PENINSULA OPEN SPACE TRUST

Financial Statements
June 30, 2022 and 2021

Together with
Independent Auditors' Report

PENINSULA OPEN SPACE TRUST

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June 30, 2022

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Peninsula Open Space Trust
Palo Alto, California

Opinion

We have audited the accompanying financial statements of Peninsula Open Space Trust (the "Organization", a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 the Organization as of June 30, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

<u>INDEPENDENT AUDITORS' REPORT (CONTINUED)</u>

To the Board of Directors of
Peninsula Open Space Trust
Palo Alto, California

Auditors' 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 auditors' 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 the Organization'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 Organization'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.

Robert Lee + Associates, LLP

San Jose, California
November 2, 2022

PENINSULA OPEN SPACE TRUST

Statements of Financial Position

ASSETS

	June 30, 2022	June 30, 2021
Assets:		
Cash and cash equivalents	$ 1,378,065	$ 1,163,281
Restricted cash and cash equivalents	225,255	225,023
Accounts receivable	600,651	746,807
Pledges, grants and bequests receivable, net	2,037,533	2,223,685
Employee retention credit receivable	978,384	655,035
Financing receivables, net	24,020,108	24,076,749
Interest receivable	18,265	18,695
Prepaid expenses and other assets	437,287	366,761
Investments	143,738,087	169,765,066
Residual interest in charitable assets	530,833	739,134
Investments held in charitable remainder trusts	6,447,029	7,693,260
Land held-for-conservation	131,458,119	125,827,893
Property and equipment, net	6,901,597	7,133,029
Total assets	$ 318,771,213	$ 340,634,418

LIABILITIES AND NET ASSETS

	June 30, 2022	June 30, 2021
Liabilities:		
Accounts payable and other liabilities	$ 1,584,354	$ 1,881,553
Stewardship liabilities	471,191	471,191
Notes payable	451,889	4,015,136
Asset retirement obligations	1,760,969	1,799,924
Liabilities under charitable remainder trusts	2,756,640	3,349,984
Total liabilities	7,025,043	11,517,788
Commitments and Contingencies		
Net assets:		
Without donor restrictions	24,514,000	28,043,011
Without donor restrictions - Board-designated	273,685,847	290,049,676
Total without donor restrictions	298,199,847	318,092,687
With donor restrictions	13,546,323	11,023,943
Total net assets	311,746,170	329,116,630
Total liabilities and net assets	$ 318,771,213	$ 340,634,418

The accompanying notes are an integral part of these financial statements

PENINSULA OPEN SPACE TRUST

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions and grants	$ 9,513,865	$ 8,928,181	$ 18,442,046
Employee retention credit	387,982	-	387,982
Interest and dividends	4,924,355	361,571	5,285,926
Realized and unrealized losses on investments, net	(21,418,943)	(1,566,778)	(22,985,721)
Rental and other income	468,996	-	468,996
Net assets released from restrictions	5,200,594	(5,200,594)	-
Total revenue, support and gains	(923,151)	2,522,380	1,599,229
Operating expenses:			
Program services	12,987,943	-	12,987,943
Fundraising	3,251,763	-	3,251,763
Management and support services	2,729,983	-	2,729,983
Total operating expenses	18,969,689	-	18,969,689
Change in net assets	(19,892,840)	2,522,380	(17,370,460)
Net assets, beginning of year	318,092,687	11,023,943	329,116,630
Net assets, end of year	$ 298,199,847	$ 13,546,323	$ 311,746,170

The accompanying notes are an integral part of these financial statements

PENINSULA OPEN SPACE TRUST

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions and grants	$ 7,699,031	$ 6,485,323	$ 14,184,354
Employee retention credit	655,035	-	655,035
Contributions of land and easements	130,000	-	130,000
Interest and dividends	4,195,213	274,150	4,469,363
Realized and unrealized gains on investments, net	31,957,761	1,639,772	33,597,533
Rental and other income	1,330,368	-	1,330,368
Net assets released from restrictions	6,379,271	(6,379,271)	-
Total revenue, support and gains	52,346,679	2,019,974	54,366,653
Operating expenses:			
Program services	17,641,594	-	17,641,594
Fundraising	3,140,840	-	3,140,840
Management and support services	2,206,648	-	2,206,648
Total operating expenses	22,989,082	-	22,989,082
Change in net assets	29,357,597	2,019,974	31,377,571
Net assets, beginning of year	288,735,090	9,003,969	297,739,059
Net assets, end of year	$ 318,092,687	$ 11,023,943	$ 329,116,630

PENINSULA OPEN SPACE TRUST
Statements of Functional Expense

	For the Year Ended June 30, 2022			
	Program Services	Fundraising	Management and Support Services	Total
Salaries and benefits	$ 4,314,258	$ 2,188,178	$ 2,088,283	$ 8,590,719
Professional services	4,290,750	482,667	446,493	5,219,910
Land and easement transactions	2,684,444	-	-	2,684,444
Other operating	431,632	324,029	69,632	825,293
Grants and contributions	615,144	-	-	615,144
Property taxes	287,109	-	1,206	288,315
Depreciation and amortization	139,214	65,732	53,563	258,509
Printing and postage	40,132	191,157	16,578	247,867
Insurance	99,700	-	54,228	153,928
Interest expense	85,560	-	-	85,560
Total expenses	$ 12,987,943	$ 3,251,763	$ 2,729,983	$ 18,969,689

