



**Point Reyes National Seashore Association**

Financial Statements

Year ended September 30, 2014

with

Report of Independent Auditors

## Report of Independent Auditors

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

We have audited the accompanying financial statements of Point Reyes National Seashore Association (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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.

### Responsibility of Management for the Financial Statements

The management of Point Reyes National Seashore Association 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.

### Responsibility of Auditor

Our responsibility is to express an opinion on the financial statements based on the audit. We conducted the 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 we select depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. To make those risk assessments, we consider internal control relevant to the 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. 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 the management of Point Reyes National Seashore Association, 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 present fairly, in all material respects, the financial position of Point Reyes National Seashore Association as of September 30, 2014, 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

We have previously audited the financial statements of Point Reyes National Seashore Association as of and for the year ended September 30, 2013, and, in our report dated January 3, 2014; we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which the management of Point Reyes National Seashore Association derived it.

**Wilson Markle Stuckey Hardesty & Bott, LLP**

Larkspur, California

January 7, 2015

**Point Reyes National Seashore Association**

Statements of Financial Position

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 206,555	\$ 279,040
Investments	455,750	414,805
Grants receivable	142,155	204,694
Other receivables	68,787	60,965
Inventory	80,565	84,918
Prepaid expenses	25,556	62,704
Property and equipment, net	46,577	27,094
Land held for the National Park Service	<u>1,654,900</u>	<u>1,654,900</u>
 Total assets	 <u><u>\$2,680,845</u></u>	 <u><u>\$2,789,120</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 60,444	\$ 125,255
Accrued expenses	93,374	52,320
Grant payable	16,300	16,300
Deferred revenue	<u>76,010</u>	<u>45,137</u>
 Total liabilities	 246,128	 239,012
 Net Assets		
Unrestricted	878,518	958,310
Temporarily restricted	1,551,199	1,586,798
Permanently restricted	<u>5,000</u>	<u>5,000</u>
 Total net assets	 <u><u>2,434,717</u></u>	 <u><u>2,550,108</u></u>
 Total liabilities and net assets	 <u><u>\$2,680,845</u></u>	 <u><u>\$2,789,120</u></u>

See accompanying notes.

**Point Reyes National Seashore Association**  
Statement of Activities and Changes in Net Assets  
For the Year Ended September 30, 2014 with  
Comparative Totals Only for the Year Ended September 30, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	2014 Totals	2013 Totals only
Support and revenue					
Contributions and grants	\$ 197,768	\$ 504,478	\$ –	\$ 702,246	\$ 822,889
Special events, net	57,639	59,854	–	117,493	216,641
Membership	155,266	–	–	155,266	130,358
School Program	64,709	–	–	64,709	76,322
Field Institute	159,260	–	–	159,260	209,821
Summer Camp	215,542	–	–	215,542	208,893
Bookstore sales, net	201,709	–	–	201,709	154,626
Investment income, net	15,090	9,032	–	24,122	24,933
Other	–	–	–	–	9,459
Satisfaction of restrictions	608,963	( 608,963)	–	–	–
Total support and revenue	1,675,946	( 35,599)	–	1,640,347	1,853,942
Expenses					
Program services					
School Program	110,375	–	–	110,375	108,444
Field Institute	255,689	–	–	255,689	282,854
Summer Camp	269,314	–	–	269,314	261,760
Bookstores	128,844	–	–	128,844	123,742
National Park Service	465,447	–	–	465,447	650,298
Total program services	1,229,669	–	–	1,229,669	1,427,098
Support services					
Management and general	148,888	–	–	148,888	145,528
Membership	144,556	–	–	144,556	91,691
Fundraising	232,625	–	–	232,625	213,019
Total support services	526,069	–	–	526,069	450,238
Total expenses	1,755,738	–	–	1,755,738	1,877,336
Change in net assets	( 79,792)	( 35,599)	–	( 115,391)	( 23,394)
Net assets, beginning of year	958,310	1,586,798	5,000	2,550,108	2,573,502
Net assets, end of year	\$ 878,518	\$1,551,199	\$5,000	\$2,434,717	\$2,550,108

See accompanying notes.

