Golden Gate National Parks Conservancy

Financial Statements

September 30, 2017
(With Summarized Comparative Information
For the Year Ended September 30, 2016)

armanino

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Golden Gate National Parks Conservancy
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Golden Gate National Parks Conservancy (the "Conservancy"), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Gate National Parks Conservancy as of September 30, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Golden Gate National Parks Conservancy's 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 29, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ArmaninoLLP

Armanino LLP
San Francisco, California

February 16, 2018

GOLDEN GATE NATIONAL PARKS CONSERVANCY

Statement of Financial Position

September 30, 2017

(With Comparative Totals for September 30, 2016)

ASSETS

	2017	2016
Cash and cash equivalents	$ 16,479,274	$ 8,280,715
Accounts receivable, net	5,573,663	4,069,520
Contributions receivable, net	18,373,144	19,667,022
Inventories	3,295,549	2,728,737
Prepaid expenses and deposits	830,170	609,304
Investments	40,570,257	35,199,081
Furniture, fixtures and equipment, net	1,621,453	981,914
Other assets, net	4,370,054	5,392,631
Total assets	$ 91,113,564	$ 76,928,924

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable and accrued liabilities	$ 3,782,457	$ 3,103,984
Accrued payroll related expenses	2,856,224	2,363,841
Grants payable	3,304,000	
Agency funds payable	591,241	532,809
Deferred revenue	1,259,851	1,299,402
Total liabilities	11,793,773	7,300,036
Net assets		
Unrestricted		
Undesignated	9,417,005	8,763,554
Board-designated	19,226,050	18,137,212
Total unrestricted net assets	28,643,055	26,900,766
Temporarily restricted	44,534,524	36,616,527
Permanently restricted	6,142,212	6,111,595
Total net assets	79,319,791	69,628,888
Total liabilities and net assets	$ 91,113,564	$ 76,928,924

The accompanying notes are an integral part of these financial statements.

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Activities
For the Year Ended September 30, 2017
(With Comparative Totals for 2016)

	2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
Support and revenue					
Program revenue	$ 41,444,303			$ 41,444,303	$ 40,946,948
Contributed income	3,042,506	$ 15,495,835	$ 30,617	18,568,958	8,050,257
Special events, net of donor benefits of $130,050	1,078,670	416,672		1,495,342	1,222,558
Cooperative agreement reimbursements	6,094,513			6,094,513	4,778,260
Mitigation awards	20,098			20,098	52,648
Other income	170,571			170,571	188,506
Net assets released from restrictions	9,244,357	(9,244,357)			
Total support and revenue	61,095,018	6,668,150	30,617	67,793,785	55,239,177
Expenses					
Program services					
Park interpretation and visitor services	23,850,723			23,850,723	22,137,913
Park enhancements, restoration and stewardship	22,848,736			22,848,736	25,706,465
Youth, volunteer and community programs	6,016,280			6,016,280	5,122,970
Total program services	52,715,739			52,715,739	52,967,348
Management and general	6,093,390			6,093,390	5,540,589
Fundraising	3,661,530			3,661,530	2,912,775
Total expenses	62,470,659	-	-	62,470,659	61,420,712
Change in net assets from operations	(1,375,641)	6,668,150	30,617	5,323,126	(6,181,535)
Endowment and Investment activities					
Net realized and unrealized gain on investments	2,606,254	1,156,612		3,762,866	1,540,633
Interest and dividend income	307,080	93,235		400,315	407,429
Other investment income	204,596			204,596	318,490
Change in net assets	1,742,289	7,917,997	30,617	9,690,903	(3,914,983)
Net assets, beginning of year	26,900,766	36,616,527	6,111,595	69,628,888	73,543,871
Net assets, end of year	$ 28,643,055	$ 44,534,524	$ 6,142,212	$ 79,319,791	$ 69,628,888

The accompanying notes are an integral part of these financial statements.

