



Point Reyes National Seashore Association

Financial Statements

for the year ended

March 31, 2020

with the

Report of the Independent Auditor



Report of the Independent Auditor

To the Board of Directors of the **Point Reyes National Seashore Association:**

I have audited the accompanying financial statements of Point Reyes National Seashore Association (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, 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 the 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 my 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, I consider the internal control of Point Reyes National Seashore Association relevant to its preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of Point Reyes National Seashore Association. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Point Reyes National Seashore Association as of March 31, 2020, and the changes in its net assets and 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

I have previously audited the financial statements of Point Reyes National Seashore Association as of and for the year ended March 31, 2019, and I expressed an unmodified audit opinion on those audited financial statements in my report dated October 21, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Michael Smith, CPA

Michael Smith, CPA
Petaluma, California
January 6, 2021

Point Reyes National Seashore Association

Statements of Financial Position

March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 499,978	\$ 448,309
Investments	110,692	313,824
Grants receivable	99,329	56,369
Contributions receivable	66,000	25,325
Other receivables	6,600	22,573
Inventory	136,776	103,947
Prepaid expenses	21,109	82,286
Property and equipment, net of accumulated depreciation of \$122,894 and \$120,056, respectively	36,395	39,233
Land held for the National Park Service	<u>1,654,900</u>	<u>1,654,900</u>
 Total assets	 <u><u>\$2,631,779</u></u>	 <u><u>\$2,746,766</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 73,609	\$ 44,853
Accrued liabilities	96,345	131,774
Grant payable	500	16,300
Deferred revenue	<u>228,045</u>	<u>230,633</u>
 Total liabilities	 398,499	 423,560
 Net Assets		
Without donor restrictions	723,489	799,127
With donor restrictions	<u>1,509,791</u>	<u>1,524,079</u>
 Total net assets	 <u><u>2,233,280</u></u>	 <u><u>2,323,206</u></u>
 Total liabilities and net assets	 <u><u>\$2,631,779</u></u>	 <u><u>\$2,746,766</u></u>

See accompanying notes.

Point Reyes National Seashore Association

Statement of Activities and Changes in Net Assets

For the Year Ended March 31, 2020 with Totals Only for the Year Ended March 31, 2019

	Net assets			2019 Totals only
	Without donor restrictions	With donor restrictions	2020	
Support and revenue				
Contributions and grants	\$ 811,036	\$ 228,654	\$1,039,690	\$1,207,148
Special events, net	124,421	139,710	264,131	186,309
Membership	143,545	–	143,545	144,697
School Program	100,739	–	100,739	116,893
Field Institute	109,482	–	109,482	111,329
Summer Camp	266,873	–	266,873	207,675
Bookstore sales, net	260,945	–	260,945	272,476
Investment income, net	3,459	(13,252)	(9,793)	373
Miscellaneous income	9,429	–	9,429	36,897
Satisfaction of restrictions	369,400	(369,400)	–	–
Total support and revenue	2,199,329	(14,288)	2,185,041	2,283,797
Expenses				
Program services	1,556,732	–	1,556,732	1,567,109
Support services	718,235	–	718,235	655,334
Total expenses	2,274,967	–	2,274,967	2,222,443
Change in net assets	(75,638)	(14,288)	(89,926)	61,354
Net assets, beginning of year	799,127	1,524,079	2,323,206	2,261,852
Net assets, end of year	\$ 723,489	\$1,509,791	\$2,233,280	\$2,323,206

See accompanying notes.

Point Reyes National Seashore Association

Statement of Functional Expenses

For the Year Ended March 31, 2020 with Totals Only for the Year Ended March 31, 2019