**Point Reyes National Seashore Association**

Statement of Functional Expenses

For the Year Ended September 30, 2014 with Comparative Totals Only for the Year Ended September 30, 2013

	Program services					Support services						2014 Totals	2013 Totals only
	School Program	Field Institute	Summer Camp	Book-stores	National Park Service	Total program services	Management and general	Membership	Fund-raising	Allocated indirect	Total support services		
Expenses													
Salaries and wages	\$ 58,016	\$102,420	\$151,438	\$ 86,833	\$251,050	\$ 649,757	\$ 82,932	\$ 59,777	\$127,483	\$ 40	\$270,232	\$ 919,989	\$ 911,346
Employee benefits	6,621	20,426	8,984	7,754	—	43,785	8,620	7,381	12,687	—	28,688	72,473	55,101
Payroll taxes	4,639	9,577	15,280	7,687	26,512	63,695	6,337	7,050	7,930	—	21,317	85,012	79,805
Advertising	—	471	85	225	225	1,006	—	80	610	—	690	1,696	4,103
Bank and investment fees	31	—	279	20	—	330	6,038	6	1,155	420	7,619	7,949	4,650
Contract services	2,650	2,611	3,231	—	70,619	79,111	5,555	19,792	28,483	20,007	73,837	152,948	313,254
Dues	—	—	—	—	—	—	2,475	100	—	75	2,650	2,650	1,145
Events	—	—	—	—	—	—	—	—	—	—	—	—	9,317
Instructor fees	—	60,503	2,350	—	100	62,953	—	—	—	—	—	62,953	69,160
Insurance	3,869	3,365	8,679	1,451	—	17,364	4,385	228	692	3,242	8,547	25,911	25,896
Mail house	—	1,375	578	1,124	—	3,077	—	5,315	1,249	—	6,564	9,641	8,568
Merchant service charges	145	2,778	10,699	6,308	—	19,930	80	1,399	1,919	—	3,398	23,328	22,591
National Park Services	—	—	—	—	155	155	—	—	—	—	—	155	156
Postage	106	4,190	956	6	11	5,269	114	6,111	3,288	4,458	13,971	19,240	13,725
Printing	—	7,292	2,295	880	328	10,795	—	22,570	8,256	5,697	36,523	47,318	37,404
Professional fees	—	—	—	—	—	—	16,000	—	—	—	16,000	16,000	16,000
Property maintenance	1,253	—	—	—	3,000	4,253	—	—	—	18,558	18,558	22,811	22,678
Supplies and service	2,884	27,385	27,402	4,179	92,055	153,905	4,419	3,611	19,116	12,875	40,021	193,926	189,449
Taxes and permits	—	—	1,279	287	7,750	9,316	150	—	—	—	150	9,466	20,596
Training	70	—	395	—	—	465	—	—	—	—	—	465	515
Travel	2,305	773	14,667	24	7,018	24,787	5,352	819	3,557	235	9,963	34,750	32,757
Utilities	—	—	—	5,665	6,624	12,289	287	—	—	23,924	24,211	36,500	34,791
Depreciation	907	901	645	225	—	2,678	300	3,677	3,902	—	7,879	10,557	4,329
Allocated indirect	26,879	11,622	20,072	6,176	—	64,749	5,844	6,640	12,298	( 89,531)	( 64,749)	—	—
<b>Total expenses</b>	<b>\$110,375</b>	<b>\$255,689</b>	<b>\$269,314</b>	<b>\$128,844</b>	<b>\$465,447</b>	<b>\$1,229,669</b>	<b>\$148,888</b>	<b>\$144,556</b>	<b>\$232,625</b>	<b>\$ —</b>	<b>\$526,069</b>	<b>\$1,755,738</b>	<b>\$1,877,336</b>

See accompanying notes.

**Point Reyes National Seashore Association**  
 Statements of Cash Flows  
 For the Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	(\$ 115,391)	(\$ 23,394)
Adjustments to reconcile change in net assets to cash used by operating activities		
Net gain on sale of and appreciation from holding investments	( 16,797)	( 20,830)
Contributions of investments	( 21,752)	( 15,182)
Depreciation	10,557	4,329
Changes to current assets and liabilities		
Grants receivable	62,539	18,398
Other receivables	( 7,822)	( 33,518)
Inventory	4,353	39,595
Prepaid expenses	37,148	( 40,974)
Accounts payable	( 64,811)	7,507
Accrued expenses	41,054	( 18,365)
Grant payable	-	( 23,750)
Deferred revenue	30,873	2,816
	( 40,049)	( 103,368)
Cash flows from investing activities		
Purchases of investments	( 27,504)	( 115,291)
Proceeds from sale of investments	25,108	14,283
Purchases of property and equipment	( 30,040)	( 25,812)
	( 32,436)	( 126,820)
Net change in cash and cash equivalents	( 72,485)	( 230,188)
Cash and cash equivalents, beginning of year	279,040	509,228
Cash and cash equivalents, end of year	\$206,555	\$279,040

See accompanying notes.