	For the Year Ended June 30, 2021			
	Program Services	Fundraising	Management and Support Services	Total
Salaries and benefits	$ 4,025,550	$ 2,238,646	$ 1,615,243	$ 7,879,439
Land and easement transactions	7,121,897	-	-	7,121,897
Professional services	4,755,787	470,002	352,706	5,578,495
Grants and contributions	945,272	-	-	945,272
Other operating	268,851	157,776	101,187	527,814
Printing and postage	40,166	206,883	14,646	261,695
Depreciation and amortization	118,582	67,533	41,244	227,359
Property taxes	184,610	-	1,227	185,837
Insurance	85,074	-	51,028	136,102
Interest expense	95,805	-	29,367	125,172
Total expenses	$ 17,641,594	$ 3,140,840	$ 2,206,648	$ 22,989,082

PENINSULA OPEN SPACE TRUST
Statements of Cash Flows

	For the Years Ended June 30, 2022	2021
Cash flows from operating activities:		
Change in net assets	$ (17,370,460)	$ 31,377,571
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	258,509	227,359
Accretion related to asset retirement obligation	71,750	80,758
Net gain on settlement of asset retirement obligations	(3,057)	(3,193)
In-kind land grants to public agencies	-	135,000
Conservation easements retained on transferred land	-	60,000
Realized and unrealized losses (gains) on investments	22,647,592	(33,920,916)
Change in discount on promises to give	(10,362)	(284,126)
Forgiveness of notes payable	(40,000)	(2,065,000)
Change in value in non-controlling interest in LLMWC	(22,355)	29,804
Residual interest in charitable assets	208,301	(138,189)
Interest payable	(41,402)	44,344
In-kind contributions received - land	-	(130,000)
Changes in operating assets and liabilities:		
Accounts receivable	146,156	363,175
Pledges, grants and bequests receivable	196,514	2,761,280
Employee retention credit receivable	(323,349)	(655,035)
Prepaid expenses and other assets	(70,526)	53,395
Proceeds from sale of land held-for-conservation	-	9,147,250
Acquisition of land held-for-conservation	(5,550,000)	(18,783,000)
Accounts payable and other liabilities	(255,797)	(232,454)
Settlement of asset retirement obligations	(165,519)	(29,110)
Liabilities under charitable remainder trusts	(385,393)	(359,837)
Net cash used by operating activities	(709,398)	(12,320,924)

The accompanying notes are an integral part of these financial statements

PENINSULA OPEN SPACE TRUST

Statements of Cash Flows (Continued)

	For the Years Ended June 30, 2022	For the Years Ended June 30, 2021
Cash flows from investing activities:		
Proceeds from sale of investments	$ 40,171,427	$ 80,185,828
Acquisition of investments	(35,823,480)	(64,776,227)
Proceeds from sale of investments held in charitable remainder trusts	718,093	1,857,793
Acquisition of investments held in charitable remainder trusts	(648,373)	(1,525,035)
Interest receivable from notes receivable	430	(17,624)
Payments received on note receivable	56,641	126,050
Acquisition of property and equipment	(27,077)	(527,255)
Net cash provided by investing activities	4,447,661	15,323,530
Cash flows from financing activities:		
Payments on notes payable	(3,523,247)	(2,002,872)
Net cash used by financing activities	(3,523,247)	(2,002,872)
Increase in cash and cash equivalents	215,016	999,734
Cash, cash equivalents and restricted cash, beginning of year	1,388,304	388,570
Cash, cash equivalents and restricted cash, end of year	$ 1,603,320	$ 1,388,304

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	$ 52,800	$ 29,404

Supplemental disclosure of non-cash investing and financing information:

Capitalization of asset retirement obligation related to acquisition of land held-for-conservation	$ 73,621	$ -
Disposal of fully depreciated property and equipment	$ -	$ 5,130

The accompanying notes are an integral part of these financial statements

Note 1 - Organization:

Peninsula Open Space Trust (the "Organization") was incorporated in California as a not-for-profit corporation in 1977. The mission of the Organization is to protect open space on the Peninsula and in the South Bay for the benefit of all. This purpose is accomplished through gifts and purchases of land, transfer to public agencies, placement of conservation easements or deed restrictions on land, cooperation with private landowners, active stewardship of owned lands and monitoring of transferred lands to ensure natural and agricultural values are maintained.

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d). The Organization's support and revenues are primarily from contributions and investment returns.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation - The Organization presents its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), which requires the Organization to report information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* consist of net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. The Organization's Board has designated $273,685,847 and $290,049,676 of net assets without donor restriction for specific programmatic purposes as of June 30, 2022 and 2021, respectively.

- *With donor restrictions* represent contributions where use is limited to donor-imposed stipulations that expire through the passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current fiscal period. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in these financial statements relate primarily to include the discount for present value on pledges receivable, the useful lives of property and equipment, the allocation of expenses by function, the valuation of land and conservation easements acquired by or donated to the Organization and the future asset retirement obligations.

Note 2 - Summary of significant accounting policies (continued):

Cash and cash equivalents - Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all highly liquid investments with a maturity of 90 days or less at the date of purchase to be cash equivalents. Cash balances held in managed investment accounts are excluded from cash and cash equivalents.

Restricted cash - In connection with a purchase agreement for land held-for-conservation, the Organization is required to maintain $225,255 of restricted cash for the purpose of maintenance activities.

Accounts receivable and allowance for doubtful accounts - Accounts receivable consists primarily of amounts due to the Organization in conjunction with the Organization's program operations. An allowance reserve for uncollectible accounts receivables, if any, is determined based on management's evaluation of each outstanding accounts receivable for collectability. Management has determined the outstanding accounts receivable to be fully collectible for the fiscal years ended June 30, 2022 and 2021, respectively.

Pledges receivable - Pledges receivable are either unconditional or conditional. Unconditional pledges receivable are pledges that depend only on the passage of time or the demand by the donor for performance. A conditional pledge receivable is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. The Organization holds five contributions subject to matching requirements totaling $47,000 for the year ended June 30, 2022. The Organization held one conditional award from a single donor and three contributions subject to matching requirements totaling $63,000 for the year June 30, 2021. Unconditional pledges receivable represent the remaining pledges due from donors who have pledged funds to the Organization for use in its programs. Unconditional pledges that are to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique.

