

PARKS CALIFORNIA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED
DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Parks California
Sacramento, California**

We have audited the accompanying financial statements of Parks California (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parks California as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parks California and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parks California's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parks California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Park California's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



GILBERT CPAs
Sacramento, California

May 29, 2024

PARKS CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,934,109	\$ 6,992,802
Certificate of deposit	2,250,000	
Contributions receivable	905,873	865,750
Accounts receivable		264,068
Other receivables	2,011	
Prepaid expenses	<u>13,478</u>	<u>20,674</u>
Total current assets	7,105,471	8,143,294
NONCURRENT ASSETS:		
Investments	22,361,369	
Contributions receivable, net	792,453	
Deposits	6,685	6,685
Operating lease, right-of-use asset	61,414	20,014
Property and equipment, net	<u>61,851</u>	<u>63,420</u>
TOTAL ASSETS	<u>\$ 30,389,243</u>	<u>\$ 8,233,413</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 59,284	\$ 159,777
Grants payable	1,185,026	80,447
Accrued expenses	270,422	163,110
Deferred revenue	3,774,606	2,954,491
Current portion of operating lease liability	<u>19,531</u>	<u>20,014</u>
Total current liabilities	<u>5,308,869</u>	<u>3,377,839</u>
OPERATING LEASE LIABILITY, NET	<u>41,938</u>	
Total liabilities	<u>5,350,807</u>	<u>3,377,839</u>
NET ASSETS:		
Without donor restrictions	4,201,056	1,728,696
With donor restrictions	<u>20,837,380</u>	<u>3,126,878</u>
Total net assets	<u>25,038,436</u>	<u>4,855,574</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,389,243</u>	<u>\$ 8,233,413</u>

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

PARKS CALIFORNIA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS:	<u>2023</u>	<u>2022</u>
REVENUE, SUPPORT AND GAINS:		
Contributions	\$ 4,125,833	\$ 215,728
Contract service revenue	1,031,855	1,276,164
Net investment return	465,953	87,387
In-kind contributions	36,914	4,043
Other revenue	2,564	35,052
Net assets released from restriction	<u>3,610,407</u>	<u>1,776,455</u>
Total revenue, support and gains	<u>9,273,526</u>	<u>3,394,829</u>
EXPENSES:		
Program services	5,704,030	3,511,146
Supporting services:		
Fundraising	753,957	675,734
Management and general	<u>343,179</u>	<u>292,262</u>
Total expenses	<u>6,801,166</u>	<u>4,479,142</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2,472,360</u>	<u>(1,084,313)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	21,320,909	2,607,000
Net assets released from restrictions	<u>(3,610,407)</u>	<u>(1,776,455)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>17,710,502</u>	<u>830,545</u>
INCREASE (DECREASE) IN NET ASSETS	20,182,862	(253,768)
NET ASSETS, Beginning of Year	<u>4,855,574</u>	<u>5,109,342</u>
NET ASSETS, End of Year	<u>\$ 25,038,436</u>	<u>\$ 4,855,574</u>

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

PARKS CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2023

	Supporting Services			<u>Total</u>
	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	
Grants and other assistance	\$ 2,134,855			\$ 2,134,855
Salaries and wages	1,383,472	\$ 440,046	\$ 181,406	2,004,924
Professional services	1,337,512	43,689	47,695	1,428,896
Employee benefits and taxes	440,489	133,469	62,307	636,265
Communications and marketing	75,076	31,666	6,506	113,248
Travel	66,525	28,904	8,395	103,824
Software and hosting services	63,270	19,755	6,927	89,952
Lease expense and utilities	46,224	16,475	5,448	68,147
Office equipment and supplies	48,103	5,015	219	53,337
Special events	41,591	4,712		46,303
Depreciation	14,846	6,645	1,921	23,412
Sponsorships	16,027			16,027
Printing and copying	10,398	4,574	86	15,058
Board expenses			12,703	12,703
Insurance	7,971	2,309	969	11,249
Conferences	8,500	86	36	8,622
Bad debt expenses		6,000		6,000
Postage and shipping	855	528	89	1,472
Other expenses	<u>8,316</u>	<u>10,084</u>	<u>8,472</u>	<u>26,872</u>
Total	<u>\$ 5,704,030</u>	<u>\$ 753,957</u>	<u>\$ 343,179</u>	<u>\$ 6,801,166</u>