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 1 – Basis of presentation

Basis of presentation

Point Reyes National Seashore Association (PRNSA) is a nonprofit, public benefit corporation, incorporated in California on July 17, 1964, to help the National Park Service (NPS) enhance the extraordinary natural, cultural and recreational resources of the Point Reyes National Seashore (Park). PRNSA operates as a Cooperating Association of the NPS under a Cooperating Association Agreement (CAA), making PRNSA the primary nonprofit partner of the Park. PRNSA works in partnership with the Park and the public to preserve, restore and maintain wildlife habitat, trails and historic sites to enhance a beautiful, coastal Park.

The year-round environmental education programs help children and adults deepen their understanding of nature and inspire the next generation of Park stewards.

PRNSA accomplishes its mission through its programs by:

- Improving Park trails and open space
- Supporting environmental education programs for nearly 5,000 youth and adults annually
- Bringing nearly 1,000 underserved youth to the Park annually through the Young Stewards Scholarship Fund
- Promoting scientific research
- Restoring native habitats and protecting threatened and endangered species
- Acquiring new parcels of land for the Park.

PRNSA raises funds to support critical resource preservation projects and offer year-round environmental education programs that engage the public in accessing, enjoying and understanding the Park. Since its founding, PRNSA has raised millions of dollars to support Park projects and environmental education programs that enhance the visitor experience, protect the resources of the Park, improve wildlife habitat and make a profound difference in the lives of children and adults.

PRNSA operates the Clem Miller Environmental Education Center, Point Reyes Summer Camp and the Point Reyes Field Institute, as well as three bookstores at Park Visitor Centers. PRNSA also raises and manages extensive grant funding for Park environmental and research projects. During the year ended September 30, 2014, PRNSA raised almost \$1,000,000 to fund Park projects, including watershed monitoring in the Giacomini Wetlands, Coho salmon and steelhead trout monitoring, ocean education and outreach and resource management internships. PRNSA has over 3,000 active members, whose contributions enable PRNSA to support critical Park projects, including endangered species recovery, wildlife protection, habitat and wetlands restoration



**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 1 – Basis of presentation (continued)

and preservation of cultural and historic legacies. In March of 2014, PRNSA hosted a 24-hour National Geographic BioBlitz in the Giacomini Wetlands during which 110 schoolchildren and 210 scientists, naturalists and volunteers identified 214 species. During the year ended September 30, 2014, support from members and grants also enabled PRNSA to award scholarships to 780 lower-income young people to attend programs at the Clem Miller Environmental Education Center and Point Reyes Summer Camp.

Programs

Clem Miller Environmental Education School Program and Science at the Seashore

The Clem Miller Environmental Education Center (CMEEC) is an 80-bed residential facility designed as a model of ecological sustainability and located within the Park. The NPS established the CMEEC with the following goals: promote the Park as a living classroom by providing a residential teaching center, facilitate field-based environmental and natural history education experiences that encourage participants to develop a sense of ecological stewardship and conservation, provide teachers and group leaders with the knowledge and background necessary to facilitate their own programs thereby insuring that they integrate environmental concepts, principles and practices into their classrooms and programs and provide an affordable residential environmental education experience to schools, especially those from the densely-populated urban centers of the greater San Francisco Bay Area.

During the year ended September 30, 2014, the CMEEC School Program hosted 30 residential educational programs, three to five days in length, for 1,474 participants, most of whom were elementary and middle school students from the greater San Francisco Bay Area. Fourteen participating classes received scholarship assistance that supported the attendance of 723 students from underrepresented groups and five received financial aid to help cover the cost of bus transportation to and from the Park. In preparation for bringing their class or group to the Center, 17 teachers and group leaders attended a two-day, overnight environmental education and natural history intensive course.