	Program services			Support services			2020	2019 Totals only	
	Book-stores	Education	Park projects	Total program services	Management and general	Fund-raising			Total support services
Expenses									
Salaries and wages	\$161,799	\$492,513	\$259,448	\$ 913,760	\$ 62,358	\$208,839	\$271,197	\$1,184,957	\$1,110,788
Employee benefits	37,547	78,740	21,253	137,540	13,882	44,203	58,085	195,625	132,180
Payroll taxes	14,676	46,619	25,008	86,303	9,224	16,520	25,744	112,047	117,645
Advertising	12	892	—	904	1,107	—	1,107	2,011	—
Bank fees	737	470	48	1,255	788	189	977	2,232	375
Communications	1,208	20,516	—	21,724	23	27,652	27,675	49,399	48,175
Contract services	—	53,581	11,088	64,669	715	9,518	10,233	74,902	185,009
Credit card fees	12,999	25,365	—	38,364	220	7,915	8,135	46,499	34,491
Dues	—	660	140	800	664	313	977	1,777	3,085
Events	99	—	—	99	—	—	—	99	9,994
Food	702	34,647	166	35,515	1,038	6,546	7,584	43,099	58,205
Grants	—	—	10,750	10,750	—	—	—	10,750	—
Information technology	20,984	44,269	1,578	66,831	16,138	27,491	43,629	110,460	55,357
Insurance	6,329	12,947	666	19,942	2,353	8,336	10,689	30,631	46,808
Mail house	—	—	—	—	61	9,518	9,579	9,579	12,903
Miscellaneous	—	105	—	105	—	805	805	910	15,598
Park projects	10	—	16,089	16,099	7,626	100	7,726	23,825	26,500
Postage	24	125	1	150	1,747	3,035	4,782	4,932	6,057
Printing	—	376	—	376	76	13,490	13,566	13,942	11,067
Professional fees	918	2,580	26,073	29,571	141,737	918	142,655	172,226	197,688
Property maintenance	88	23,026	207	23,321	6,612	2,598	9,210	32,531	25,863
Supplies and service	5,155	20,728	6,426	32,309	5,446	32,671	38,117	70,426	42,735
Taxes and permits	—	2,383	3,787	6,170	1,444	—	1,444	7,614	9,954
Training	1,303	6,263	5,258	12,824	6,473	3,532	10,005	22,829	8,268
Travel	1,223	18,307	(541)	18,989	4,135	2,333	6,468	25,457	29,998
Utilities	5,766	10,224	461	16,451	1,153	5,766	6,919	23,370	21,298
Depreciation	—	1,911	—	1,911	927	—	927	2,838	12,402
Total expenses	\$271,579	\$897,247	\$387,906	\$1,556,732	\$285,947	\$432,288	\$718,235	\$2,274,967	\$2,222,443

See accompanying notes.

Point Reyes National Seashore Association
 Statements of Cash Flows
 For the Years Ended March 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	(\$ 89,926)	\$ 61,354
Adjustments to reconcile change in net assets to cash used by operating activities		
Net loss on sale and depreciation of investments	15,988	2,635
Contributions of investments	(28,022)	(16,922)
Depreciation	2,838	12,402
Changes to assets and liabilities		
Grants receivable	(42,960)	38,722
Contributions receivable	(40,675)	(7,825)
Other receivables	15,973	14,969
Inventory	(32,829)	(7,945)
Prepaid expenses	61,177	4,225
Accounts payable	28,756	(10,376)
Accrued expenses	(35,429)	17,397
Deferred revenue	(2,588)	(10,404)
	(163,497)	98,232
Cash flows from investing activities		
Reinvestment of net investment gains	(4,129)	(1,745)
Proceeds from sale of investments	219,295	119,398
	215,166	117,653
Cash provided by investing activities		
	51,669	215,885
Net change in cash and cash equivalents		
	448,309	232,424
Cash and cash equivalents, beginning of year		
	448,309	232,424
Cash and cash equivalents, end of year	\$499,978	\$448,309

See accompanying notes.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 1 – Basis of Presentation

Point Reyes National Seashore is a treasure open to all who visit. The wild and scenic peninsula sticks out into the Pacific Ocean like a green thumb, hitchhiking slowly northwest at a pace of three inches each year. No other public place along the northern California coast offers so much to so many. Situated close to millions of people in San Francisco, Oakland and San Jose, the National Seashore offers hiking trails across nearly 70,000 acres of wilderness, mountains, beaches, complex dunes, marshes and scrub. It offers coves and bays for kayaking, trails for equestrians and wildlife viewing opportunities for hundreds of bird species, tule elk, seals, sea lions, badgers, bobcats, otters and more. Unlike most parks around the country, Point Reyes National Seashore is free to the public. There is no entry fee. There are no parking fees. It is open to ALL.

As the official partner to the National Seashore since 1964, **Point Reyes National Seashore Association** (PRNSA) focuses on three priorities: education and inclusion, environmental conservation and building a broad community for people of all ages to learn about the park, invest in its future and enjoy activities in the park.