Promises to give that are expected to be collected after one year are discounted using a discount rate ranging from 0.06% to 3.00% as of June 30, 2022 and 2021. An allowance reserve for uncollectible pledges, if any, is determined based on management's evaluation of each outstanding pledge for collectability. The financial statements reflect these pledges net of the discount and allowances, totaling $859,421 and $1,119,721 for fiscal years ending June 30, 2022 and 2021, respectively.

Note 2 - Summary of significant accounting policies (continued):

Grants receivable - The Organization receives grants which may be granted and paid within the same year granted or payable to the Organization over multiple years. The Organization discounts the multi-year grants receivable at a reasonable rate of interest of 3%. The financial statements reflect these pledges net of the discount and allowance.

Bequests receivable - The Organization records a bequest receivable when it receives written notification that it has been named as a beneficiary of an irrevocable trust or estate for which the amount to be received can be reasonably estimated. If appropriate, the amount is adjusted for fair value measurements, if measurable.

Employee retention credit receivable - Under section 2301 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Organization has elected to claim the Employee Retention Credit ("ERC") which is a refundable tax credit against certain employment taxes. Management determined $655,035 will be refunded back based on qualified wages incurred as of June 30, 2021. As the conditions for the credit existed as of June 30, 2021, management recognized the benefit as a receivable on the statement of financial position for the fiscal year then ended. During the year ended June 30, 2022, management determined an additional amount of $387,982 will be refunded back based on qualified wages incurred as of June 30, 2022. As of June 30, 2022, $64,633 has been received on the outstanding ERC balance.

Financing receivables and related allowance for credit losses - The Organization has financing receivables, which consist of three portfolio segments as of June 30, 2022 and 2021. A portfolio segment is defined as the level at which the Organization develops and documents a systematic methodology to determine the allowance for credit losses. The allowance for financing receivables represents management's estimate of probable losses inherent in the Organization's financing activities. Credit exposures deemed to be uncollectible are charged against these accounts. Cash recovered on previously charged-off amounts is recorded as a recovery to these accounts. Management evaluates the adequacy of the allowance for financing receivables by performing periodic and systematic detailed reviews of its portfolio segment. The detailed reviews to identify credit losses and to assess the overall collectability of these portfolios are based on historical loss experience, economic conditions, payment activity, credit quality indicators, performing or nonperforming aspects and bankruptcies, as discussed further in Note 5. Allowances totaled $5,143,961 for fiscal years ending June 30, 2022 and 2021, respectively.

Non-performing financing receivables include financing receivables that have been placed on nonaccrual status or are impaired. The Organization assesses performance of financing receivables on an individual basis based on payment activity and knowledge of the financial state of third-party obligors. Accrued interest receivable is expensed when a financing receivable is placed on nonaccrual status. Interest collections on nonaccrual status financing receivables are credited when collected.

Note 2 - Summary of significant accounting policies (continued):

Interest receivable - Interest receivable includes accrued interest from notes receivable and investment related receivables including interest receivable from bonds and other dividend and interest earnings outstanding at year-end.

Publicly traded investments - The Organization invests in marketable securities and corporate bonds. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. The Organization's Investment Committee has established an investment policy and has engaged the services of an outside investment advisor to assist in such matters. Contributions of investments are recorded at estimated fair value at the date of donation and are sold as soon as reasonably possible, unless otherwise directed by the Organization's financial advisors or the Investment Committee of the Board of Directors. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities is the difference between the investments' cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned.

Investments in private equity funds - To the extent that these funds invest in publicly traded investments, they are carried at quoted market prices as described above. The remaining investments are carried at estimated fair values as determined by the investment manager of these securities after giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. These investments are valued at the Organization's percentage interest owned in these investment companies. Because of the inherent uncertainty of valuations, these estimated fair 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. Investments in private equity funds totaled $385,067 and $421,381 for fiscal years ending June 30, 2022 and 2021, respectively.

Fair value of financial instruments - Unless otherwise indicated, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

Investments held in charitable remainder trusts - The Organization is the remainder beneficiary of certain charitable remainder trusts. When the Organization acts as the trustee of the charitable trust, the Organization records the investment assets held in the trust and records a corresponding liability for the present value of the estimated payments to be made to the lifetime beneficiaries. When the Organization is not the trustee, it records a contribution receivable for the present value of added expected future benefit to be received by the Organization. Certain charitable remainder trust notifications that are not measurable or for which the fair value is not determinable are not recorded until such time that they become measurable.

Note 2 - Summary of significant accounting policies (continued):

Life interest in real estate - The Organization occasionally receives contributions of real estate which the donor retains the right to use for the remainder of the donor's life. During the donor's lifetime, the donor is responsible for executory costs related to the property. The Organization records the fair value of the real estate as an asset and records a corresponding liability for the life interest based upon the actuarial life of the donor using IRS guidance. There were no life interests in real estate as of June 30, 2022 and 2021, respectively.

Property held-for-sale - The Organization occasionally receives donations of real property with no significant ecological value, but which can be sold to provide funds for the Organization to carry out its conservation work. These properties are carried at the lower of the Organization's original book value or fair value less cost to sell. There were no properties held-for-sale as of June 30, 2022 and 2021, respectively.

Land held-for-conservation - The term "land" is used throughout these financials statements to represent real property which includes amongst other things, land, structures, improvements, easements, and various other rights. Land held-for-conservation is reported at the original book value. The Organization records such land at cost, if purchased, or at estimated fair value at the date of acquisition if all or part of the land was received as a donation. Contributed revenue is recognized for the difference, if any, between the purchase price and the estimated fair value. Fair value is predominantly determined by an independent appraisal. During the time that the Organization is holding the land, all improvements and maintenance costs are recorded as part of program expenses.