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

PARKS CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2022

	Supporting Services			<u>Total</u>
	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	
Grants and other assistance	\$ 946,955			\$ 946,955
Salaries and wages	1,125,327	\$ 407,977	\$ 169,990	1,703,294
Professional services	722,935	32,859	37,705	793,499
Employee benefits and taxes	340,563	115,408	47,159	503,130
Communications and marketing	169,588	32,526	10,746	212,860
Travel	42,986	14,807	3,076	60,869
Software and hosting services	28,698	10,663	3,123	42,484
Lease expense and utilities	40,380	14,395	5,671	60,446
Office equipment and supplies	30,873	1,366	335	32,574
Special events	11,647	32,996	927	45,570
Depreciation	11,939	6,382	1,698	20,019
Sponsorships	14,450			14,450
Printing and copying	9,666	365	96	10,127
Board expenses			9,696	9,696
Insurance	2,962	1,111	438	4,511
Conferences	4,393	113		4,506
Postage and shipping	1,671	738	189	2,598
Other expenses	<u>6,113</u>	<u>4,028</u>	<u>1,413</u>	<u>11,554</u>
Total	<u>\$ 3,511,146</u>	<u>\$ 675,734</u>	<u>\$ 292,262</u>	<u>\$ 4,479,142</u>

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

PARKS CALIFORNIA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 20,182,862	\$ (253,768)
Reconciliation to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	(149,630)	
Depreciation and amortization	23,412	20,019
Loss on disposal of property and equipment		1,861
Non-cash operating lease expense	21,652	21,707
Changes in:		
Contributions receivable	(832,576)	(839,350)
Accounts receivable	264,068	(251,174)
Other receivables	(2,011)	
Prepaid expenses	7,196	(613)
Accounts payable	(100,493)	121,350
Grants payable	1,104,579	40,500
Accrued expenses	107,312	44,114
Deferred revenue	820,115	978,055
Operating lease liability	(21,597)	(21,707)
Net cash provided (used) by operating activities	<u>21,424,889</u>	<u>(139,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(22,211,739)	
Purchase of certificate of deposit	(2,250,000)	
Purchases of property and equipment	(21,843)	(9,902)
Net cash used by investing activities	<u>(24,483,582)</u>	<u>(9,902)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,058,693)	(148,908)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>6,992,802</u>	<u>7,141,710</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 3,934,109</u>	<u>\$ 6,992,802</u>
NON-CASH INVESTING TRANSACTIONS:		
Right-of-use asset upon adoption of ASC 842	\$	\$ 41,721
Right-of-use asset acquired through lease liability	\$ 63,052	\$

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

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Parks California (Organization) commenced principal operations in 2020. The Organization is a California nonprofit organization that is a statutory partner of California State Parks. The Organization builds and strengthens California State Parks, from urban parks in the hearts of our cities and beaches along our iconic coast, to historic parks celebrating the ingenuity of humanity, by developing meaningful partnerships with government agencies, businesses, nonprofits, and communities to expand programs, amenities, and resources that welcome multi-generational and diverse visitors to state parks and public lands. The Organization brings innovative opportunities and thought-leadership to bear in providing sustainable funding, partnership, and impact-at-scale for California's treasured and storied landscapes. Together with California State Parks and community partners, the Organization continues to root its efforts in strengthening the state parks for all people into the future.

Basis of presentation – The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. All donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents – For financial statement purposes, the Organization considers all investments, including money market funds, with an initial maturity of three months or less to be cash equivalents.

Contributions receivable – Unconditional promises to give that are 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 initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management believes that there are no significant uncollectible receivable balances, accordingly, no allowance for doubtful accounts has been recorded.

Accounts receivable – The Organization assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when it identifies specific accounts with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Organization considers historical collectability based on past due status and makes judgments about creditworthiness based on ongoing credit evaluations. The Organization also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions. The accounts receivable from contract services was \$0 and \$264,068 at December 31, 2023 and 2022, respectively. The estimate for credit losses was \$0 at December 31, 2023 and 2022.