Inspiring Youth, Opening Doors, Putting Feet on the Trail

Draw a circle with a 30-mile diameter centered on the Bear Valley Visitor Center in the Park. That gets you to the East Bay, San Francisco, Sonoma County and Contra Costa County. To thousands of youths outside that circle, Point Reyes may seem like a million miles away. Many are in underserved communities lacking transportation, guides, time and supervision to allow them to explore the National Seashore. We remove those obstacles and work with schools and partner agencies to get those children into the park and their feet on the trail.

Outdoor-based learning is an essential catalyst for healthy development. Through our Young Stewards programs, the number of Bay Area young people served has grown steadily since 1999 by approximately 50%. **We provide need-based financial assistance to 62% of our young visitors**, 50% of whom receive benefits from federal school lunch programs so that they can come out to the park and have the same experiences as more privileged youths and those who live closer. This year, we brought over 3,200 children and families to the park through our programs and provided some form of financial assistance to about 1,800 of them. That total includes 954 kids in our school-year camps, 377 kids in summer camp, and 1,100 students attending our day-long Science at the Seashore field trips. Unfortunately, as a result of the Coronavirus Pandemic, we had to cancel programming for 300 students at the end of our fiscal year in March.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 1 – Basis of Presentation (continued)

Conservation Through Science – Supporting the Park

PRNSA works year-round in partnership with the National Park Service (NPS) to protect and monitor the health of natural resources within the park. Park biologists and ecologists use data partially provided by us and priorities set by regional working groups to set an ambitious agenda each year. We secure funding from several sources including private donors, government grants and foundations to hire seasonal field staff. Those staff then work with NPS project managers on dune habitat restoration, Coho salmon conservation, community outreach programs, invasive plant management, elephant seal monitoring and historic conservation of cultural resources in the park.

In FY20, PRNSA funded over 8,100 hours of natural and cultural resource management and protection. From long-term inventory and monitoring of threatened and endangered species to habit restoration and invasive species removal, and historic and cultural preservation projects, our work has never been more meaningful.

Recreation, Lifelong Learning and Stewardship

“You do you” is a commonly heard catchphrase these days. PRNSA believes in uniting individuals for common goals while allowing each park visitor to craft their own experience according to their interests. Our Field Institute classes and programs create fun and enriching experiences for people with different backgrounds to explore the natural world and the arts. This year, we served 889 people with 83 classes and guided programs on the Natural World, Arts, Photography and Outdoor Adventure. Additionally, our Get to the Point program, featuring low cost and free events attracted 273 youth and adults. This series is designed to encourage families and young adults unfamiliar with the natural history of the park to learn and just have fun outside of a traditional class structure. At the heart of all our programs is our desire to invoke a conservation ethic, even if not explicitly stated. We know that people who love the park will understand the need to protect it. And for those wishing to work directly with us, we offered a variety of volunteer opportunities. Like all our in-person programs, the Coronavirus Pandemic resulted in the cancelation of two Field Institute classes and one Get to the Point program in March.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

PRNSA prepares its financial statements using accounting principles generally accepted in the United States of America (US-GAAP). PRNSA records contributions when promised, revenues when earned and expenses when incurring the related obligations.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

National Park Service agreements

PRNSA operates as the primary nonprofit partner of the park under a Cooperating Association Agreement (CAA). The latest CAA became effective December 20, 2010, and with extensions, will expire on December 20, 2021. In addition, the NPS reserves the right to terminate the CAA at any time.

NPS provides financial assistance to PRNSA, in the form of task agreements and work orders, for specific park projects. Such financial assistance is governed by a Cooperative Agreement. The latest Cooperative Agreement became effective on July 15, 2019, and will expire on July 15, 2024.

Fair value

PRNSA uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that PRNSA has the ability to access.

Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and 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 consist of unobservable inputs that are significant to the fair value measurement.

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

PRNSA values all contributions at fair value when promised. PRNSA estimates the fair value of contributions based on the present value of expected future cash flows, taking into consideration the risk-free interest rate and expected collection timing and risk. PRNSA records a discount representing the difference between the future cash flows promised by the donor and the estimated present value of the expected future cash flows. PRNSA accretes the discount, using the

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

interest method and based on actual collections, to contribution support. As of March 31, 2020 and 2019, PRNSA considered the discount as immaterial.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with commercial banks, available within 90 days of demand.