In collaboration with the NPS, PRNSA staff designed and implemented Science at the Seashore, a program that provides daylong science-based field experiences for schools and youth groups. During the year ended September 30, 2014, Science at the Seashore provided 18 daylong field programs for 430 people on topics including wetland restoration, marine debris, watersheds and water quality, ecological monitoring and environmental science. With funds provided by the California Coastal Commission Whale Tail Program, PRNSA staff and volunteers constructed a 10x15 foot gear cache to store the Science at the Seashore equipment and supplies.

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 1 – Basis of presentation (continued)

Seashore Youth Ambassador Program

In collaboration with the NPS and local schools, and with funds provided by the National Park Foundation, PRNSA staff designed and implemented Seashore Youth Ambassadors to connect local youth to recreational and future employment opportunities in the Park. During the year ended September 30, 2014, Seashore Youth Ambassadors provided five programs for 80 local youth including 48 who came from families that live at or below the very low-income level identified by the U.S. Department of Housing and Urban Development for the San Francisco Bay Area.

Point Reyes Summer Camp

Point Reyes Summer Camp (Summer Camp) provides two residential camp experiences four to six days in length: Nature Science Camp, with separate sessions for ages 7-9, 9-11 and 10-12 and Adventure Camp, with separate sessions for ages 12-14 and 14-16. Trained counselors and professional naturalists lead excursions in and around the Park, emphasizing marine and coastal field ecology, leave-no-trace wilderness backpacking and traditional summer camp activities. Summer Camp maintains a 3-to-1 camper to staff ratio and more than 60% of participants return for multiple summers. During the summer of 2014, 360 children attended Summer Camp programs, including 56 scholarship awardees, all of whom came from families that live at or below the very low-income level identified by the U.S. Department of Housing and Urban Development for the San Francisco Bay Area.

Point Reyes Field Institute

Point Reyes Field Institute (Institute) offers a wide variety of field classes in areas such as birding, natural history, arts, crafts, photography, kayaking, boating and family programs that focus on the natural world in and around the Park and beyond. Led by experts in their fields, Institute classes provide an opportunity for participants to connect with the Park and other natural lands, strengthen their understanding of the natural environment, develop their artistic and outdoor skills and enjoy the benefits of healthy outdoor recreation.

During the year ended September 30, 2014, Institute offered 153 classes to 1,964 participants in the areas of natural history, birding, photography, the arts outdoor skills, kayaking, boating and family adventures.

Bookstores

PRNSA operates three bookstores located at various visitor centers around the Park. The Bookstores provide materials that will enhance exploration of the spectacular beaches, woodlands and coastline of the Park. In addition, the Bookstores offer a wide range of natural and cultural histories, children's books, maps, field guides and other educational materials that encourage the preservation and protection of natural resources. Especially useful are

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 1 – Basis of presentation (continued)

materials that enhance bird watching, hiking, whale watching and enjoying abundant wild-flowers.

During the year ended September 30, 2014, the Bookstores helped raise funds for critical Park initiatives such as endangered species recovery, wildlife protection, habitat restoration and preservation of cultural and historic legacies.

National Park Service (NPS)

PRNSA, in conjunction with the NPS, coordinates grants, activities and environmental restoration projects at the Park. Current projects include watershed monitoring in the Giacomini Wetlands, Coho salmon and steelhead trout monitoring, snowy plover monitoring, purchases of parcels of land for inclusion in the Park, trail maintenance and an ocean-education outreach campaign.

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 revenues when earned and expenses when incurring the related obligations.

Fair value

PRNSA uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets or liabilities. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. PRNSA uses appropriate valuation techniques based on the available inputs to measure fair value. When available, PRNSA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. PRNSA only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

PRNSA values all contributions at fair value when promised. PRNSA only revalues debt securities and marketable equity securities at least as often as it presents financial statements. For contributions valued initially at fair value but not revalued, PRNSA treats the initial fair value as cost in subsequent financial statements.

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 2 – Summary of significant accounting policies (continued)

The management of PRNSA estimates that the aggregate net fair value of financial instruments recognized (including receivables, payables and accrued expenses) approximates their carrying value, as such financial instruments are short-term in nature or bear interest at current market rates.

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. The carrying amount of cash approximates fair value due to its short-term nature.

Investments

Investments (Note 3) consist principally of a money market fund held by a registered investment company, 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) as net investment income. PRNSA invested its permanently restricted net assets in the CD.

