

SHENANDOAH NATIONAL PARK TRUST
CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019



SHENANDOAH NATIONAL PARK TRUST

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Shenandoah National Park Trust
Charlottesville, Virginia

We have audited the accompanying financial statements of SHENANDOAH NATIONAL PARK TRUST (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SHENANDOAH NATIONAL PARK TRUST as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Shenandoah National Park Trust

INDEPENDENT AUDITORS' REPORT

Report on Summarized Comparative Information

We have previously audited the SHENANDOAH NATIONAL PARK TRUST's September 30, 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hanlymon Wiebel LLP

Charlottesville, Virginia
February 24, 2020

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2019

(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 1,449,632	\$ 1,401,052
Accounts receivable (Note 4)	76,661	78,549
Prepaid expenses	7,168	11,512
Pledges receivable, net (Note 5)	179,000	243,000
Investments (Note 7)	2,329,548	2,294,863
Cash restricted for long-term purposes (Note 8)	363,466	388,017
Land	26,078	....
Property and equipment, net (Note 10)	15,202	20,729
Total assets	<u>\$ 4,446,755</u>	<u>\$ 4,437,722</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 13,212	\$ 11,704
Agency fund payable (Note 17)	22,522	42,589
Accrued salaries	3,808	3,026
Note payable (Note 13)	13,624	16,683
Total liabilities	<u>53,166</u>	<u>74,002</u>

NET ASSETS

Without donor restrictions (Note 11)	1,343,998	1,285,077
With donor restrictions (Note 12)	3,049,591	3,078,643
Total net assets	<u>4,393,589</u>	<u>4,363,720</u>
Total liabilities and net assets	<u>\$ 4,446,755</u>	<u>\$ 4,437,722</u>

(The accompanying notes are an integral part of these financial statements)

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2019 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTAL	2018 TOTAL
REVENUE AND SUPPORT				
Contributions	\$ 408,244	\$ 355,763	\$ 764,007	\$ 1,931,623
Special events revenue, net of expenses of 2019 - \$238,385 and 2018 - \$211,722	99,532	....	99,532	82,617
Interest and dividend income	22,947	59,163	82,110	57,099
Realized and unrealized gains .....	....	88,718	88,718	166,300
Department of Motor Vehicles:				
License plate revenue	195,525	....	195,525	175,980
Miscellaneous income	3,683	595	4,278	7,213
Assets released from restrictions	533,291	(533,291)	....	....
Total revenue and support	1,263,222	(29,052)	1,234,170	2,420,832
OPERATING EXPENSES				
Program services	1,048,536	....	1,048,536	903,826
General and administrative	90,348	....	90,348	89,450
Fund-raising	65,417	....	65,417	87,064
Total operating expenses	1,204,301	....	1,204,301	1,080,340
CAPITAL CONSTRUCTION PROJECT WRITE-OFF .....	....	....	....	( 281,074)
CHANGE IN NET ASSETS	58,921	(29,052)	29,869	1,059,418
NET ASSETS AT BEGINNING OF YEAR	1,285,077	3,078,643	4,363,720	3,304,302
NET ASSETS AT END OF YEAR	\$ 1,343,998	\$ 3,049,591	\$ 4,393,589	\$ 4,363,720

(The accompanying notes are an integral part of these financial statements)

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2019 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2018)

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUND- RAISING	2019 TOTAL	2018 TOTAL
Compensation	\$ 272,937	\$ 29,851	\$ 30,288	\$ 333,076	\$ 300,055
Employee benefits	28,912	3,477	3,537	35,926	38,754
Payroll taxes	20,466	2,019	2,058	24,543	22,705
Donated services and materials	42,093	....	....	42,093	23,485
Grants	564,175	....	....	564,175	517,943
Dues and fees	4,184	3,389	8,388	15,961	13,806
Insurance	860	3,470	44	4,374	4,605
Marketing	350	....	4,854	5,204	2,645
Meetings and events	17,337	2,752	156	20,245	43,418
Occupancy and utilities	37,839	4,530	4,619	46,988	19,670
Office supplies and expenses	13,913	1,384	1,353	16,650	14,513
Postage and printing	16,369	158	4,835	21,362	15,006
Professional services	9,357	39,242	888	49,487	44,183
Travel	19,408	76	4,366	23,850	17,455
Website	336	....	31	367	2,097
	<u>\$ 1,048,536</u>	<u>\$ 90,348</u>	<u>\$ 65,417</u>	<u>\$ 1,204,301</u>	<u>\$ 1,080,340</u>