GOLDEN GATE NATIONAL PARKS CONSERVANCY
Statement of Cash Flows
For the Year Ended September 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 9,690,903	$ (3,914,983)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,587,611	1,434,705
Net realized and unrealized gain on investments	(3,762,866)	(1,540,633)
Other investment income included in other assets	(204,596)	(318,491)
Amortization of discount on contributions receivable	317,375	(413,291)
Permanently restricted contributions	(30,617)	
Changes in assets and liabilities		
Accounts receivable	(1,504,143)	493,768
Contributions receivable	976,503	4,525,830
Inventories	(566,812)	244,785
Prepaid expenses and deposits	(220,866)	(156,958)
Accounts payable and accrued liabilities	678,473	(1,662,242)
Accrued payroll related expenses	492,383	215,239
Grants payable	3,304,000	
Agency funds payable	58,432	65,591
Deferred revenue	(39,551)	(728,528)
Net cash provided by (used in) operating activities	10,776,229	(1,755,208)
Cash flows from investing activities		
Purchases of investments	(3,514,242)	(4,566,036)
Proceeds from maturities or sales of investments	1,905,932	4,062,927
Expenditures for other assets		(366)
Purchases of furniture, fixtures and equipment	(999,977)	(546,277)
Net cash used in investing activities	(2,608,287)	(1,049,752)
Cash flows provided by financing activities		
Receipt of permanently restricted contributions	30,617	-
Change in cash and cash equivalents	8,198,559	(2,804,960)
Cash and cash equivalents, beginning of year	8,280,715	11,085,675
Cash and cash equivalents, end of year	$ 16,479,274	$ 8,280,715

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Golden Gate National Parks Conservancy (the "Conservancy") is a not-for-profit cooperating association of the National Park Service and the Presidio Trust whose mission is to preserve the Golden Gate National Parks (the "Parks"), enhance the park visitor experience, and build a community dedicated to conserving the Parks for the future. The Parks, also known as the Golden Gate National Recreation Area, stretch across 80,000 acres north and south of the Golden Gate Bridge, constituting one of the world's largest national parks in an urban setting. The Conservancy is supported by private contributions, cooperative agreements, and income earned from interpretive tours and the sale of educational materials at visitor centers throughout the Parks. The Conservancy is dedicated to protecting these PARKS, making them relevant and accessible FOR ALL communities, and instilling a sense of stewardship in this and future generations to ensure their vitality FOREVER through the following programs:

Park interpretation and visitor services include the operation and delivery of tours of Alcatraz Island and Muir Woods; sales of interpretive publications, theme-related sales items and products from interpretive demonstrations; and the production of trail signage and free publications to enhance the park visitor experience.

Park enhancements, restoration and stewardship encompass building and maintaining multi-use (pedestrian, bike, equestrian) trails, restoring sensitive ecosystems, protecting endangered species, growing native plants, rehabilitating historic structures, constructing overlooks, installing visitor amenities, and creating new park experiences for the entire community. The most significant project in progress is the Presidio Tunnel Tops project, which will connect Crissy Field and the Main Post to create a world-class public space welcoming people of all backgrounds.

Youth, volunteer and community programs include programs conducted at the Crissy Field Center (an urban environmental education center) and the Institute at the Golden Gate, through the Conservancy's other various programs, and under the auspices of the Park Youth Collaborative.

Basis of presentation

The Conservancy's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and are presented on the accrual basis of accounting showing unrestricted, temporarily restricted, and permanently restricted net assets.

- *Unrestricted Net Assets* represent resources available to support any of the Conservancy's activities. Unrestricted net assets designated by the Board of Trustees for park projects and programs are reported as board-designated and included $14.6 million designated for park preservation and enhancement, $1.4 million designated for the future improvement and emergency repair of Crissy Field, and $3.2 million for the Preservation of Alcatraz as of September 30, 2017.
- *Temporarily Restricted Net Assets* represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Conservancy pursuant to those stipulations.
- *Permanently Restricted Net Assets* represent contributions whose use is donor-restricted for investment in perpetuity, the earnings from which are available for specific program areas when appropriated by the Board for expenditure.

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and liquid investments not held for investment purposes with an initial maturity of three months or less.

Investments

Investments are reported at fair value. The fair values of mutual funds are based on their quoted market prices. Pooled funds and alternative investments are valued at the net asset value per unit or percentage of ownership as reported by the funds. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Gains and losses that result from market fluctuations are recognized in the statement of activities in the period such fluctuations occur. Dividend and interest income is recognized when earned. Donated securities are recorded at estimated fair value at the date of donation.

Fair value measurements

The Conservancy carries certain assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Conservancy has characterized the fair value of its financial instruments measured at fair value on a recurring basis, based on the priority of the inputs used to value the instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instruments.

Financial instruments measured at fair value on a recurring basis in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These consist of investments where values are based on unadjusted quoted prices for identical assets in an active market that the Conservancy has the ability to access. These investments consist of exchange-traded investments in equity securities and equity and fixed-income based mutual funds.

Level 2. These consist of investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. These investments are comprised of certain private investment funds that are comprised solely of actively traded common stock or fixed income securities in which the Conservancy has the ability to redeem its investment with the investee at the net asset value per share (or its equivalent) at the measurement date. This level also includes the beneficial interest in remainder trusts.