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 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. Other receivables consist principally of unconditional promises to give related to the Dinner on the Pacific Plate (Note 9). PRNSA initially values contributions at fair value. The initial fair value of

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 2 – Summary of significant accounting policies (continued)

grants and other receivables is the estimated present value of expected future cash flows, taking into consideration the risk-free interest rate and expected collection timing and risk. These are Level 2 (income) and Level 3 (market) inputs, respectively. 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 interest method and based on actual collections, to contribution support. As of September 30, 2014 and 2013, the discount of grants and other receivables was not material to the financial position of PRNSA.

Certain government grants and contracts are subject to 10% retention, held until completion of the grant or contract project by the grantor or contractor. Except for retention, all grants and other receivables are due during the year ending September 30, 2015.

PRNSA uses the allowance method to account for uncollectible grants and other receivables. Under this method, PRNSA reviews all grants and other receivables for any problems with collectability, based on grant or contract terms. 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 September 30, 2014 and 2013, the allowance for doubtful accounts was not material to the financial position of PRNSA.

Inventory

Inventory consists principally of books and other items available for sale at Bookstores. PRNSA states its inventory at the lower of cost or market, using the first in, first out method.

Property and equipment

Property and equipment consist of furniture, computer software and kitchen, office and computer equipment. 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, which is a Level 2 (market) input. 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 the 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 does not own any improvements to buildings or Park land and ownership of any newly constructed buildings automatically reverts to the NPS. Accordingly, PRNSA expenses the cost of any improvements to buildings, Park land or any newly constructed buildings.

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 2 – Summary of significant accounting policies (continued)

In addition, certain government grants and contracts require PRNSA to purchase property and equipment, ownership of which reverts to the grantor or contractor, either immediately or upon completion of the grant or contract. Accordingly, PRNSA expenses such property and equipment.

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, a Level 2 (market) input. 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 consists of land received by PRNSA but not transferred to the NPS.

Grant payable

Various donors contributed funds, through PRNSA, to a commercial entity to produce a video about the Park. PRNSA administers the funds, retains a fee and pays the balance of the funds to the commercial entity as the commercial entity completes work on the video. Grant payable consists of funds received by PRNSA, not yet paid to the commercial entity or retained for administrative fees.

Deferred revenue

Deferred revenue consists of fees received in advance of various school programs and Institute classes. PRNSA recognizes revenue from these activities when they occur.

Contributions and net assets

PRNSA recognizes contributions when a donor makes an unconditional promise to provide support. Net assets include cumulative unrestricted, temporarily restricted and permanently restricted net assets, net of cumulative expenses. Unrestricted net assets consist of support and revenue not restricted to a particular purpose or time by the donor, net of expenses. Temporarily restricted net assets consist of support restricted by the donor to a particular purpose or time. Temporarily restricted net assets become unrestricted net assets when PRNSA meets the donor purpose or time restrictions. Permanently restricted net assets consist of support restricted by the donor for PRNSA to hold permanently, allowing only for use of the revenue generated by investing the support.

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 2 – Summary of significant accounting policies (continued)

Contributed services

Under the CAA with the NPS, PRNSA occupies various buildings and offices located 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.

Revenues

PRNSA recognizes revenue from its School Program when a school visits or cancels without sufficient notice. PRNSA recognizes revenue from its 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 10) upon sale of book or other merchandise. Estimated returns are not significant in relation to Bookstore sales.

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.

The management of PRNSA believes that no activities of PRNSA jeopardized its exemption from income taxes or its classification as a “public charity.” In addition, the management of PRNSA believes that no activities of PRNSA are subject to unrelated business income taxes. Accordingly, PRNSA did not provide for income taxes.

The management of PRNSA considers certain tax positions taken by PRNSA. A tax position is a position taken in a previously filed tax return or a position the management of PRNSA expects to take in a future tax return that figures in measuring current or deferred income tax assets and liabilities for interim or annual periods. A tax position can result in a permanent reduction in income taxes payable, a deferral of income taxes otherwise currently payable to future years or a change in the expected realizability of deferred tax assets. A tax position also encompasses, but

**Point Reyes National Seashore Association**  
Notes to Financial Statements  
September 30, 2014

Note 2 – Summary of significant accounting policies (continued)

is not limited to a decision 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.