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Certificate of deposit is stated at cost, which approximates fair value.

Investments are stated at fair value and are held for long-term purposes. The Organization's investments at December 31, 2023, consisted of U.S. Treasuries. The Organization's investments are classified within Level 2 of the fair value hierarchy because they are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

Property and equipment are stated at cost, or if donated, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$2,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from three to ten years.

Leases – The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. The Organization reports ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Revenue recognition – Contributions obtained from private foundations, other nonprofit organizations, and individual donors, are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose.

The Organization's revenue from contract agreements is primarily with the Department of Parks and Recreation. These revenues are recognized at the point in time the specific performance obligations are met or over time based on percentage of completion or costs incurred, as outlined in the agreements. Payment terms are outlined in the agreements and vary based on the objectives and structure of the contracts. All revenues from contracts recognized by the Organization during 2023 and 2022 were recognized at a point in time when the performance obligation was met.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability. The balance of contract liabilities from contracts was \$3,774,606, \$2,954,491, and \$1,976,436 at December 31, 2023, 2022, and 2021, respectively. There were no accounts receivable balances from contract revenue at December 31, 2023. Accounts receivable from contract revenue was \$264,068 and \$12,894 at December 31, 2022 and 2021, respectively.

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Grants awarded – The Organization manages several grant programs to support parks, park partners, and local nonprofits in connecting communities to California State Parks and expanding career pathways to jobs in California State Parks for underrepresented communities. The key grants programs in 2023 included Adventure Pass, Career Pathways, and Route to Parks. The Organization recognizes grant expense at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by management or the Board of Directors. Grants that have been determined to be conditional, which depend on the occurrence of specified uncertain events, are not recorded until the conditions have been met. Approximate outstanding conditional grants awarded were \$652,210 and \$530,045 at December 31, 2023 and 2022, respectively, and will be recognized as expense as the conditions are met.

Contracts awarded – The Organization contracts with consultants that provide a variety of services to the Organization’s programs. These contracts are considered exchange transactions as the Organization receives commensurate value for the services provided. The Organization recognizes contract expenses as services or work is performed.

Functional expenses – The costs of providing the programs and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, which are allocated to programs and supporting services on the basis of periodic time and expense studies. All other expenses are allocated directly or based on estimates of usage based on full time equivalency determined at the beginning of each fiscal year. The Organization accounts for its expenditures in the following categories:

Program services – Expenditures are related to a broad range of activities necessary to accomplish the Organization’s park projects, including development of park programs that raise awareness of State Parks and grants to help remove barriers to park access.

Fundraising – Expenditures are related to time spent collaborating on the development of new programs, preparing funding proposals, soliciting contributions, cultivating and stewarding donors. And reporting to funders on the program results and impacts.

Management and general – Expenditures are related to building and maintaining an efficient business infrastructure, including oversight, business and financial management, governance, general recordkeeping, budgeting, and all management and administration, except for that which is related to fundraising or is directly attributable to the conduct of program services.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same; to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

that holds the asset or owes the liability). To increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- Level 1 Inputs Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Inputs Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs Unobservable inputs for the assets or liabilities.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Income taxes – The Organization is publicly supported and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been evaluated through May 29, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that require recognition or disclosure in the financial statements.

Reclassification – Certain 2022 amounts have been reclassified to conform to the 2023 financial statement presentation.

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,934,109	\$ 6,992,802
Contributions receivable, net	1,698,326	865,750
Accounts receivable		264,068
Other receivable	2,011	
Certificate of deposit	2,250,000	
Investments	<u>22,361,369</u>	
Total financial assets	30,245,815	<u>8,122,620</u>
Less amounts unavailable for general expenditure within one year due to donor restrictions	<u>(20,837,380)</u>	<u>(3,126,878)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 9,408,435</u>	<u>\$ 4,995,742</u>

The Organization's liquidity management policy is designed to ensure that financial assets are available as its expenditures, liabilities, and other obligations come due. The Organization utilizes the services of Jefferies to ensure that all program funds received are in highly liquid investments to allow immediate access to cash at any given time.