1. Organization and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

Level 3. These consist of financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the instruments. These instruments consist of certain private investment funds that invest in other private funds and are measured at the net asset value per share and have certain redemption restrictions. Fair value for the private investment funds is valued at the net asset value of the funds' investment in the underlying assets as reported by the general partner.

The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

Accounts receivable

The Conservancy's accounts receivable consist primarily of amounts due from reimbursable grant agreements, Alcatraz audio tours and wholesale merchandise sales.

Contributions receivable

Contributions receivable consist of unconditional promises to give. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at fair value based upon the present value of their estimated future cash flows. Discounts are computed using estimated market rates. Amortization of the discounts is included in contributed income.

The Conservancy's irrevocable interest in trusts is recognized as revenue in the period in which the Conservancy becomes aware of the trust agreement and included in contributions receivable. The fair value of the interest is measured at the estimated present value of the remainder interest using the RP-2000 combined healthy mortality table and a discount rate of 3.25%. Subsequent changes in fair value are recognized in the statement of activities.

Allowance for doubtful accounts

The Conservancy uses the allowance method to account for uncollectible receivables and contributions. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for uncollectible accounts receivable was $22,350 as of September 30, 2017.

1. Organization and Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of weighted average cost or market. Inventories generally consist of books and other interpretive merchandise held for retail sale.

Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at cost. The Conservancy capitalizes all acquisitions of furniture, fixtures and equipment with a cost or value in excess of $2,500 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

Contributions of long-lived assets and contributions restricted for their acquisition are recorded at estimated fair value at the date of donation. In the absence of donor stipulations restricting how the assets are to be used, the contribution is treated as unrestricted.

The Conservancy reviews long-lived tangible assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is recognized if the fair value of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Other assets

During the fiscal year ended September 30, 2011, the Conservancy entered into a 10-year agreement (the Agreement) with the Golden Gate Bridge, Highway and Transportation District (the District) to produce a program for the 75th anniversary of the Golden Gate Bridge in May 2012, and to construct, and subsequently manage, various visitor improvements (the Project).

The Agreement provides for reimbursement of the Conservancy's Project costs, including interest from the earnings of the 75th anniversary celebration and future earned revenues generated by the visitor improvements. Other assets represent the unreimbursed costs of the Project, which are being amortized on a straight-line basis over the remaining life of the Agreement.

Deferred revenue

Deferred revenue consists primarily of admission fees to Muir Woods National Monument collected on behalf of the California State Department of Parks and Recreation (the Department) that will fund future project work by agreement with the Department. Deferred revenue also includes mitigation advances, which generally result from court-ordered consent decrees, or settlements reached by parties involved in regulatory actions, to fund environmental remediation projects. Accordingly, revenue from these sources is recognized as expenses for the specified projects are incurred.

1. Organization and Summary of Significant Accounting Policies (continued)

Grants payable

Grants payable represent an unconditional promise to give $3.304 million to the National Park Service to seismically stabilize and repair the hospital wing of the Alcatraz Cellhouse for visitor resource protection. The Conservancy and the National Park Service undertook a joint initiative in 2012 to improve the stewardship and operations of Alcatraz Island (the "Initiative"). This Initiative aims to respond to critical historic preservation needs on the Island as well as the opportunity to leverage federal funds and resources for the Island's betterment.

Agency funds payable

Agency funds payable primarily represent a term endowment held in trust for the benefit of the National Park Service as well as admission fees to Muir Woods National Monument collected on behalf of and payable to the National Park Service.

Revenue recognition

Contributions are recognized as revenue at fair value when unconditionally promised to the Conservancy. Unconditional promises received with donor stipulations that limit the use of the contribution are recorded as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Temporarily restricted contributions are reported as temporarily restricted support and net assets released from restrictions when the restriction is met in the same period as the contribution is received. Conditional promises to give are not included as support until the conditions are substantially met.

Program revenue is generated by audio tour services, interpretive tours, public programs, and sales of interpretive publications at various bookstore locations. Program revenue is recognized when the related service has been rendered or when the publication has been shipped.

Cooperative reimbursement agreements consist of federal and non-federal reimbursable grant agreements. Under the terms of the agreements, the grantor reimburses the Conservancy for allowable expenses incurred for the specific program funded. Accordingly, revenue is recognized as the related expenses are incurred.

Donated services

Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. A substantial number of volunteers have donated significant amounts of time in the Conservancy's program services and fundraising activities. The value of donated volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not meet the above-mentioned criteria.

1. Organization and Summary of Significant Accounting Policies (continued)

Gifts in kind

The Conservancy receives gifts in kind, such as wine and auction items for its annual special event and goods for use in its program activities. Gifts in kind received through donation are valued and recorded as revenue at their fair value at the time the contribution is received. The value of such items received during the year ended September 30, 2017 approximated $33,800.