As part of its program, the Organization sells or donates these lands to various government entities for permanent protection. In instances where the Organization sells or donates the land for an amount below the original book value, in-kind grant expense is recognized for the difference between the selling price and the original book value. Grants of land totaled $135,000 in the fiscal year ended June 30, 2021. There were no grants of land during the fiscal year ended June 30, 2022.

Non-controlling interest - The Organization holds a 39.54% non-controlling interest in Lake Lucerne Mutual Water Company ("LLMWC"), at June 30, 2022 and 2021, respectively. LLMWC is a California nonprofit corporation formed to administer the water rights of several properties bordering the Little Butano Creek and the Bean Hollow Watershed in accordance with a court judgment. The investment is recorded under the equity method of accounting, which approximates fair value, and is recorded as part of land held-for-conservation on the accompanying statement of financial position. The investment in LLMWC as of June 30, 2022 and 2021 was $71,527 and $48,302, respectively, and is recognized within prepaid expenses and other assets on the statements of financial position.

Note 2 - Summary of significant accounting policies (continued):

Conservation easements - The Organization periodically receives or purchases conservation easements which limit the allowable uses of the related property to open space uses consistent with the Organization's mission. Contributed conservation easements received are recorded as land contributions based on the estimated value given up by the landowner by restricting the use of the property with an easement. The Organization received no donated conservation easements in the fiscal years ending June 30, 2022 and 2021. Conservation easements purchased bear no future benefit to the Organization and are therefore included as part of land and easement transactions expense in the year they are acquired. In connection with the transfer or sale of land, the Organization may retain a conservation easement on the land. Because these easements bear no possible future economic benefit to the Organization, they are not recorded on the Organization's statement of financial position. Sometimes, the Organization may sell a conservation easement to a nonprofit or public agency partner while retaining ownership of the property. The Organization purchased or received conservation easements totaling $600,000 and $585,000 for the years ended June 30, 2022 and 2021, respectively.

Property, equipment, amortization, and depreciation - Purchased property and equipment used in the Organization's operations are stated at cost. Significant donated property and equipment are recorded at their estimated fair value on the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Building improvements are amortized using the straight-line method over the assets' estimated useful lives. The Organization capitalizes property and equipment with a value over $5,000. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Construction-in-progress - Construction-in-progress represents assets acquired and not yet placed into service. In the event applicable interest costs associated with the construction of new facilities are material, the Organization will capitalize the respective interest.

Long-lived assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may not be recoverable. No such impairments have been identified to date.

Stewardship liabilities - During the year ended June 30, 2011, the Organization and Sempervirens Fund jointly established a $1,300,000 stewardship fund as part of the transfer of the Little Basin property to California State Parks. The fund is being used to improve the property to enhance public use and recreation and had $82,431 remaining at June 30, 2022 and 2021, respectively. Additionally, the Organization has a liability of $388,760 related to active remediation efforts on a separate property for the years ended June 30, 2022 and 2021, respectively.

Note 2 - Summary of significant accounting policies (continued):

Asset retirement obligations - Asset retirement obligations are mitigation obligations related to the Organization's land holdings. The Organization recognizes a liability for obligations as of the date the obligation is identified, which is generally upon acquisition of the asset. The Organization has conditional asset retirement obligations related to removal of in-stream structures, asbestos cleanup related to structures on property held for conservation, and removal of soil contamination. The retirement obligation is based on the present value of management's estimates of the costs of in-stream structure, asbestos, and soil contamination removal. This liability will be adjusted in future periods based on period-to-period changes in the liability resulting from (a) the passage of time and (b) revisions to either the timing or the amount of the original estimate of undiscounted cash flows. Asset retirement obligations were estimated at $1,760,969 and $1,799,924 for fiscal years ending June 30, 2022 and 2021, respectively.

Endowment accounting and interpretation of relevant law - The Organization's endowment consists of two donor-restricted endowment funds established to advance the mission. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), the provisions of which apply to its endowment funds. As required by UPMIFA and GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Revenue recognition - The Organization recognizes exchange revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, as amended. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Exchange revenue: Timber - The Organization sells timber harvested on their properties. The performance obligation is the delivery of the good to the customer. The Organization establishes the transaction price based on quoted prices in active markets for similar timber products. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue when the customer takes possession of the timber product. No right of return exists for the timber.

The Organization presents exchange transaction revenues on the statement of activities as part of rental and other income. The Organization received timber revenues of $219,807 for the year ended June 30, 2021. The Organization did not receive timber revenues for the year ended June 30, 2022.

Note 2 - Summary of significant accounting policies (continued):

Revenue recognition (continued) - *Contribution revenue* - The Organization recognizes contributions received including unconditional pledges and promises to give as revenue at their fair value in the period the contribution or pledge is received. Contributed support that is restricted by the donor is reported as an increase in net assets with donor restrictions and released from restrictions if the restriction expires in the reporting period in which the support is recognized. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and the reported amounts released from restriction. All other contributed support is recognized as revenue without restrictions when received or unconditionally promised.