Investments

Investments (Note 3) consist principally of units of pooled investment funds (PIFs) held by a community foundation and a certificate of deposit (CD) held by a commercial bank. PRNSA records the PIFs and the CD at their contract value. Contract value represents the amount PRNSA would realize upon sale, transfer, exchange or liquidation of the investment when transacted with the custodian. Contract value of the units of the PIFs are the PRNSA share of the fair value of the underlying investments, determined by the community foundation, net of certain custodial and administrative fees. Contract value of the CD is cost plus accrued interest not yet withdrawn or paid. PRNSA only recognizes the loss of accrued interest not yet withdrawn or paid upon the premature sale, transfer, exchange or liquidation of the CD when incurred because it is the intent of PRNSA to hold the CD until maturity.

PRNSA reports interest, dividends, gains, losses and changes in contract value (unrealized appreciation and depreciation), net of investment and administrative expenses, as net investment income.

The PIFs of the community foundation are subject to variance power under agreements dated May 8, 2000 and October 25, 2012. The board of trustees of the community foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in the sole judgment of the board of trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the needs of the community served by the community foundation.

Grants, contributions and other receivables

Grants receivable (Note 4) consist principally of amounts expended by PRNSA under government grants and contracts but not reimbursed by the government grantor or contractor. Contributions receivable consist principally of unconditional promises to give due from foundations and individuals. Other receivables consist principally of program fees for use of the Clem Miller Environmental Education Center. All receivables are due within one year.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Allowance for uncollectible receivables

PRNSA uses the allowance method to account for uncollectible receivables. Under this method, PRNSA reviews all receivables for any problems with collectability, based on experience. If PRNSA feels that there may be a problem with collection, it provides for an allowance. When attempts to collect a specific receivable are unsuccessful, PRNSA considers the account uncollectible and writes it off against the allowance. As of March 31, 2020, PRNSA considered the allowance for doubtful accounts as immaterial.

Inventory

Inventory consists principally of books and other merchandise available for sale at Bookstores. PRNSA states its inventory at the lower of cost or net realizable value, using the first-in, first-out basis.

Property and equipment

Property and equipment consist of furniture; computer software; kitchen, office and computer equipment; and leasehold improvements. PRNSA records property and equipment at cost or initially at fair value for contributed items. PRNSA bases the initial fair value of contributed property and equipment on comparable sales of identical or similar items in markets available to PRNSA. PRNSA expenses property and equipment with a cost or fair value under \$5,000 and the costs of maintenance and repairs that do not improve or extend the lives of property and equipment. PRNSA computes depreciation using the straight-line method over the estimated useful lives of the property and equipment.

Under the CAA with the NPS, PRNSA may occupy and use certain buildings within the Park. However, NPS and not PRNSA, owns the buildings.

Land held for the National Park Service

Periodically, PRNSA purchases or receives contributions of land, usually contiguous with the Park. Donors generally restrict such contributions as additions to the Park. PRNSA records purchases of land at cost and contributions of land at fair value, generally determined using an independent appraisal. PRNSA expenses subsequent costs required to maintain the land. Due to various requirements and conditions that the NPS puts on contributions of land, there can be a significant lag between the time PRNSA purchases or receives a contribution of land and the subsequent transfer of that land to the NPS. Accordingly, “Land held for the National Park Service” on the statement of financial position consists of land purchased or received by PRNSA but not transferred to the NPS.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred revenue

Deferred revenue consists principally of fees received in advance of Summer Camp. PRNSA recognizes revenue from Summer Camp as the weekly camps occur. Due to the COVID-19 outbreak, PRNSA canceled 2020 Summer Camp and refunded fees received in advance.

Net assets

Net assets without donor restrictions are not subject to donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors (Note 5), or otherwise limited by contractual arrangements with outside parties.

Net assets with donor restrictions (Notes 6) are subject to donor-imposed restrictions. PRNSA reclassifies net assets with donor restrictions to net assets without donor restrictions when it fulfills donor-imposed restrictions through actions PRNSA takes or the passage of time.

Contributions and grants

PRNSA recognizes contributions when a donor makes an unconditional promise to provide support. Grants support consists principally of conditional cost-reimbursement government grants. PRNSA does not recognize support from these grants until it fulfills the condition; generally, by expending costs and performing services to accomplish the requirements of the grants. Because PRNSA fulfills the condition and meets the restrictions of such grants simultaneously, PRNSA elects to report such support with net assets without donor restrictions.