Other investment income

Other investment income represents interest on the Project.

Functional expense allocations

Expenses, such as depreciation and amortization, supplies, travel, personnel, and occupancy costs, are allocated among program services, management and general and fundraising expenses based on full-time employee equivalents (FTE) and computer node ratios, and on estimates made by the Conservancy's management.

National Park Service land and facilities

- *Improvements* - The Conservancy operates its programs on and offers assistance in the preservation of Golden Gate National Parks land, which is owned by the National Park Service. From time to time, the Conservancy makes improvements to Park property. These improvements are expensed as incurred and have been included in park enhancements in the Statement of Activities.

- *Facilities* - The Conservancy receives office space at no charge from the National Park Service as part of its agreement as a cooperating association. The space is provided for the mutual benefit of both parties and no value is recorded.

Measure of operations

The Conservancy includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. Appropriations of endowment assets for expenditure pursuant to a defined spending rate are included in the operating measure and reported as net assets released from restrictions. The operating measure excludes investment return and permanently restricted contributions received.

Advertising costs

The Conservancy expenses advertising costs as incurred. Advertising costs are incurred to provide the visitor with information about park interpretive experiences and programs. Advertising costs were approximately $67,900 for 2017.

1. Organization and Summary of Significant Accounting Policies (continued)

Comparative information

The financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended September 30, 2016, from which the summarized information is derived.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax-exempt status

The Conservancy has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

The Conservancy follows FASB ASC Topic 740 Income Taxes to account for uncertain tax positions. Management evaluated the Conservancy's tax positions and concluded that the Conservancy had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Conservancy is generally no longer subject to income tax examinations by federal and state authorities for years prior to 2014 and 2013, respectively.

Subsequent events

The Conservancy has performed an evaluation of subsequent events through February 16, 2018, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Conservancy's financial statements.

2. Contributions Receivable

Contributions receivable at September 30, 2017 are expected to be received as follows:

Year Ending September 30,	
2018	$ 11,956,884
2019	3,315,000
2020	1,980,001
2021	855,000
2022	305,000
Thereafter	200,000
	18,611,885
Less discount on multi-year contributions receivable	(355,240)
Subtotal	18,256,645
Receivable from charitable remainder unitrust	116,499
Contributions receivable, net	$ 18,373,144

As of September 30, 2017, the Conservancy had conditional grants receivable of $1,000,000 contingent on identifying and receiving final approval to fund specific projects by the granting organization.

3. Investments

Investments consisted of the following at September 30, 2017:

Equity securities and funds	$ 21,355,595
Fixed income funds	11,868,726
Alternative investments	6,925,708
Cash and cash equivalents	420,228
Total	$ 40,570,257

Investment return was comprised of the following for the year ended September 30, 2017:

Net realized and unrealized gain on investments	$ 3,981,661
Interest and dividend income	604,911
Advisory fees	(218,795)
Investment return, net	$ 4,367,777

4. Fair Value Measurements

The following table presents information about the Conservancy's assets measured at fair value on a recurring basis as of September 30, 2017, and indicates the fair value hierarchy of the valuation techniques utilized by the Conservancy to determine the fair values:

4. Fair Value Measurements (continued)

	Total	Level 1	Level 2	Level 3
Investments				
Equity Securities and Funds:				
Large/Mid Cap	$ 7,016,040	$ 4,921,370		$ 2,094,670
Developed International	8,026,567	1,886,373	$ 2,494,307	3,645,887
Emerging Markets	3,353,838			3,353,838
Small Cap	2,445,194	967,711		1,477,483
Mutual Funds	513,956	513,956		
Fixed Income:				
Pooled Funds	2,607,858		2,607,858	
Global Fixed Income	1,111,065		1,111,065	
Short-Term Bond Index	175,658	175,658		
High Yield	1,485,366		1,485,366	
Mutual Funds	6,488,779	6,488,779		
Alternative investments:				
Long/Short Equity	5,480,009		1,231,931	4,248,078
Multi-Strategy	1,020,010			1,020,010
Private Equity	425,689			425,689
Subtotal	40,150,029	14,953,847	8,930,527	16,265,655
Charitable remainder unitrust	116,499		116,499	
Total	$ 40,266,528*	$ 14,953,847	$ 9,047,026	$ 16,265,655

* The Conservancy held $420,228 of cash and equivalents for investment purposes as of September 30, 2017 not included in the fair value measurement disclosure.