In-kind contributions - Significant donated property and equipment are recorded based on estimates of fair market value that would be received within their respective principal markets, considering the condition and utility for use at the time they are contributed by the donor. Donated land is recorded based on estimates of fair value through appraisals on or near the date of receipt. In-kind contributions of land totaled $130,000 for the year ended June 30, 2021. There were no in-kind contributions of land for the year ended June 30, 2022. Donated property, equipment, and land is not sold, but rather used only to further the Organization's mission. Unless otherwise noted, donated property, equipment, and land did not have donor restrictions. Donated marketable securities are recorded at fair value on the date the securities are received. In-kind contributions of securities totaled $1,335,073 and $2,862,369 for the years ended June 30, 2022 and 2021, respectively. There were no in-kind contributions of securities held in charitable remainder trusts for the years ended June 30, 2022 and 2021. Contributed services, which require a specialized skill and which the Organization would have paid for if not contributed, have been recorded at their estimated fair market value as appropriate. There were no in-kind legal and professional services and donated goods for program services recognized for the years ended June 30, 2022 and 2021, respectively. These amounts have been recorded as both revenue and expenses in the statement of activities and changes in net assets. Numerous other volunteers donate significant amounts of their time to the Organization's fundraising and other activities. No amounts have been recorded for these donated services since they do not meet the criteria noted above.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Certain costs are allocated between programmatic and support services based on estimates of time, space, or other factors. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on job description or time estimates. Salary allocation percentages are also used to allocate certain indirect costs, including but not limited to facilities expenses, office supplies and equipment, information technology expenses and depreciation.

Note 2 - Summary of significant accounting policies (continued):

Advertising - Advertising costs are expensed as incurred. Advertising and promotion expenses were $628,094 and $955,742 for the years ended June 30, 2022 and 2021, respectively.

Accounting for uncertainty in income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2022 and 2021 management did not identify any uncertain tax positions.

Recently adopted accounting pronouncements - In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Management has adopted the standard as of July 1, 2021. The standard did not have a material impact on the financial statements.

Recent accounting pronouncements - In February 2016, the FASB issued ASU No. 2016-02, Leases *(Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In January 2018, the FASB issued ASU No. 2018-01 "Leases: Land Easement Practical Expedient for Transition to Topic 842." The ASU provides additional guidance in relation to implementing the new lease accounting guidance. During June 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization's management has not yet determined the impact that implementation of this ASU will have on the Organization's financial statements.

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued) - In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" to improve financial reporting related to anticipated credit losses. ASU 2016-13 involves several aspects of the accounting for credit losses related to certain financial instruments including assets measured at amortized cost, trade and other receivables, loans, and certain off-balance sheet commitments. ASU 2016-13, and subsequent updates, broadens the information that an entity must consider in developing its estimated credit losses expected to occur over the remaining life of assets measured either collectively or individually to include historical experience, current conditions, and reasonable and supportable forecasts, replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses model. The ASU is effective annual reporting periods beginning after December 15, 2022. Management has not determined the impact of this pronouncement.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that there are no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2022.

PENINSULA OPEN SPACE TRUST
Notes to the Financial Statements
June 30, 2022

Note 3 - Liquidity and availability of funds:

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 1,378,065	$ 1,163,281
Accounts receivable	600,651	746,807
Pledges, grants and bequests receivable, net	2,037,533	2,223,685
Employee retention credit receivable	978,384	655,035
Financing receivable, net	24,020,108	24,076,749
Interest receivable related to investments	18,265	18,695
Investments	143,738,087	169,765,066
Total financial assets	172,771,093	198,649,318
Less those not available for general expenditures within one year, due to:		
Donor pledges receivable due in more than one year	611,667	557,762
Donor restrictions for easement monitoring and defense	1,413,752	1,636,987
Donor restrictions to maintain as an endowment	550,500	550,500
Donor restrictions for purpose	3,257,786	1,481,406
Board designations for land, easements and	135,326,161	157,088,755
Financial assets available to meet general expenditures over the next twelve months	$ 31,611,227	$ 37,333,908

The Organization regularly monitors liquidity in order to meet its operating needs and other contractual obligations as they come due, generally maintaining a two-year operating reserve. The Board designates all other net assets for longer-term use, including conservation easement monitoring, land acquisition and stewardship needs. Amounts not available for general operating use due to Board designations could be drawn upon with Board approval if needed.

Note 4 - Pledges, grants, and bequests receivable:

Pledges, grants and bequests receivable consisted of the following at June 30:

Pledges, grants and bequests receivable:

	2022	2021
Pledges receivable, net	$ 859,421	$ 1,119,721
Grants receivable, net	249,576	-
Bequests receivable	928,536	1,103,964
Pledges, grants and bequests receivable, net	$ 2,037,533	$ 2,223,685

Pledges receivable

Pledges receivable at June 30, 2022, are expected to be received as follows:

Year Ending June 30,	
2023	$ 403,928
2024	205,000
2025	185,000
2026	105,000
Total pledges receivable	898,928
Less discount	(39,507)
Pledges receivable, net	$ 859,421

When the Organization is aware of circumstances that may impair a specific donor's ability to meet financial obligations, the Organization records a specific allowance, and thereby reduces the net receivable to the amount reasonably believed to be collectible. Write-offs have historically been within management's expectations. The Organization did not record an allowance for doubtful accounts as of June 30, 2022 and 2021, respectively.

Bequests receivable

The Organization had total bequests receivable of $928,536 and $1,103,964 at June 30, 2022 and 2021, respectively. All amounts are expected to be collected during the year ended June 30, 2022.

Note 4 - Pledges, grants and bequests receivable (continued):

Grants receivable

Grants receivable at June 30, 2022, are expected to be received as follows:

Year Ending June 30,		
2023	$	116,262
2024		126,993
2025		8,334
Total grants receivable		251,589
Less discount		(2,013)
Grants receivable, net	$	249,576

Note 5 - Financing receivables and allowance for credit losses:

Financing receivables consist of the following at June 30:

		2022		2021
Note A	$	26,743,961	$	26,743,961
Note B		2,420,108		2,476,749
Total financing receivables		29,164,069		29,220,710
Less: allowance for credit losses		(5,143,961)		(5,143,961)
Financing receivable, net	$	24,020,108	$	24,076,749

Note A is an advance to an individual landowner with the objective of facilitating protection of certain land. The note, originally due July 1, 2019 with an option to extend to July 1, 2049, was extended to the current due date of July 1, 2025 as per contract options. This note bears interest at 8.5% per annum (compound). The note is fully secured, after the credit allowance described below, by a deed of trust. Per the terms of the loan agreement, assuming all conditions were met, the loan increased annually beginning in the year ended June 30, 2015 by $250,300 (plus closing costs) until the loan balance was $26,743,961. The Organization is proceeding with actions necessary to receive title to the land in question.

