, 2018)

	2019				
	Program Services	General and Administrative	Fundraising	Total	2018 Total
Personnel	$ 8,648,851	$ 1,309,806	$ 1,015,278	$ 10,973,935	$ 10,943,472
Occupancy and supplies	2,001,516	142,044	179,024	2,322,584	2,423,693
Food	1,881,364	-	-	1,881,364	1,947,490
Outside services	248,125	571,667	338,527	1,158,319	627,531
Travel and meetings	345,964	55,556	349,408	750,928	560,242
Depreciation and amortization	384,099	41,340	31,986	457,425	535,455
Insurance	196,550	13,481	10,907	220,938	203,048
Contracted transportation	123,265	-	-	123,265	160,584
Other expenses	334,885	52,764	39,863	427,512	307,530
	$ 14,164,619	$ 2,186,658	$ 1,964,993	$ 18,316,270	$ 17,709,045

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies:

a. Organization

Founded in 1971 and based in San Francisco, NatureBridge (the Organization) is the largest residential environmental education partner of the National Park Service (NPS). Its mission is to connect young people to the wonder and science of the natural world, igniting self-discovery and inspiring stewardship of our planet. The Organization delivers hands-on environmental science programs in some of the richest and most beautiful classrooms – our national parks. The Organization currently operates in six national parks: Yosemite National Park, Golden Gate National Recreation Area, Olympic National Park, Santa Monica Mountains National Recreation Area, Channel Islands National Park, and Prince William Forest Park. Revenues are primarily from program fees and contributions.

The Organization provides environmental science education programs to diverse audience including youth, K-12 teachers, teens, and families. Each year, the Organization serves more than 35,000 participants through environmental science programs.

b. Basis of Accounting and Presentation

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles promulgated in the United States of America for Not-for-Profit organizations (U.S. GAAP). The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

c. Revenue Recognition

Program Revenue

Program revenue consists of tuition and fees associated with the Organization's core program offerings. Revenue from these programs is recognized in the period in which the services are provided. Accounts receivable consist primarily of amounts due from the Organization's participant user groups which are expected to be received in the current year. Amounts received in advance are recorded as deferred revenue.

Contributions

Contributions and pledges are recognized at their fair value when received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Gifts In-kind and Donated Services

Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that meet certain criteria are recognized at fair value in the period received. These donated services must create or enhance non-financial assets or must require specialized skills, be provided by individuals possessing those skills and represent services which would have been purchased if not provided by donation.

Allowance for Doubtful Accounts

The Organization provides for losses on accounts and pledges receivable using an allowance method based on management's estimates and analysis of specific accounts and pledges made.

d. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments acquired within three months of their maturity so that the risk of changes in value due to changes in interest rates is negligible.

e. Inventory

Costs of retail items held for sale as well as food items are included in inventory, which is stated at the lower of cost (determined on the first-in, first-out basis) or market.

f. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities and represent the change in the fair value of investments from one year to another.

g. Fair Value Measurements

The Organization accounts for its financial instruments, which are required to be measured at fair value on a recurring basis according to Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820, *Fair Value Measurement.* Fair value is defined as the price that would be received upon sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

This standard requires the Organization to classify its financial assets and liabilities based on a valuation method using three levels:

Level 1: Quoted market prices unadjusted in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

h. Property, Equipment, and Improvements

The Organization records property, equipment, and improvements in excess of $1,500 at historical cost, or if donated, at fair value at the date of donation. Depreciation and amortization are determined on the straight-line method over the lesser of the estimated useful lives or lease terms as follows: 3 to 10 years for equipment (including vehicles) and 3 to 25 years for leasehold improvements.