Contributed services

Under the CAA with the NPS, PRNSA may occupy and use certain buildings within the Park rent-free. PRNSA has not estimated the fair value of such rent-free occupancy or recognized that amount. In addition, the NPS charges PRNSA certain maintenance costs, which PRNSA expenses.

Volunteers contribute their time assisting PRNSA in carrying out its activities. Although the value of volunteer contributions is substantial to the activities of PRNSA, PRNSA does not recognize their value because they do not meet the criteria for recognition in accordance with US-GAAP.

Revenue

PRNSA recognizes revenue from its School Program when a school visits or cancels without sufficient notice. PRNSA recognizes revenue from its Field Institute when it holds each class. PRNSA recognizes revenue from its Summer Camp when each weekly camp occurs or when a camper cancels without sufficient notice. PRNSA recognizes revenue from its Bookstores (Note

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

10) when it sells books or other merchandise. Estimated returns are not significant in relation to Bookstore sales.

Advertising

PRNSA expenses the costs of advertising when incurred.

Income taxes

In letters to PRNSA, the Internal Revenue Service and California Franchise Tax Board stated that PRNSA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from California bank and corporation taxes under Section 23701(d) of the California Revenue and Taxation Code, respectively. In addition, PRNSA qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as a publicly supported organization as described in IRC Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law.

Management believes that none of the activities of PRNSA jeopardized its exemption from income taxes or its classification as a “public charity.” In addition, management believes that no activities of PRNSA are subject to unrelated business income taxes. Accordingly, PRNSA did not provide for income taxes.

Management considers certain tax positions taken by PRNSA. A tax position is a position taken in a previously filed tax return or a position management expects to take in a future tax return. Tax positions include decisions to classify a transaction, entity or other position in a tax return as tax exempt or the status of an entity, including its status as a pass-through or tax-exempt entity.

PRNSA files tax returns with the Internal Revenue Service and state of California. Tax returns from open tax periods are subject to future examination by taxing authorities.

Cost allocation

PRNSA summarizes the costs of its activities on a functional basis. PRNSA allocates direct costs of its various program and supporting services to the activity benefitted. PRNSA considers all other costs as indirect. PRNSA allocates indirect costs on a reasonable basis that is consistently applied. PRNSA allocates compensation costs based on actual and estimated time expended on each activity. PRNSA allocates all other indirect costs that are not directly attributable to one program or supporting service based on allocated compensation costs.

Risks

Cash and cash equivalents held by the commercial banks exceeded federal deposit insurance limits at various times during the years ended March 31, 2020 and 2019.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Investments are subject to credit, interest rate and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform. Interest rate risk is the risk that interest rates in the market will change relative to the interest rates earned on investments PRNSA holds. Market risk is the inherent change in the fair value of an investment due to changes in conditions. PRNSA manages risk to its investments by periodically reviewing investments for compliance with the investment policy and investment return for comparability to the general market and specific investment class returns.

Use of estimates

The preparation of financial statements in conformity with US-GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Prior year summarized comparative information

The financial statements and notes include certain prior year summarized comparative information in total, but not by net asset classification. Such information does not always include sufficient detail to constitute a presentation in conformity with US-GAAP. Accordingly, read such information in conjunction with the financial statements for the year ended March 31, 2019, from which the summarized comparative information was derived.

Subsequent events

PRNSA evaluated subsequent events for recognition and disclosure through January 6, 2021, the date the financial statements were available for issuance. Management concluded that the following material subsequent events have occurred since March 31, 2020, which would require recognition or disclosure in the financial statements.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the financial condition, liquidity and future results of operations of PRNSA. Management is actively monitoring the global situation on its financial condition, liquidity, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, PRNSA is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the year ending March 31, 2021.

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

However, PRNSA has taken several steps in response, including compliance with mandatory work from home orders, furloughing certain employees, moving Field Institute classes online or reducing capacity to comply with federal and local requirements and best public health practices, canceling Summer Camp and School Programs and closing the Bookstores.

On April 30, 2020, PRNSA received a Paycheck Protection Program loan pursuant to the Corona-virus Aid, Relief, and Economic Security Act (CARES Act) from Bank of Marin. The loan is in the amount of \$150,000 plus interest (fixed at 1%) and is due in monthly installments beginning ten months after the end of the “forgiveness covered period” and maturing on April 20, 2025. The loan is unsecured. However, up to 100% of the principal and accrued interest may be forgiven, based on eligible expenditures by PRNSA during the forgiveness covered period, as provided in the CARES Act.