Evaluating a tax position requires the management of PRNSA to determine, for each tax position, whether it is more likely than not that, upon examination by taxing authorities, such authorities will uphold the tax position and, for each more-likely-than-not tax position, determine the highest benefit with a more than 50% likelihood of realization upon ultimate settlement. Accordingly, it is possible that tax positions taken on tax returns and related amounts recognized herein could vary.

PRNSA files tax returns with the IRS and California. PRNSA recognizes interest and penalties related to income taxes and tax positions with interest and income tax expense, respectively. As of and for the year ended September 30, 2014, interest and penalties related to income taxes and tax positions were not material to the financial position of PRNSA. As of September 30, 2014, the management of PRNSA believes that there are no tax positions of PRNSA where it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the period ending September 30, 2015. As of September 30, 2014, open tax periods subject to future examination by taxing authorities cover periods from October 1, 2010 through September 30, 2014.

Allocation of functional expenses

PRNSA summarizes the costs of providing its programs and other activities on a functional basis. Accordingly, PRNSA allocated certain indirect costs between program and support services based on estimates of time and usage. PRNSA bases indirect expense allocations on the employee time expended on an activity.

Use of estimates

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

Concentrations, credit and market risk

Cash and cash equivalents held by the commercial banks exceeded federal deposit insurance limits at various times during the years ended September 30, 2014 and 2013.

Investments are subject to credit and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform. Market risk is the inherent change in the value of an investment due to changes in conditions.



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Note 2 – Summary of significant accounting policies (continued)

During the years ended September 30, 2014 and 2013, support received from various agencies of the U.S. Department of the Interior, totaled approximately 15% and 24%, respectively, of total support and revenue.

Reduction of the support source indicated above, if it were to occur, could have an adverse impact on the activities of PRNSA.

Subsequent events

PRNSA evaluated subsequent events for recognition and disclosure through January 7, 2015, the date the financial statements were available for issuance by PRNSA.

Comparative totals

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 US-GAAP. Accordingly, read such information in conjunction with the financial statements of PRNSA as of and for the year ended September 30, 2013, from which PRNSA derived the summarized information. PRNSA reclassified certain prior year amounts to conform to the current year presentation.

Note 3 – Investments

As of September 30, 2014 and 2013, investments totaled as follows:

	<u>2014</u>	<u>2013</u>
Fair value – Level 1		
Money market fund	\$ 92,179	\$ 72,364
Common stock	1,155	–
Contract value		
PIFs	357,416	337,441
CD 0.40% Matures 04-20-2015	<u>5,000</u>	<u>5,000</u>
Total investments	<u>\$455,750</u>	<u>\$414,805</u>

The management of PRNSA estimates that the difference between the fair value of investments reported at cost and contract value and the respective reported cost and contract value is not material to the financial position of PRNSA.

During the years ended September 30, 2014 and 2013, net investment income totaled as follows:

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Note 3 – Investments (continued)

	<u>2014</u>	<u>2013</u>
Dividends and interest	\$ 7,325	\$ 4,103
Realized loss on sale of		
Investments carried at fair value	( 643)	( 63)
Unrealized appreciation on		
Investments carried at other than fair value	<u>17,440</u>	<u>20,893</u>
Net investment income	<u>\$24,122</u>	<u>\$24,933</u>

Note 4 – Grants receivable

As of September 30, 2014 and 2013, grants receivable totaled as follows:

	<u>2014</u>	<u>2013</u>
State of California		
Department of Fish and Wildlife	\$ 65,160	\$ 58,140
Coastal Commission	–	18,957
Water Resources Control Board, through		
Tomales Bay Watershed Council Foundation	505	19,761
U.S. Department of the Interior		
National Park Service	<u>76,490</u>	<u>107,836</u>
Total grants receivable	<u>\$142,155</u>	<u>\$204,694</u>

Note 5 – Unrestricted net assets – Board-designated

As of September 30, 2014 and 2013, the Board of Directors of PRNSA designated certain unrestricted net assets for specific purposes, totaling as follows:

	<u>2014</u>	<u>2013</u>
Programs	\$ 25,364	\$ 25,364
Emergency reserve	100,000	100,000
Endowment (Note 8)	<u>247,045</u>	<u>230,055</u>
Total designated unrestricted net assets	372,409	355,419
Total undesignated unrestricted net assets	<u>506,109</u>	<u>602,891</u>
Total unrestricted net assets	<u>\$878,518</u>	<u>\$958,310</u>