The table below sets forth a summary of changes in the fair value of the Conservancy's level 3 financial instruments by investment strategy for the year ended September 30, 2017:

	Large/ Mid Cap	Developed International	Emerging Markets	Small Cap	Hedged Long/Short Equity	Hedged Multi Strategy	Private Equity	Total
Beginning balance	$1,776,284	$2,143,217	$2,871,705	$ 855,004	$3,831,695	$ 911,938	$ 345,463	$12,735,306
Purchases		1,000,000		500,000			25,465	1,525,465
Net realized gain		39,944	94,666				4,691	139,301
Net unrealized gain	318,386	455,716	354,637	122,479	449,918	123,039	68,225	1,892,400
Interest and dividends		13,630	60,576		5,200		116	79,522
Advisory fees		(6,620)	(27,746)		(38,735)	(14,967)	(992)	(89,060)
Sales							(17,279)	(17,279)
	$2,094,670	$3,645,887	$3,353,838	$1,477,483	$4,248,078	$1,020,010	$ 425,689	$16,265,655

The Conservancy uses the net asset value (NAV) to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category and investment strategy as of September 30, 2017:

4. Fair Value Measurements (continued)

Strategy	NAV in Funds	# of funds	Remaining life	$ Amount of Unfunded Commitments	Timing to Draw Down Commit-ments	Redemption Term	Redemption Restrictions
Large Mid-Cap	$1,647,019	1	N/A	N/A	N/A	Next liquidity date 12/31/2018	90 days written notice with 25% investor level gate
Large Mid-Cap	$447,651	1	N/A	N/A	N/A	Quarterly	90 days written notice with 25% investor level gate
Developed International Equity	$3,231,631	2	N/A	N/A	N/A	Monthly	6 to 7 days written notice
Developed International Equity	$1,807,720	1	N/A	N/A	N/A	Next liquidity date 12/31/2020	90 days written notice
Developed International Equity	$1,100,843	1	N/A	N/A	N/A	Next liquidity date 03/31/2019	60 days written notice (remaining balance must exceed $249,999)
Emerging Markets Equity	$694,028	1	N/A	N/A	N/A	Quarterly	45 days written notice
Emerging Markets Equity	$1,132,042	1	N/A	N/A	N/A	Monthly	10 business days written notice
Emerging Markets Equity	$1,527,768	1	N/A	N/A	N/A	Monthly	30 business days written notice
Small Cap	$1,477,483	1	N/A	N/A	N/A	Next liquidity date 03/31/2018	90 days written notice
Pooled Fixed Income	$2,607,858	1	N/A	N/A	N/A	Monthly	5 business days prior to month-end
Global Fixed Income	$1,111,065	1	N/A	N/A	N/A	Twice monthly	5 business days
High Yield Fixed Income	$1,485,366	1	N/A	N/A	N/A	Monthly	45 days written notice
Long/Short Hedged Equity	$2,768,700	2	N/A	N/A	N/A	Monthly	60 to 90 days written notice
Long/Short Hedged Equity	$1,479,379	1	N/A	N/A	N/A	Next liquidity date 3/31/2018	60 days written notice
Long/Short Hedged Equity	$1,231,930	1	N/A	N/A	N/A	Quarterly	60 days written notice
Multi-Strategy Hedge Funds	$1,020,010	1	N/A	N/A	N/A	Quarterly	70 days notice (85 if more than 10% of outstanding shares)
Private Equity	$425,689	1	N/A	$85,000	N/A	Discretion of Fund Manager	Discretion of Fund Manager

5. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as of September 30, 2017 consisted of the following:

Equipment	$ 3,791,704
Vehicles	320,799
Total	4,112,503
Less accumulated depreciation and amortization	(2,491,050)
Furniture, fixtures and equipment, net	$ 1,621,453

Depreciation amounted to $360,438 for the year ended September 30, 2017.

6. Other Assets

Other assets as of September 30, 2017 consisted of the following:

Golden Gate Bridge Project costs	$ 7,022,600
Golden Gate Bridge Project interest	3,174,097
Total	10,196,697
Less accumulated amortization	(5,826,643)
Other assets, net	$ 4,370,054

Amortization amounted to $1,227,173 for the year ended September 30, 2017.

7. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets as of September 30, 2017 are available for the following specific program services:

Presidio Tunnel Tops Project	$ 35,665,262
Crissy Field projects and programs	3,573,690
Other Presidio trails and projects	1,718,560
Youth programs	1,716,825
Other park improvements and conservation projects	1,042,918
One Tam Initiative	571,921
For use in ensuing fiscal years	156,499
Community engagement, education and outreach	47,464
Institute at the Golden Gate	34,033
National Park Service projects	7,352
Total temporarily restricted net assets	$ 44,534,524

7. Temporarily Restricted Net Assets and Net Assets Released From Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended September 30, 2017 as follows:

Presidio Tunnel Tops Project	$ 5,437,590
Youth programs	1,170,204
Other Presidio trails and projects	1,122,106
One Tam Initiative	556,447
Other park improvements and conservation projects	405,773
Crissy Field projects and programs	208,168
Institute at the Golden Gate	153,428
Community engagement, education and outreach	99,501
National Park Service Projects	91,140
Total net assets released from restrictions	$ 9,244,357

8. Endowment

The Conservancy's endowment consists of seven individual donor-restricted funds established for a variety of purposes, as follows:

	Temporarily Restricted	Permanently Restricted	Total
James R. Harvey Restoration Fund	$ 890,510	$ 2,418,486	$ 3,308,996
Bernard Osher Endowment	641,383	2,152,752	2,794,135
Ted Chong Endowment Fund	7,370	25,768	33,138
Anne Kincaid Endowment Fund	33,455	102,888	136,343
Madeleine Tang Fund	21,189	68,882	90,071
Mark Kutnink Endowment	122,540	318,436	440,976
Greg Hind Endowment	200,650	1,055,000	1,255,650
	$ 1,917,097	$ 6,142,212	$ 8,059,309

The James R. Harvey Restoration Fund was established as an endowment to benefit the ongoing preservation and restoration of the Presidio. The Osher Endowment was established for environmental education at Crissy Field. The Ted Chong Endowment fund was established to benefit the Conservancy's native plant nursery programs. The DeSha family created an endowment fund in memory of Anne Kincaid to restore, protect and conserve the natural assets and features of the Golden Gate National Parks. The Madeleine Tang Fund was established for the benefit of the Watersheds Inspiring Student Education (WISE) Program in the Golden Gate National Parks. The Mark Kutnink Endowment was established for the benefit of the Trails Forever program and the Crissy Field Center. The Greg Hind Endowment was established for the benefit of the Golden Gate Raptor Observatory.

8. Endowment (continued)

Interpretation of relevant law

The Board of Trustees of the Conservancy has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor-restricted endowment assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated by the Board for expenditure. In accordance with the Act, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) the duration and preservation of the fund;
(2) the purposes of the Conservancy and the donor-restricted endowment fund;
(3) general economic conditions;
(4) the possible effect of inflation and deflation;
(5) the expected total return from income and the appreciation of investments;
(6) other resources of the Conservancy; and
(7) the investment policies of the Conservancy.

Endowment net asset composition by type of fund

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,917,097	$ 6,142,212	$ 8,059,309
Total	$ 1,917,097	$ 6,142,212	$ 8,059,309

Changes in endowment net assets

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,157,518	$ 6,111,595	$ 7,269,113
Investment return			
Investment income	63,366		63,366
Net appreciation (realized and unrealized)	1,012,586		1,012,586
Total investment return	1,075,952	-	1,075,952
Contributions		30,617	30,617
Appropriations of endowment assets for expenditure	(316,373)		(316,373)
Endowment net assets, end of year	$ 1,917,097	$ 6,142,212	$ 8,059,309

8. Endowment (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Conservancy to retain as a fund of perpetual duration. As of September 30, 2017, there were no such deficiencies.

Return objectives and risk parameters

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Conservancy must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield while assuming a moderate level of investment risk. The Conservancy expects its endowment funds, over time, to provide an average rate of return of approximately 4.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy targets a diversified asset allocation that places a greater emphasis on mutual equity and bond fund investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Conservancy has a policy of appropriating for distribution each year up to 4.5 percent of the trailing 12-quarter average estimated fair value of the endowment investments. Appropriations in excess of 4.5 percent can be made with board approval and if deemed prudent in accordance with the Act. This is consistent with the Conservancy's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

9. Cost of Goods Sold

A significant portion of the Conservancy's program service activities consist of sales of interpretive publications, theme-related sales items and products from interpretive demonstrations. The cost of goods sold for these items is included in total expenses for park interpretation and visitor services on the accompanying statement of activities. The following table summarizes cost of goods sold and gross profit from such sales for the year ended September 30, 2017:

Gross sales	$ 20,700,345
Less cost of goods sold	(7,021,486)
Gross profit	$ 13,678,859

10. Aid to the Park

The National Park service defines Aid to the Park as all program service expenses, excluding cost of goods sold and donated services. The following table reconciles total program service expenses to Aid to the Park for the year ended September 30, 2017:

Total program service expenses	$ 52,715,739
Less cost of goods sold	(7,021,486)
Aid to the Park	$ 45,694,253