Note 5 - Financing receivables and allowance for credit losses (continued):

Note B is a participation loan with an external lender in which the lender will originate and service purchase money loans on designated properties the Organization owns and sells. There are two loans as of June 30, 2022. One loan is due May 2049 with a loan amount of $1,729,318 and bears interest at 1.75% per annum (compound). The second loan is due May 2049 with a loan amount of $690,790 and bears interest at 1.75% per annum (compound). Note B had interest receivables of $18,265 and $18,695 as of June 30, 2022 and 2021, respectively.

The Organization did not have any interest receivable related to Note A of the financing receivables for the years ended June 30, 2022 and 2021. It is the Organization's intention to receive a property in consideration for Note A. The estimated fair value of the property to be received is approximately $21,600,000.

Credit quality indicators - The Organization's credit quality indicators consist of credit risk profiles based upon payment activity performance and other indicators. Note A is considered to be performing and will be settled by the transfer of ownership of certain lands identified in the loan agreement. The Organization has placed Note A on nonaccrual status, thereby limiting the net receivable balance to the amount indicated in the most recent property valuation. Note B is fully performing in accordance with all terms of the agreement.

Ending allowance for credit losses and analysis of past due financing receivables - The Organization recorded an allowance for credit losses for Note A of $5,143,961 for the years ending June 30, 2022 and 2021, respectively. The allowance was determined by comparing the loan balance with the estimated fair value of the property securing the note. There are no amounts past due and the Organization considers the ending recorded value to be fully collectible.

Note 6 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish 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 and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Note 6 - Investments (continued):

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The following are major categories of investments measured at fair value on a recurring basis:

- Level 1: Quoted prices in active markets for identical assets
- Level 2: Significant other observable inputs
- Level 3: Significant unobservable inputs

	Year Ended June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investment cash and cash equivalents	$ 1,929,621	$ -	$ -	$ 1,929,621
Marketable equity securities	79,114,824	-	-	79,114,824
Marketable absolute return funds	13,524,021	-	-	13,524,021
Real estate, gold and commodities funds	4,013,158	-	-	4,013,158
Corporate bond funds	42,052,885	-	-	42,052,885
Corporate bonds	-	2,718,511	-	2,718,511
Private equity fund	-	-	385,067	385,067
Total	$ 140,634,509	$ 2,718,511	$ 385,067	$ 143,738,087

	Year Ended June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investment cash and cash equivalents	$ 3,805,817	$ -	$ -	$ 3,805,817
Marketable equity securities	99,509,842	-	-	99,509,842
Marketable absolute return funds	10,226,759	-	-	10,226,759
Real estate, gold and commodities funds	7,199,062	-	-	7,199,062
Corporate bond funds	45,568,779	-	-	45,568,779
Corporate bonds	-	3,033,426	-	3,033,426
Private equity fund	-	-	421,381	421,381
Total	$ 166,310,259	$ 3,033,426	$ 421,381	$ 169,765,066

Note 6 - Investments (continued):

The following table lists investments in other investment companies by major category at June 30, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity fund (a)	$ 385,067	$ 144,450	N/A	N/A

The following table lists investments in other investment companies by major category at June 30, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity fund (a)	$ 421,381	$ 148,500	N/A	N/A

(a) This category includes a private equity fund that focused on buyout and venture capital. This investment is not redeemable. Instead, the nature of the investments in this category are distributions that are received through the liquidation of the underlying assets in the fund. The term for these investments range from 0 to 2 years. The fair values of these investments have been estimated using capital statements as of June 30, 2022 and 2021.

The following schedule summarizes total net realized and unrealized gains and losses on investments for the years ended June 30:

	2022	2021
Realized gains	$ 5,621,998	$ 17,963,832
Unrealized gains (losses)	(28,269,590)	15,957,084
Management fees and trust expenses	(338,129)	(323,383)
Total net realized and unrealized gains on investments	$ (22,985,721)	$ 33,597,533

Note 7 - Investments and remainder interests in charitable remainder trusts and gift annuities:

The Organization is a trustee and remainder beneficiary of seven irrevocable charitable remainder trusts. Provisions of the trusts require distribution of a percentage of the net fair market value or a fixed amount of the trusts to designated beneficiaries on a quarterly basis during their lifetimes. At the end of the trusts' terms, after payments to other remainder beneficiaries, the remaining assets will be available for the Organization's unrestricted use. The portion of the trusts attributable to the present value of the estimated future benefits to be received by the Organization was recorded as contributions with donor restrictions in the period the trust was established. On an annual basis, the Organization revalues and records a liability for the present value of required distributions to the designated beneficiaries based on actuarial assumptions.

The present value of the estimated future payments ($2,756,640 and $3,349,984 at June 30, 2022 and 2021, respectively) is calculated assuming investment returns of 5.0% to 7.0%, discount rates of 2.4% to 5.1% and life expectancies based on applicable mortality tables.