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Note 6 – Temporarily restricted net assets

During the year ended September 30, 2014, temporarily restricted net assets reconciled as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
School Program and Summer Camp	\$ 156,051	\$112,212	\$ 92,637	\$ 175,626
Field Institute	515	–	–	515
National Park Service	1,383,243	422,448	477,622	1,328,069
Special event	–	38,704	38,704	–
Management and general	<u>46,989</u>	<u>–</u>	<u>–</u>	<u>46,989</u>
Totals	<u>\$1,586,798</u>	<u>\$573,364</u>	<u>\$608,963</u>	<u>\$1,551,199</u>

During the year ended September 30, 2013, temporarily restricted net assets reconciled as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
School Program and Summer Camp	\$ 152,952	\$127,511	\$124,412	\$ 156,051
Field Institute	515	–	–	515
National Park Service	1,289,115	641,259	547,131	1,383,243
Special event	54,691	67,341	122,032	–
Management and general	<u>80,988</u>	<u>–</u>	<u>33,999</u>	<u>46,989</u>
Totals	<u>\$1,578,261</u>	<u>\$836,111</u>	<u>\$827,574</u>	<u>\$1,586,798</u>

Note 7 – Permanently restricted net assets

As of September 30, 2014 and 2013, permanently restricted net assets totaled \$5,000. In addition, the donor restricted the revenue generated by the permanently restricted net assets to support scholarships for the School Program.

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Note 8 – Endowment funds

Endowment funds subject to both Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds” and the California version of UPMIFA (CA-UPMIFA) include the temporarily restricted net assets of the Neubacher Fund (PIF) and all permanently restricted net assets (Note 7). Endowment funds subject to only FASB ASC 958-205 include the board-designated net assets (Note 5).

PRNSA has interpreted the CA-UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Under this interpretation, PRNSA classifies as permanently restricted net assets the original fair value of gifts to permanently restricted endowment funds, the original fair value of subsequent gifts and accumulations made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation. The remaining portions of donor-restricted endowment funds that PRNSA has not classified as permanently restricted net assets, PRNSA classifies as temporarily restricted net assets until PRNSA appropriates those amounts for expenditure in a manner consistent with the standards of prudence prescribed by the CA-UPMIFA. In accordance with the CA-UPMIFA, PRNSA considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds and within the limitation under California state law of appropriations to seven percent of the fair value of the endowment funds.

In addition, the endowment assets held by the community foundation (Note 2) are subject to the “Spending Rule” of the community foundation.

As of September 30, 2014, endowment funds totaled as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Totals</u>
Donor restricted	\$ –	\$114,778	\$5,000	\$119,778
Board-designated	<u>247,045</u>	<u>–</u>	<u>–</u>	<u>247,045</u>
Totals	<u>\$247,045</u>	<u>\$114,778</u>	<u>\$5,000</u>	<u>\$366,823</u>

During the year ended September 30, 2014, endowment funds reconciled as follows:

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Note 8 – Endowment funds (continued)

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Totals</u>
Beginning of year	\$230,055	\$106,771	\$5,000	\$341,826
Dividends and interest	2,475	1,192	–	3,667
Unrealized appreciation (depreciation)	12,858	7,840	–	20,698
Investment management fees	( 1,502)	( 865)	–	( 2,367)
Board designations	3,159	–	–	3,159
Appropriated for expenditure	<u>–</u>	<u>( 160)</u>	<u>–</u>	<u>( 160)</u>
End of year	<u>\$247,045</u>	<u>\$114,778</u>	<u>\$5,000</u>	<u>\$366,823</u>

As of September 30, 2013, endowment funds totaled as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Totals</u>
Donor restricted	\$ –	\$106,771	\$5,000	\$111,771
Board-designated	<u>230,055</u>	<u>–</u>	<u>–</u>	<u>230,055</u>
Totals	<u>\$230,055</u>	<u>\$106,771</u>	<u>\$5,000</u>	<u>\$341,826</u>

During the year ended September 30, 2013, endowment funds reconciled as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Totals</u>
Beginning of year	\$214,761	\$ 4,361	\$5,000	\$224,122
Contributions	–	100,000	–	100,000
Dividends and interest	2,944	679	–	3,623
Unrealized appreciation (depreciation)	13,585	7,308	–	20,893
Investment management fees	( 1,235)	( 577)	–	( 1,812)
Appropriated for expenditure	<u>–</u>	<u>( 5,000)</u>	<u>–</u>	<u>( 5,000)</u>
End of year	<u>\$230,055</u>	<u>\$106,771</u>	<u>\$5,000</u>	<u>\$341,826</u>

As of September 30, 2014, the contract value of investment assets related to donor restricted endowment funds was not less than the amount required to be permanently restricted by the donor or in accordance with CA-UPMIFA, absent donor restrictions.