Construction in progress and internally developed software are capitalized during the development phase of a project. Once a project is completed and is placed in service, the cost is depreciated or amortized over the estimated useful life of the building or software application. Capitalized costs that are determined to be impaired are expensed in the period the impairment occurs.

i. Notes Payable and Imputed Interest

The Organization imputes interest on below-market interest bearing notes with a maturity date of more than one year. The Organization calculates imputed interest expense based on the market rate in effect at the date of issue. Imputed interest discount is amortized throughout the term of the note.

j. Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs like personnel, occupancy, and supplies have been allocated to the programs and supporting services benefited based on time estimates by employees that are working in that function. The Organization's other expenses are typically charged directly to the function benefited.

k. Income Taxes

The Organization is exempt from federal and state taxes under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code, and is not considered by the Internal Revenue Service to be an organization other than a private foundation.

Management evaluated the Organization's tax positions and concluded that it has maintained its tax-exempt status and that the Organization has taken no uncertain tax positions that would require adjustments in the financials statements to comply with provisions of this guidance.

l. Estimates

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

m. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

n. New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this ASU set forth the FASB's changes to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU was adopted as of July 1, 2018. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year liquidity and availability of resource information as permitted by the ASU.

o. Subsequent Events

The Organization has evaluated all subsequent events from June 30, 2019 through January 23, 2020, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

Note 2 - Pledges Receivable:

Pledges receivable consist primarily of amounts associated with capital projects, education programs, and other projects at June 30, 2019 and 2018 as follows:

	2019	2018
Receivable in less than one year	$ 3,301,198	$ 2,829,450
Receivable in one to five years	1,203,046	3,023,583
Total pledges receivable	4,504,244	5,853,033
Less discount to net present value	(36,910)	(112,673)
Net pledges receivable	$ 4,467,334	$ 5,740,360

Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 1.80% to 3.40% depending upon the year the pledge occurred.

Note 3 - Investments and Fair Value Measurements:

Investments, which are carried at fair value, consist of the following at June 30, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds (level 1)	$ 1,810,357	$ 1,887,752	$ 1,771,889	$ 1,764,889
Bond mutual funds (level 1)	1,199,171	1,253,424	1,168,190	1,169,246
Total	$ 3,009,528	$ 3,141,176	$ 2,940,079	$ 2,934,135

Note 4 - Property, Equipment, and Improvements:

Property, equipment, and improvements at June 30, 2019 and 2018 consist of the following:

	2019	2018
Capitalized development costs	$ 27,417,460	$ 25,756,579
Buildings and improvements	7,164,150	7,123,030
Equipment and furniture	2,837,394	2,591,084
Vehicles	566,796	524,317
Total	37,985,800	35,995,010
Less: accumulated depreciation and amortization	(7,421,246)	(7,062,321)
Net property, equipment and improvements	$ 30,564,554	$ 28,932,689

Depreciation expense for the years ended June 30, 2019 and 2018 was $231,958 and $305,183, respectively. Amortization of leasehold improvements for the years ended June 30, 2019 and 2018 was $225,467 and $230,272, respectively.

Capitalized development costs consist primarily of costs to develop a future National Environmental Science Center (NESC) in Yosemite National Park. The total balance of capitalized development costs related to the NESC for the years ended June 30, 2019 and 2018 was $26,456,821 and $24,934,171, respectively. Completion of phase one of the project was anticipated in the fiscal year ending June 30, 2019. Opening is delayed as a result of water-related matters, and once resolved, gifting of the facilities to the National Park Service will proceed as planned. The gift will result in a significant decrease in Property, Equipment and Improvements on the statement of financial position. Grant expense of an equal amount will be reflected in the statement of activities along with corresponding entries to release net assets from restriction.

Note 5 - Notes Payable:

During the year ended June 30, 2016, the Organization entered into a credit agreement with The David and Lucile Packard Foundation (the Foundation). Under the terms of the agreement, the Foundation agreed to make a program-related investment loan of up to $5,200,000 for construction of the NESC provided certain conditions were met. In 2016 $4,700,000 was advanced to the Organization. During the year ended June 30, 2017, the remaining $500,000 was advanced to the Organization.