3. CONTRIBUTIONS RECEIVABLE

The Organization recognizes unconditional contributions receivable at their estimated fair value, on a nonrecurring basis, at the time the contribution is made. Fair value is determined by calculating the net present value of estimated future cash flows. The discount rate used in determining the net present value of new contributions receivable was 6.0% at December 31, 2023. Pledges are included within Level 3 of the fair value hierarchy because determination of the net present value of future cash flows was based on little or no market data and required management to develop their own assumptions.

Contributions receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Contributions receivable	\$ 1,745,873	
Less: discount	<u>(47,547)</u>	
Total	<u>\$ 1,698,326</u>	<u>\$</u>

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Contributions receivable are due to be collected as follows at December 31:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 905,873	
In one to five years	<u>792,453</u>	<u> </u>
Total	<u>\$ 1,698,326</u>	<u>\$ </u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 51,924	\$ 30,081
Website	<u>73,945</u>	<u>73,945</u>
Total	125,869	104,206
Less accumulated depreciation	<u>(64,018)</u>	<u>(40,606)</u>
Property and equipment, net	<u>\$ 61,851</u>	<u>\$ 63,420</u>

5. OPERATING LEASES

The Organization leases office space in San Francisco under an operating lease agreement that originally expired in November 2023 and was extended to November 2026. The lease is included on the statement of financial position as of December 31, 2023 and 2022 as an ROU asset of \$61,414 and \$20,014, respectively, and operating lease liability of \$61,469 and \$20,014, respectively.

The ROU asset and operating lease liability were calculated using a risk-free discount rate of 4.61%. Lease expense for this lease totaled \$21,956 and \$21,900 for 2023 and 2022, respectively. Cash paid for amounts included in the measurement of operating lease liabilities totaled \$21,900 for both 2023 and 2022. Maturities of the lease liability for this lease, are as follows:

<u>Year ending December 31:</u>	
2024	\$ 21,955
2025	22,613
2026	<u>21,298</u>
Total lease payments	65,866
Less: present value discount	<u>(4,397)</u>
Total lease obligations	<u>\$ 61,469</u>
Operating lease liability, current	\$ 19,531
Operating lease liability, net	<u>41,938</u>
Total lease liability	<u>\$ 61,469</u>

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of unspent funds restricted for the following uses at December 31:

	<u>2023</u>	<u>2022</u>
Access and belonging	\$ 15,383,333	\$ 2,191,120
Parks of the future (including career pathways)	5,369,716	160,998
Program building	61,661	81,808
Capacity building	22,670	
Climate and stewardship		660,100
Other programs		<u>32,852</u>
Total	<u>\$ 20,837,380</u>	<u>\$ 3,126,878</u>

7. IN-KIND CONTRIBUTIONS

The Organization entered into a cancellable sublease for office space effective January 1, 2023 through December 31, 2025. The monthly base rent is \$428 however the Organization is not required to pay. The donated value of office space is estimated based on the price per square foot of the sublessor's lease agreement. The Organization received \$5,136 of in-kind rent for the year ended June 30, 2023.

The Organization received gifts-in-kind for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 31,778	
Facilities	5,136	
Materials		<u>\$ 4,043</u>
Total	<u>\$ 36,914</u>	<u>\$ 4,043</u>

Donations of materials, and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of the donation or service. The Organization's policy related to in-kind contributions is to use the assets given to carry out the mission of the Organization. All in-kind contributions received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and were able to be used by the Organization as determined by the Board and management.

8. CONCENTRATIONS

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institutions. The balances at times may exceed federally insured limits. The Organization's deposits held with financial institutions in excess of federal depository insurance limits were \$2,229,372 and \$6,519,023 as of December 31, 2023 and 2022, respectively. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

PARKS CALIFORNIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Organization has one major donor that accounted for 95% of total contributions receivable as of December 31, 2023.

The Organization has two major donors that accounted for 91% and 46% of total contribution revenues in 2023 and 2022, respectively.

9. RETIREMENT PLAN

The Organization sponsors a safe harbor plan under IRC Section 401(k). All full-time employees are eligible to participate upon their date of hire. The Organization matches 100% of employee deferrals up to 5% of employee compensation. Participants may elect to defer an amount of their compensation each year not to exceed the dollar limit that is set by law. All contributions are fully vested. Total contributions under the plan were \$82,786 and \$75,020 for 2023 and 2022, respectively.