At June 30, 2022 and 2021, investments held in charitable remainder trusts were recorded at fair value. All investments are at quoted prices in active markets for identical assets (level 1 inputs) as follows:

	2022	2021
Cash and cash equivalents	$ 64,000	$ 86,764
Marketable equity securities	3,845,073	4,670,969
Corporate bond funds	1,881,214	2,104,313
Real estate, gold, and commodities funds	190,857	343,563
Marketable absolute return funds	465,885	487,651
Total	$ 6,447,029	$ 7,693,260

The Organization is also a remainder beneficiary of three irrevocable charitable remainder trusts for which the Organization does not serve as the trustee, sixteen charitable gift annuities, and one irrevocable bequest. Provisions of the charitable remainder trusts require distribution of a fixed percentage of the net fair market value of the trust's assets to the named beneficiaries on a quarterly basis during their lifetime. Provisions of the charitable gift annuities require distribution of a fixed dollar amount to the named beneficiaries on a quarterly basis during their lifetime. The assets remaining after the death of the beneficiaries will be available for the Organization's use. The Organization records as contributions with donor restrictions the present value of the estimated future benefits to be received discounted at a rate of 1.2% to 4.37% as established by the IRS and applicable mortality tables, noted on the statement of financial position as residual interest in charitable remainder trusts. There is no further liability beyond the asset balance for the trusts, gift annuities or bequest.

Note 7 - Investments and remainder interests in charitable remainder trusts and gift annuities (continued):

The present value of the estimated future benefits of all remainder trusts based on IRS guidance and the actuarial life expectancy of the donor are presented below at June 30:

	2022	2021
Charitable remainder trusts with third party trustees, time restricted	$ 101,360	$ 118,180
Charitable gift annuities, time restricted	415,527	513,999
Charitable gift annuities, time and purpose restricted	13,946	19,667
Irrevocable bequest, time and purpose restricted	-	87,288
Total residual interest in charitable remainder trusts	$ 530,833	$ 739,134

Note 8 - Land held-for-conservation and related asset retirement obligations:

The current year activity of land held-for-conservation was comprised of the following:

Balance, June 30, 2020	$ 116,295,693
Purchased land	18,475,000
Change in land related deposits	(984,250)
Change in asset retirements, net	(8,746)
Change in LLWMC POST interest	(29,804)
Donations of land received	130,000
Dispositions of land	(8,050,000)
Balance, June 30, 2021	125,827,893
Purchased land	5,300,000
Change in land related deposits	250,000
Change in asset retirements, net	57,871
Change in LLWMC POST interest	22,355
Balance, June 30, 2022	$ 131,458,119

Included within land held-for-conservation are costs recorded for future asset retirement obligations of $1,329,014 and $1,271,143 as of June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, there was no construction in process.

Note 8 - Land held-for-conservation and related asset retirement obligations (continued):

Assets subject to conditional retirement obligations are comprised of the following:

Balance, June 30, 2020	$	1,760,215
Liabilities removed in the current period through transfer of land		(11,939)
Liabilities settled in the current period		(29,110)
Accretion expense		80,758
Balance, June 30, 2021		1,799,924
Liabilities settled in the current period		(184,325)
Liabilities added in the current period through change in estimate		73,620
Accretion expense		71,750
Balance, June 30, 2022	$	1,760,969

Note 9 - Property and equipment:

Property and equipment consisted of the following at June 30:

		2022		2021
Building and improvements	$	5,470,900	$	5,443,822
Furniture		657,633		657,633
Equipment		173,066		173,066
Vehicles		190,138		190,138
Total property and equipment		6,491,737		6,464,659
Less: accumulated depreciation and amortization		(1,942,039)		(1,683,529)
Land		2,351,899		2,351,899
Total property and equipment, net	$	6,901,597	$	7,133,029

Depreciation and amortization expense, for the years ended June 30, 2022 and 2021 was $258,509 and $227,359, respectively.

Note 10 - Accounts payable and other liabilities:

Accounts payable include the Organization's operating expenses, which have been billed but not paid. Other liabilities include the Organization's vacation accrual due to employees, life estate obligations, and other accrued expenses incurred in the normal course of business. Vacation accrues based on the number of years of service of each employee, ranging from 10 to 20 working days per year. Vacation regularly accrues up to a maximum of 1.5 times the employee's annual accrual rate. Life estate obligations are calculated according to IRS guidance and life expectancy tables.

Accounts payable and other liabilities consisted of the following at June 30:

	2022	2021
Accounts payable	$ 668,856	$ 753,696
Vacation accrual	427,406	495,477
Interest payable	46,276	87,678
Other liabilities	441,816	544,702
Accounts payable and other liabilities	$ 1,584,354	$ 1,881,553

Note 11 - Notes payable:

Notes payable consisted of the following at June 30:

	2022	2021
Other notes payable	$ 6,082	$ 9,329
Program related investment loan	-	3,520,000
Farm labor housing Note A	240,000	260,000
Farm labor housing Note C	205,807	225,807
Total notes payable	$ 451,889	$ 4,015,136

As of June 30, 2022, the notes payable balance includes one program-related investment loan obtained as part of a land transaction and two forgivable loans.

On July 16, 2014, the Organization borrowed $3,520,000 with a maturity date of July 16, 2020. This loan accrued 1% interest with payments due annually. The maturity date was subsequently extended to July 16, 2021. Full repayment of the loan obligation was made in July 2021.

Note 11 - Notes payable (continued):

The two forgivable loans are from a governmental entity to provide farm labor housing on two separate properties. Both Note A and Note C are interest-free loans of up to $300,000 each and will be forgiven at a rate of $20,000 a year per note once certain criteria are met. The Organization has recorded imputed interest at the rate of 3% for the years ended June 30, 2022 and 2021, and will record grant revenue in future years if the conditions are fulfilled and the loans are forgiven.