In July 28, 2017, the Organization and the Foundation amended the credit agreement by providing an additional loan advance to the Organization up to $3,000,000 to bridge additional written pledge commitments. Of the $3,000,000, $2,000,000 and $690,000 were advanced to the Organization in July 2017 and March 2018, respectively.

The stated interest rate in the credit agreement is 1%. The Organization calculated imputed interest based on a market rate of 4% obtained from a financial institution. The calculation resulted in a discount of $375,318 which will be amortized over the life of the loan. Total advances of $7,890,000 less $5,722,833 paid during the year are reflected net of the discount on the statement of financial position. Estimated principal payments under the credit agreement are as follows as of June 30:

2020	$ 981,333
2021	1,185,834
Subtotal	2,167,167
Less discount	80,685
Total	$ 2,086,482

Interest expense amounted to $93,312 and $136,462 for the year ended June 30, 2019 and 2018, respectively, and was recorded as capitalized development cost of the NESC. See Note 4.

Note 6 - Net Assets:

Net assets with donor restrictions at June 30, 2019 and 2018 consist of the following:

	2019	2018
Restricted with specific purpose and passage of time:		
Capital projects	$ 29,664,939	$ 27,720,802
Social and emotional learning	1,145,993	2,482,426
Scholarships	904,192	882,079
Environmental science program	404,703	238,352
Other programs	755,056	725,549
Total	32,874,883	32,049,208
Restricted in perpetuity	640,998	636,998
Total net assets with donor restrictions	$ 33,515,881	$ 32,686,206

The Organization fulfilled the time and or use restrictions of the following net assets with donor restrictions which were released to net assets without donor restrictions during the years ended June 30, 2019 and 2018:

	2019	2018
Releases relating to operations:		
Social and emotional learning	$ 1,320,418	$ 997,070
Scholarships	1,224,330	929,086
Other programs	629,952	628,153
Environmental science program	504,865	555,513
Non-operating releases - capital	70,100	517,235
Total	$ 3,749,665	$ 3,627,057

Note 7 - Information About Liquidity and Availability of Financial Assets:

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available for use include accumulated earnings on the Organization’s quasi-endowment funds. The majority of these funds are designated for use toward scholarships or for other programmatic purposes. The Organization currently follows the spending policy established for its donor restricted endowment to calculate utilization of the quasi-endowment funds on an annual basis.

The following represents the Organization's financial assets at June 30, 2019:

Financial assets at fiscal year-end:	
Cash and cash equivalents	$ 4,155,320
Accounts receivable	781,914
Pledges receivable	4,467,334
Investments	3,141,176
Total financial assets	12,545,744
Less amounts not available to be used within one year:	
Receivables scheduled to be collected in more than one year	(1,166,134)
Contractual or donor-imposed restrictions:	
Capital funds	(1,688,560)
Endowment funds	(1,846,603)
Other donor restrictions	(1,962,797)
Financial assets available for general expenditures	$ 5,881,650

The Organization manages its liquidity by developing and adopting an annual operating budget that provides sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budget. Adjustments are made to plan as needed to ensure adequate liquidity. With external advice, the Organization has evaluated the optimal levels of reserves needed for program disruptions due to weather, fire and other risks associated with the areas in which the Organization operates. The results determined that the Organization has sufficient levels to support normal course of business and withstand disruptions similar in scale to those experienced in the past ten years, but insufficient levels needed to withstand a catastrophic disruption at one of its larger campuses. Funding reserves remains a top priority for the Organization and it will continue to evaluate and revise the reserves target to effectively manage liquidity.