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Note 8 – 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. Endowment assets include those assets of donor-restricted funds that PRNSA must hold in perpetuity or for a donor-specified period and board-designated funds. Under this policy, the primary investment objective for permanently restricted funds shall be protection of principal, not maximization of return. Maintaining liquidity sufficient to meet projected expenditures shall be a priority. PRNSA should invest permanently restricted funds in low-risk investments such as money market funds, short-term deposits and Treasury securities.

The primary investment objective for board-designated and temporarily restricted funds 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 board-designated or temporarily restricted funds on short notice. PRNSA may invest these board-designated and temporarily restricted funds in low-risk securities, such as diversified stock and bond portfolios, but not in 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 1) are subject to the “Investment Policy” of the community foundation.

Under this policy, actual returns in any given year may vary from expectations. Unrestricted (board-designated) net assets are subject to redesignation at any time, including redesignation as other than endowment funds.

Note 9 – Special events

During the year ended September 30, 2014, the special event reconciled as follows:

<u>Event</u>	<u>Gross support and revenue</u>	<u>Direct donor benefit costs</u>	<u>Net</u>
Dinner on the Pacific Plate	<u>\$206,542</u>	<u>\$89,049</u>	<u>\$117,493</u>

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Note 9 – Special events (continued)

During the year ended September 30, 2013, special events reconciled as follows:

<u>Event</u>	<u>Gross support and revenue</u>	<u>Direct donor benefit costs</u>	<u>Net</u>
Dinner on the Pacific Plate	\$233,495	\$84,565	\$148,930
Trails Challenge	<u>67,711</u>	<u>—</u>	<u>67,711</u>
Totals	<u>\$301,206</u>	<u>\$84,565</u>	<u>\$216,641</u>

During the years ended September 30, 2014 and 2013, in-kind contributions of auction goods sold and goods and services used at the events (principally food and beverages) totaled \$38,704 and \$33,525, respectively. The management of PRNSA estimated the fair value of the in-kind contributions based on comparative purchase costs, donor estimates and internal evaluations, Level 2 (cost) and Level 3 (cost and market) inputs, respectively.

Note 10 – Bookstore sales, net

During the years ended September 30, 2014 and 2013, net bookstore sales reconciled as follows:

	<u>2014</u>	<u>2013</u>
Bookstore sales, net of returns and allowances	\$340,212	\$312,267
Cost of bookstore goods sold	<u>( 138,503)</u>	<u>( 157,641)</u>
Bookstore sales, net	<u>\$201,709</u>	<u>\$154,626</u>

In addition, during the years ended September 30, 2014 and 2013, other operating expenses of the bookstores totaled \$128,844 and \$123,742, respectively.

Note 11 – 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 September 30, 2014 and 2013, PRNSA matched 100% of employee contributions, up to 2% of the eligible compensation of each contributing employee, totaling \$8,475 and \$10,068, respectively.

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Note 12 – Commitments and contingencies

Under the CAA, PRNSA administration and operations occupy various buildings located within the Park and owned by the NPS. The last CAA became effective December 20, 2010, for five years, with one, optional, five-year renewal period. Accordingly, the current CAA expires December 19, 2015. In addition, the NPS reserves the right to terminate the CAA at any time.

PRNSA leases office equipment under a non-cancelable lease agreement. During the years ending September 30, minimum lease payments total as follows:

2015	\$5,189
2016	5,189
2017	5,189
2018	2,162

Note 13 – Related parties

During the year ended September 30, 2014 and 2013, PRNSA paid one of its directors \$6,590 and \$7,800, respectively, to conduct certain Institute classes.

During the year ended September 30, 2013, PRNSA contracted with a company owned by a director to conduct a search for a new executive director and paid the company \$5,052.

On September 5, 2014, PRNSA signed a merchant card processing agreement with a new vendor. The agreement required a personal guarantee, which the Executive Director provided.