Note 3 – Investments

As of March 31, 2020 and 2019, the fair value of investments and level within the fair value hierarchy totals as follows:

<u>Investments measured at contract value</u>	<u>2020</u>	<u>2019</u>
PIFs	\$105,692	\$308,824
CD 0.20% Matures 04-20-2021	<u>5,000</u>	<u>5,000</u>
Total investments	<u>\$110,692</u>	<u>\$313,824</u>

Management estimates that the difference between the fair value of investments reported at contract value and the respective reported contract values is not material. During the years ended March 31, 2020 and 2019, PRNSA did not transfer any investments among the different fair value input levels.

During the years ended March 31, 2020 and 2019, net investment income totaled as follows:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 6,195	\$6,731
Realized gain on sale of investments carried at fair value	–	208
Unrealized depreciation on investments carried at contract value	(13,737)	(3,052)
Investment and administrative fees	<u>(2,251)</u>	<u>(3,514)</u>
Investment (loss) income, net	<u>(\$ 9,793)</u>	<u>\$ 373</u>

Point Reyes National Seashore Association
Notes to Financial Statements
March 31, 2020

Note 4 – Grants Receivable

As of March 31, 2020 and 2019, grants receivable totaled as follows:

	<u>2020</u>	<u>2019</u>
State of California – Department of Fish and Wildlife	\$44,017	\$47,000
U.S. Department of the Interior – National Park Service	55,312	5,772
National Fish and Wildlife Foundation	<u>—</u>	<u>3,597</u>
Total grants receivable	<u>\$99,329</u>	<u>\$56,369</u>

Note 5 – Net Assets without Donor Restrictions – Board Designated

As of March 31, 2020 and 2019, the Board of Directors of PRNSA designated certain net assets without donor restrictions for specific purposes, totaling as follows:

	<u>2020</u>	<u>2019</u>
Programs	\$ —	\$ 2,403
Emergency reserve	100,000	100,000
Endowment (Note 8)	<u>663</u>	<u>189,792</u>
Total designated net assets without donor restrictions	100,663	292,195
Total undesignated net assets without donor restrictions	<u>622,826</u>	<u>506,932</u>
Total net assets without donor restrictions	<u>\$723,489</u>	<u>\$799,127</u>

Note 6 – Net Assets with Donor Restrictions

During the year ended March 31, 2020, net assets with donor restrictions reconcile as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Park Projects	\$1,382,280	\$137,892	\$ 55,073	\$1,465,099
Dinner on the Pacific Plate	—	65,215	48,215	17,000
Education	<u>141,799</u>	<u>152,005</u>	<u>266,112</u>	<u>27,692</u>
Totals	<u>\$1,524,079</u>	<u>\$355,112</u>	<u>\$369,400</u>	<u>\$1,509,791</u>

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March 31, 2020

Note 6 – Net Assets with Donor Restrictions (continued)

During the year ended March 31, 2019, net assets with donor restrictions reconcile as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Park Projects	\$1,404,003	\$ 25,926	\$ 47,649	\$1,382,280
Dinner on the Pacific Plate	–	22,350	22,350	–
Education	<u>146,741</u>	<u>216,193</u>	<u>221,135</u>	<u>141,799</u>
Totals	<u>\$1,550,744</u>	<u>\$264,469</u>	<u>\$291,134</u>	<u>\$1,524,079</u>

Note 7 – Endowment Funds

Endowment funds consist of net assets with donor restrictions related to the Neubacher and Kearns funds and net assets without donor restrictions designated by the Board of Directors to function as endowments (Note 5). PRNSA classifies and reports net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, based on the existence or absence of any donor restrictions.

Endowment funds with donor restrictions are subject to US-GAAP and the California version of the Uniform Prudent Management of Institutional Funds Act (CA-UPMIFA). Funds designated by the Board of Directors to function as endowments are subject only to US-GAAP.