Note 12 - Board designations of net assets without donor restrictions:

Board designations of net assets without donor restrictions were as follows at June 30:

	2022	2021
Land held for conservation	$ 131,458,119	$ 125,827,893
Property and equipment	6,901,597	7,133,029
Land and easement acquisition and stewardship obligations	135,326,131	157,088,754
Total board-designated	$ 273,685,847	$ 290,049,676

Note 13 - Net assets with donor restrictions:

Net assets with donor restrictions were available for the following purposes at June 30:

	2022	2021
Subject to expenditure for a specific purpose:		
Conservation easement fund	$ 1,413,752	$ 1,636,987
Other program activities	3,100,316	2,255,355
Held for endowment	259,797	387,443
Land acquisitions	2,976,343	-
Total purpose restrictions	7,750,208	4,279,785
Subject to appropriation and expenditure when a specified event occurs:		
Net assets held in charitable remainder trusts	3,690,389	4,343,276
Subject to passage of time:		
Pledges, grants and bequests receivable, net	1,555,226	1,850,382
Endowment:		
Perpetual in nature -		
Lane Stewardship Endowment	300,000	300,000
Wilbur's Watch	250,500	250,500
Total net assets with donor restrictions	$ 13,546,323	$ 11,023,943

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes during the year as follows:

	2022	2021
Pledges, grants and bequests receivable	$ 953,488	$ 760,381
Land acquisitions	3,655,913	5,063,287
Other program activities	591,193	555,603
Total net assets released from restrictions	$ 5,200,594	$ 6,379,271

Note 14 - Endowment:

The endowment consists of two individual funds comprised of donor restricted net assets. Net assets with donor restrictions represent the principal amounts of gifts accepted with donor stipulation that the principal be maintained intact in perpetuity.

Note 14 - Endowment (continued):

Endowment accumulated earnings represents income generated from the endowment investments, which can be utilized for a variety of programs as directed by donors. Endowment net asset composition by type of funds was as follows:

	Endowment accumulated earnings - unappropriated	Perpetual in nature	Total
Endowment net assets as of June 30, 2020	$ 217,758	$ 550,500	$ 768,258
Investment return:			
Interest and dividend income	22,798	-	22,798
Realized and unrealized gain, net	184,385	-	184,385
Total investment return	207,183	-	207,183
Appropriation of endowment	(37,498)	-	(37,498)
Endowment net assets as of June 30, 2021	387,443	550,500	937,943
Investment return:			
Interest and dividend income	29,110	-	29,110
Realized and unrealized loss, net	(131,202)	-	(131,202)
Total investment return	(102,092)	-	(102,092)
Appropriation of endowment	(25,554)	-	(25,554)
Endowment net assets as of June 30, 2022	$ 259,797	$ 550,500	$ 810,297

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 UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2022 and 2021.

Return objectives and risk parameters: The Organization 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 Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Organization's Investment Committee, the endowment assets are invested in a manner that is intended to provide a moderate average annual real return in excess of inflation. Actual returns in any given year may vary from this amount.

Note 14 - Endowment (continued):

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Organization has a policy of appropriating for distribution each year a target of 5% of its endowment funds' average fair value over the prior 12 quarters through the quarter ending March 31, proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected real return on its endowment. This is consistent with the Organization'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.

Note 15 - Related-party transactions:

The Organization's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board of Directors, from companies with which the Board of Directors are affiliated or from employees of the Organization were $897,003 and $782,014 for the years ended June 30, 2022 and 2021, respectively. Outstanding pledge receivables from the Board of Directors or from companies with which the Board of Directors are affiliated were $100,000 and $550,000 at June 30, 2022 and 2021, respectively.

Note 16 - Concentrations:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of investments, pledges and grants receivable, notes receivable and cash. Investments are maintained in a diversified portfolio with the assistance of professional investment advisors. The Organization may have risk associated with its concentration of investments in one geographic region and in certain industries. Pledges receivable are from donors who will pay according to agreed-upon payment schedules through 2029, and the Organization believes these amounts are fully collectible. The notes receivable are fully secured at June 30, 2022. The majority of the Organization's cash was held at one financial institution at June 30, 2022. The cash equivalents held with the Organization's brokerage firm are not insured. The checking and money market accounts held at the Organization's bank are completely insured up to a combined limit of $250,000 by an agency of the federal government.

For the year ended June 30, 2022, one donor accounted for 11% of the Organization's contributions and grants. For the year ended June 30, 2021, one donor accounted for 14% of the Organization's contributions and grants.

Note 17 - Benefit plans:

Peninsula Open Space Trust 401(k) Plan - The Organization has a 401k plan in which employees can make voluntary, tax-deferred contributions within specified limits. Employees may participate in the plan upon hire and become eligible for employer matching and contributions when they complete 12 months of employment and have reached 21 years of age. The Organization's contributions to the 401(k) plan were $466,922 and $340,425 for the years ended June 30, 2022 and 2021.

Peninsula Open Space Trust 457(b) Deferred Compensation Plan - The Organization has a 457(b) deferred compensation plan available to members of the executive staff. Contributions to the plan were $20,500 and $11,000 for the years ended June 30, 2022 and 2021, respectively.

Note 18 - Section 125 cafeteria plan:

The Organization has a cafeteria plan ("Cafeteria Plan") under Section 125. To the extent provided in the Cafeteria Plan, eligible employees can withhold pre-tax dollars in a spending account which the employee can use for reimbursements of certain medical, dependent care and adoption expenses.

Note 19 - Contingencies:

Contingency: offers to dedicate - The Organization periodically acquires properties subject to contingent restrictions on the title known as offers to dedicate. Offers to dedicate are sometimes required by grantors as a means to ensure the Organization maintains the land in a manner consistent with the grantors' wishes. These provisions are consistent with the Organization's mission and generally include restrictions regarding the preservation of land for conservation purposes, that the land is not used to secure debt, and that the land may not be transferred without prior approval of the grantor. If the Organization were to violate these provisions or to cease business, the offers to dedicate would automatically transfer title to the grantors. There were no acquisitions subject to offer to dedicate provisions during the years ended June 30, 2022 and 2021.

Contingency: legal matters - Due to the nature of the Organization's operations, claims and litigation may periodically arise. As of June 30, 2022, management has evaluated the status of any potential legal matters and in its judgement believes there are no items which will have a material effect on the financial statements.