11. Functional and Natural Expense Allocations

The table below sets forth the Conservancy's expenses on both a natural and functional basis for the year ended September 30, 2017:

	Program Services						
	Park Interpretation and Visitor Services	Park Enhancements, Restoration and Stewardship	Youth, Volunteer and Community Programs	Total Program Services	Management and General	Fund-raising	Total
Employee compensation and benefits	$10,501,946	$ 5,900,710	$3,719,177	$20,121,833	$3,884,362	$2,084,747	$26,090,942
Cost of interpretive goods sold	7,021,486			7,021,486			7,021,486
Construction	27,830	5,112,397	2,536	5,142,763	73	130,441	5,273,278
Equipment rental		4,156,262	397	4,156,659			4,156,659
Planning and design	202,940	1,397,951	1,055,564	2,656,455	896,342	361,926	3,914,723
Grants made		3,402,276	12,676	3,414,952			3,414,952
Materials and supplies	364,039	908,825	293,222	1,566,085	206,900	58,527	1,831,513
Occupancy costs	942,968	305,604	142,906	1,391,478	256,254	23,395	1,671,127
Depreciation and amortization	1,328,834	62,066	98,546	1,489,446	96,781	1,384	1,587,611
Ticketing services	77,272	214,499	159,119	450,890	274,423	568,736	1,294,049
Landscaping	1,288,969			1,288,969			1,288,969
Information technology	383,570	208,488	161,181	753,239	311,229	115,915	1,180,383
Office expenses	847,257	65,949	20,330	933,536	21,249	184,691	1,139,476
Conferences, meetings and travel	157,937	399,644	292,843	850,424	130,661	27,185	1,008,270
Bank and merchant fees	500,369	276	2,424	503,069	74,376	38,652	616,097
Professional fees and contract services		612,990		612,990			612,990
Printing	79,415	60,785	30,128	170,328	100,839	240,582	511,749
Insurance	125,891	40,014	25,231	191,136	58,696	8,357	258,189
Total	23,850,723	22,848,736	6,016,280	52,715,739	6,312,185	3,884,538	62,872,462
Less donor benefits netted from special event revenue						(183,008)	(183,008)
Less advisory fees netted from investment return					(218,795)		(218,795)
Total expenses per Statement of Activities	$23,850,723	$22,848,736	$6,016,280	$52,715,739	$6,093,390	$3,661,530	$62,470,659
	38.18%	36.58%	9.63%	84.37%	9.75%	5.86%	100.00%

12. Lease Obligations

The Conservancy leases certain office equipment, warehouse facilities, audio tour headsets and vehicles under operating leases through 2019. The aggregate future minimum annual rental payments under noncancelable operating leases in effect at September 30, 2017, are as follows:

Years Ending September 30	
2018	$ 331,566
2019	22,900
Total	$ 354,466

Rent expense for the year ended September 30, 2017 was approximately $1,409,000

13. Tax Deferred Annuity Retirement Plan

The Conservancy operates a Tax Deferred Annuity Plan under Section 403(b) of the Code (the 403(b) Plan). All employees are eligible to make voluntary contributions into the 403(b) Plan via payroll deduction upon hire, and become eligible to receive matching employer contributions upon completing one year of service with at least 1,000 hours completed in that year. Participants may contribute any percentage of their annual compensation, not to exceed Code limitations. The Conservancy matches the amount contributed by each participant up to a maximum of 5% of the participant's annual salary. Contributions made by the Conservancy for the year ended September 30, 2017 approximated $684,000.

14. Top Hat Retirement Plan

The Conservancy provides a Top Hat Plan under Section 457(b) of the Code (the 457(b) Plan) to permit a select group of management or highly compensated employees of the Conservancy to defer a portion of their current compensation in accordance with the provisions of the Code. The Conservancy's Board of Trustees determines the 457(b) Plan participants from time to time. The Conservancy may make annual deferrals to the account balance of a participant on a non-elective basis, subject to the participant's contribution limitations. No such deferrals were made by the Conservancy for the year ended September 30, 2017.

15. Cash Balance Retirement Plan

The Conservancy established a noncontributory defined benefit plan (the "Cash Balance Plan") on December 16, 2016 with an effective Plan start date of January 1, 2016. The Plan was revised on March 27, 2017 and September 29, 2017 to conform to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

All employees who complete one year of service are eligible for employer contributions to the Plan. Participant contributions are disallowed for the Cash Balance Plan. Employer contributions to the Plan vest in accordance with a three-year cliff schedule. An employee's vesting percentage increases to 100% if, while employed with the employer, the employee dies or terminates employment due to becoming disabled.