Under CA-UPMIFA, PRNSA classifies endowment funds with donor restrictions as net assets with donor restrictions until the Board of Directors appropriates amounts for expenditure, consistent with the standards of prudence prescribed by CA-UPMIFA, including the limitation under California state law limiting appropriations to seven percent of the fair value of the endowment funds, and meets any time or purpose restriction. PRNSA only holds immaterial endowment funds with donor restrictions that require PRNSA to maintain the original value of initial and subsequent gifts donated to the fund and any accumulations to the fund that the applicable donor gift instrument requires PRNSA to maintain in perpetuity. In addition, the endowment assets held by the community foundation (Note 2) are subject to the “Spending Rule” of the community foundation. As of March 31, 2020, endowment funds totaled as follows:

<u>Endowment funds</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Donor restricted	\$ –	\$110,029	\$110,029
Board designated (Note 5)	<u>100,663</u>	<u>–</u>	<u>100,663</u>
Totals	<u>\$100,663</u>	<u>\$110,029</u>	<u>\$210,692</u>

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March 31, 2020

Note 7 – Endowment Funds (continued)

During the year ended March 31, 2020, endowment funds reconciled as follows:

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Totals</u>
Beginning of year	\$292,195	\$124,031	\$416,226
Dividends and interest	3,363	1,244	4,607
Unrealized depreciation	(245)	(13,492)	(13,737)
Investment management fees	(1,247)	(1,004)	(2,251)
Contributions	–	10,000	10,000
Appropriated for expenditure	(193,403)	(10,750)	(204,153)
End of year	<u>\$100,663</u>	<u>\$110,029</u>	<u>\$210,692</u>

As of March 31, 2019, endowment funds totaled as follows:

<u>Endowment funds</u>	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Totals</u>
Donor restricted	\$ –	\$124,031	\$124,031
Board designated (Note 5)	<u>292,195</u>	<u>–</u>	<u>292,195</u>
Totals	<u>\$292,195</u>	<u>\$124,031</u>	<u>\$416,226</u>

During the year ended March 31, 2019, endowment funds reconciled as follows:

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Totals</u>
Beginning of year	\$417,538	\$122,805	\$540,343
Dividends and interest	3,851	1,175	5,026
Unrealized (depreciation) appreciation	(3,871)	1,027	(2,844)
Investment management fees	(2,363)	(976)	(3,339)
Appropriated for expenditure	(157,793)	–	(157,793)
Board designations	<u>34,833</u>	<u>–</u>	<u>34,833</u>
End of year	<u>\$292,195</u>	<u>\$124,031</u>	<u>\$416,226</u>

As of March 31, 2020 and 2019, the contract value of investment assets related to endowment fund net assets with donor restrictions was not less than the amount required to be restricted by the donor or in accordance with CA-UPMIFA, absent donor restrictions.

Point Reyes National Seashore Association
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March 31, 2020

Note 7 – Endowment Funds (continued)

PRNSA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Under this policy, the primary investment objective for net assets with donor restrictions related to the Kearns fund shall be protection of principal, not maximization of return. Maintaining liquidity sufficient to meet projected expenditures shall be a priority. PRNSA should invest such funds in low-risk investments such as money market funds, short-term deposits and Treasury securities.

The primary investment objective for net assets with donor restrictions related to the Neubacher fund and net assets without donor restrictions designated by the Board of Directors to function as endowments shall be the maintenance of inflation-adjusted principal and to earn income from interest, dividends and capital appreciation equal to or exceeding accepted market indices, e.g., the Dow Jones Industrial Average and the S&P 500. Liquidity is not a priority since PRNSA does not expect to expend net assets with donor restrictions related to the Neubacher fund and net assets without donor restrictions designated by the Board of Directors to function as endowments on short notice. PRNSA may invest these funds in low-risk securities, such as diversified stock and bond portfolios, but not in options, futures or through short selling or trading on the margin.

If there are donor-specific investment guidelines, those guidelines supersede the investment policy of PRNSA and PRNSA shall adhere to those guidelines.

In addition, the endowment assets held by the community foundation (Note 2) are subject to the “Investment Policy” of the community foundation. Under this policy, actual returns in any given year may vary from expectations.

Net assets without donor restrictions designated by the Board of Directors to function as endowments are subject to redesignation at any time, including redesignation as other than endowment funds.