Note 8 - Commitments:

Operating Leases

The Organization leases office space in California, Virginia and Washington under operating lease agreements that expire through 2023. Obligations under these lease agreements are as follows as of June 30:

2020	$	211,000
2021		74,000
2022		37,000
2023		21,000
Total	$	343,000

Rent expense amounted to $1,359,838 and $1,517,080 for the years ended June 30, 2019 and 2018, respectively. In addition to office space, total rent expense includes the cost of lodging for students who participate in the Organization's programs. Student lodging expense amounted to $865,479 and $1,007,664 for the years ended June 30, 2019 and 2018, respectively.

Cooperative Agreements with the National Park Service

Beginning in 1984, the Organization entered into cooperative agreements with the U.S. Department of the Interior, National Park Service (NPS), with regard to land and facilities use and educational programs at six National Parks: Yosemite, Marin Headlands (Golden Gate National Recreation Area), Olympic National Park, Santa Monica Mountains National Recreation Area, Channel Islands National Park and Prince William Forest Park. Under the terms of these agreements, the Organization may occupy certain buildings and grounds of the NPS for a specified number of years. Expiration dates of the agreements vary and currently expire between 2019 and 2031. During the term of the agreements, the Organization will provide various educational programs as approved by the NPS and comply with its rules, regulations and directives.

Under the agreements, the Organization will also provide capital improvements and maintenance to the facilities, all of which remain the property of the NPS. The Organization will not have a right of possessory interest to most of these assets.

Any substantive changes in the cooperative agreements could have significant effects on how the Organization conducts its activities and services.

In November 2018, a wildfire in Southern California severely damaged the Santa Monica Mountains impacting the Organization's ability to provide programs in 2019 in that area. NPS decided to close the site that is operated under the cooperative agreement indefinitely in May 2019. NPS's decision, coupled with extensive damage to the primary operating location, caused the Organization to plan to close the region's operations through 2021. The Organization is committed to continue serving Southern California students at its other campuses and will be evaluating options for re-emergence in future years. An overview of the business interruption claim related to the fire can be found in Note 11.

Note 9 - National Geographic Society:

In December 2003, the Organization and the Education Foundation Division of the National Geographic Society executed a Memorandum of Agreement to create the Yosemite National Institute Geography Education Fund, which is an endowment restricted in perpetuity. The Organization contributed $615,000, which was matched by the National Geographic Society. The $1,230,000 is invested by the National Geographic Society and any income generated will be used to support programs by the Organization or other charitable organizations similar to the Organization to improve geography education at Yosemite National Park, Olympic National Park, the Golden Gate National Recreation Area, or such other locations as shall be mutually agreed upon. If certain terms of the agreement are breached, the funds will be returned to the Organization. During the years ended June 30, 2019 and 2018, $105,682 and $103,396, respectively, were received from this fund.

Note 10 - Tax-Deferred 403(b) Plan:

The Organization has a 403(b) contributory tax-deferred pension plan covering all eligible employees. After one year of service, the Organization provides a discretionary matching contribution of 100% of the employee's contribution, up to the greater of 3% of annual salary or $1,200. Pension plan expense amounted $164,107 and $165,436 in 2019 and 2018, respectively.

Note 11 - Business Interruption Insurance Proceeds:

The Organization carries business interruption insurance for the Santa Monica Mountains National Recreation Area properties that were impacted by the fire. The resulting loss of business income resulted in a settlement offer of $158,802 for income loss from 2019 to 2021. In the 2019 statement of activities the Organization has recorded $158,802 in Other Program Income for the business interruption insurance proceeds and a receivable of the same amount in the statement of financial position.

Note 12 - Concentrations of Credit Risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, accounts and pledges receivable and investments. The Organization maintains its cash accounts at various institutions. Cash balances at these institutions may, from time to time, exceed Federal Deposit Insurance Corporation insurable limits. Accounts receivables are due from various entities. An allowance for doubtful accounts is also maintained. Investments are subject to a formal investment policy.

Approximately 68% of pledges receivable are due from four and three major donors in 2019 and 2018, respectively.

Approximately 27% and 22% of pledges receivable are board of director’s gifts to the Organization in 2019 and 2018, respectively.