15. Cash Balance Retirement Plan (continued)

The amount of a participant's retirement benefit is determined based on the benefit formula under the Plan. The benefit formula provides for a contribution credit plus a guaranteed interest credit, which is credited to participant's account. Generally, the benefit a participant is entitled to upon retirement will equal the amount credited to the participant's account. A contribution credit is received for each year of accrued service.

The funded status of the plan is as follows:

Plan Assets at fair value	$ 724,596
Accumulated benefits obligation	(723,650)
	$ 946

Components of the net periodic pension benefit cost for the plan is as follows:

Service cost	$ 382,816
Interest cost	16,230
Expected return on plan assets	(17,550)
Prior service amortization	0
Recognized net actuarial gain	(372)
	$ 381,124

Assumptions - Weighted average assumptions used to determine benefit obligations and net periodic benefit cost for the year were as follows:

Discount rate - net periodic benefit cost	5.00%
Expected long term rate of return on plan assets	5.00%
Rate of compensation increase	5.00%
Discount rate - benefit obligation	5.00%

The overall expected long-term rate of return on plan assets is determined by the plans' historical long-term investment performance, current asset allocation and estimate of future long-term return rates.

Plan assets - Weighted average asset allocation of the Conservancy's pension plans was as follows:

	Policy Allocation Target	Allocation of Plan Assets
Intermediate-Term Bonds	30.0%	27.4%
Large Cap Stocks	25.0%	25.9%
Small Cap Stocks	10.0%	10.2%
Foreign Stocks	35.0%	36.5%
Cash	0.0%	0%

15. Cash Balance Retirement Plan (continued)

The Conservancy's Investment Policy for the Cash Balance Plan outlines the governance structure for decision making, set investment objectives and restrictions, and establish criteria for selecting and evaluating investment managers. The Finance Committee, consisting of members of the Board, both supported by independent consultants, are responsible for monitoring compliance with the investment policies noted above.

Benefits paid - No benefits were paid for the year ended September 30, 2017.

Contributions - The Conservancy contributed $351,000 to the Cash Balance Plan during the year ended September 30, 2017.

Cash flows - Based on the Company's forecast at September 30, 2017, the Company expects to contribute $351,000 to the Cash Balance during the year ended September 30, 2018.

The Conservancy anticipates future benefit payments, which reflect future service, to be paid from the pension plans as follows:

Years Ending September 30	
2021	$ 833,578
2022	1,724
2023	431
Thereafter	759,033
Total	$1,594,766

16. Supplemental Employee Retirement Plan

The Conservancy previously operated an unfunded Supplemental Employee Retirement Plan (SERP) under Section 457(f) of the Code to provide deferred compensation benefits to a select group of management or highly compensated employees. This plan was terminated on January 30, 2017 due to the establishment of the Cash Balance Plan. Participation in this Plan was open only to employees of the Conservancy who are managers and who are selected for participation in the SERP by the Board of Trustees. Annual amounts were credited to the accounts of the individual participants at the discretion of the Board of Trustees on an annual basis, and each participant's account was adjusted annually based on the performance of the Conservancy's investments.

17. Contingencies

The Conservancy is contingently liable in connection with claims and contracts arising in the normal course of its activities. In addition, the Conservancy receives funds from various federal and state government funded programs, which are subject to audit by cognizant governmental agencies. The Conservancy's management believes that the outcome of such matters will not have a significant effect on the Conservancy's financial position.

18. Concentrations

Credit risk

Financial instruments, which potentially subject the Conservancy to credit risk, consist primarily of cash and cash equivalents, accounts and contributions receivable, and investments. The Conservancy maintains cash and cash equivalents with various financial institutions. At times, such amounts might exceed Federal Deposit Insurance Corporation limits. The Conservancy manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. Accounts and contributions receivable are due from various individuals, companies and governmental agencies. The Conservancy's investments have been placed with major financial institutions and counterparties. The Conservancy closely monitors these financial instruments.

Revenues

Revenues from programs on Alcatraz Island, including audio and interpretive tour fees, and sales of educational publications and interpretive merchandise, totaled approximately 70% of program revenue for fiscal 2017.

Approximately 23% of contributed income for the year ended September 30, 2017, including the net proceeds from special events, was attributable to various members of the Board of Trustees.

19. Commitments

The Conservancy has entered into various construction contracts for trail enhancement and conservation projects totaling approximately $3 million. As of September 30, 2017, the total remaining balances on these contracts for work to be completed, was approximately $1 million. The Conservancy also had outstanding purchase commitments for publications and other interpretive merchandise approximating $1.3 million at September 30, 2017.