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Note 8 – Grants and Contracts Support

During the years ended March 31, 2020 and 2019, PRNSA met the conditions under certain grants and contracts and recognized support as follows:

	<u>2020</u>	<u>2019</u>
State of California – Department of Fish and Wildlife	\$129,149	\$116,000
Golden Gate National Parks Conservancy	18,164	–
U.S. Department of the Interior – National Park Service	254,692	221,763
National Fish and Wildlife Foundation	<u>26,105</u>	<u>113,166</u>
Total grant and contract support	<u>\$428,110</u>	<u>\$450,929</u>

Note 9 – Special Events

During the years ended March 31, 2020 and 2019, the Dinner on the Pacific Plate special event reconciled as follows:

	<u>2020</u>	<u>2019</u>
Gross support and revenue	\$376,835	\$298,532
Less direct donor benefit costs	<u>112,704</u>	<u>112,223</u>
Net	<u>\$264,131</u>	<u>\$186,309</u>

During the years ended March 31, 2020 and 2019, in-kind contributions of goods and services used at the events (principally food and beverages) totaled \$48,215 and \$22,350, respectively. Management estimated the fair value of the in-kind contributions based on comparative purchase costs, donor estimates and internal evaluations.

Note 10 – Bookstore Sales, Net

During the years ended March 31, 2020 and 2019, net bookstore sales reconciled as follows:

	<u>2020</u>	<u>2019</u>
Bookstore sales, net of returns and allowances	\$501,166	\$498,498
Less cost of bookstore goods sold	<u>240,221</u>	<u>226,022</u>
Bookstore sales, net	<u>\$260,945</u>	<u>\$272,476</u>

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Note 10 – Bookstore Sales, Net (continued)

In addition, during the years ended March 31, 2020 and 2019, other operating expenses of the bookstores, included as program services, totaled \$271,579 and \$237,305, respectively.

Note 11 – Liquidity and Availability of Financial Assets

As of March 31, 2020 and 2019, financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, reconcile as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$499,978	\$448,309
Investments	110,692	313,824
Grants receivables	99,329	56,369
Contributions receivable	66,000	25,325
Other receivables	<u>6,600</u>	<u>22,573</u>
Total financial assets	782,599	866,400
Amounts unavailable for general expenditures within one year		
Grant payable	500	16,300
Summer Camp refunds	224,745	—
Net assets with donor restrictions (except land)	<u>258,791</u>	<u>273,079</u>
Total amounts unavailable for general expenditures within one year	<u>484,036</u>	<u>289,379</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$298,563</u>	<u>\$577,021</u>

Certain investments include funds designated by the Board of Directors to function as endowments (Note 7). The Board of Directors approves an annual budget, based on estimates of seasonally adjusted revenue and expenses. In addition, management forecasts cash needs on a daily, weekly and monthly basis. As part of its liquidity management, PRNSA invests cash in excess of daily requirements in interest-bearing bank accounts and has certain investments in a pooled investment fund available, with approval of the Board of Directors, to cover any shortfalls.

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Note 12 – Retirement Plan

PRNSA sponsors a defined contribution salary deferral plan under IRC section 403(b) for its eligible employees. Eligible employees may contribute up to 100% of their eligible salary to the plan, subject to limits imposed under the IRC. During the years ended March 31, 2020 and 2019, PRNSA matched 100% of employee contributions, up to 2% of the eligible compensation of each contributing employee, totaling \$10,100 and \$7,449, respectively.

Note 13 – Commitments and Contingencies

PRNSA receives government grants support pursuant to agreements with NPS and other governmental agencies. The agreements provide NPS and other governmental agencies with the opportunity to review or audit the expenditure of government grants support to establish compliance with laws and regulations and the specific terms of the agreements. Management believes that PRNSA has complied with the various requirements under these agreements and that any adjustments, if they were to occur, would be immaterial to the financial position of PRNSA.

Note 14 – Adoption and Deferral of New Accounting Standards

During the year ended March 31, 2020, PRNSA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” FASB ASU 2018-08 provides additional guidance on distinguishing a contribution from an exchange transaction and determining when a contribution is conditional. PRNSA has previously accounted for its cost-reimbursement contracts and grants as conditional contributions. FASB ASU 2018-08 makes it clearer that the accounting for cost-reimbursement government contracts and grants by PRNSA is correct. Accordingly, the adoption of FASB 2018-08 had no effect on the financial position of PRNSA.

In June 2020, FASB issued FASB ASU 2020-05, “Effective Dates for Certain Entities,” allowing certain entities to defer the adoption of FASB ASU 2014-09, “Revenue from Contracts with Customers,” until the year ending March 31, 2021. Accordingly, PRNSA elected to defer the adoption of FASB ASU 2014-09 until the year ending March 31, 2021.