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,869	\$ 1,059,418
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gains	(88,718)	(166,300)
Write-off of development costs .....	....	281,074
Depreciation	5,528	5,528
(Increase) decrease in operating assets:		
Accounts receivable	1,888	6,165
Pledges receivable, net	64,000	(235,000)
Prepaid expenses	4,344	(4,393)
Increase (decrease) in operating liabilities:		
Accounts payable	1,508	4,951
Agency funds payable	(20,067)	(26,906)
Accrued salaries	782	(1,699)
Net cash provided by (used in) operating activities	<u>(866)</u>	<u>922,838</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	104,548	104,564
Purchases of investments	(50,516)	(48,017)
Purchases of land	(26,078)	....
(Increase) decrease in cash restricted for long-term purposes	<u>24,551</u>	<u>(299)</u>
Net cash provided by investing activities	<u>52,505</u>	<u>56,248</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loans	<u>(3,059)</u>	<u>(2,957)</u>
Net cash (used in) financing activities	<u>(3,059)</u>	<u>(2,957)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,580	976,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,401,052</u>	<u>424,923</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,449,632</u>	<u>\$ 1,401,052</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 518</u>	<u>\$ 297</u>

(The accompanying notes are an integral part of these financial statements)

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

The Shenandoah National Park Trust (the Trust) is a non-stock corporation formed under the laws of Virginia. The Trust fosters public awareness and appreciation for Shenandoah National Park (the Park) and receives contributions to support the restoration and preservation of the Park's outstanding natural and historic resources for the use and enjoyment of current and future generations.

The Trust was incorporated in March 2007 and did not enter into any transactions prior to July 1, 2007.

NOTE 2 - COMPARATIVE PRIOR-YEAR FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trusts' financial statements for the year ended September 30, 2018, from which the summarized information was derived.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting. Contributions and revenue are recorded when earned and expenses are recorded when incurred, rather than when funds are received or disbursed.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under this guidance, the Trust is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Trust, its accounts are maintained in accordance with donor restrictions placed on the donated assets. Separate accounts are maintained for both categories of net assets. The assets, liabilities, and net assets of the Trust are reported in the following self-balancing net asset groups:

Net assets without donor restrictions represent the portion of net assets that can be utilized to support current and future Trust operations.

Net assets with donor restrictions represent the Trust contributions expendable for purposes specified by the donor or that are required to be held in perpetuity, so that only the income can be used for current operating purposes.

The Trust reports gifts of cash and other assets as restricted support when they are received with donor stipulations limiting the use of the donated assets. When a stipulated purpose restriction is satisfied or a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as assets released from restrictions.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

The Trust reports gifts of land, buildings, and equipment as support without donor restrictions, unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Fair Values of Financial Instruments

The Financial Accounting Standards Board has established a framework for measuring fair value, which expands disclosures about fair value measurements under U. S. generally accepted accounting principles (GAAP). The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability.

The Trust’s pledges receivable are categorized as Level 3 assets, and investments are categorized as Level 1 assets.

The fair values of the Trust’s assets that are categorized in accordance with FASB Accounting Standards Codification (ASC) 820 at September 30, 2019 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pledges receivable	\$	\$	\$ 179,000	\$ 179,000
Investments - mutual funds	<u>2,329,548</u>	<u>.....</u>	<u>.....</u>	<u>2,329,548</u>
Total financial assets at fair value	<u>\$2,329,548</u>	<u>\$</u>	<u>\$ 179,000</u>	<u>\$2,508,548</u>

During the year ended September 30, 2019, there were no changes to the classification among categories.

GAAP permit entities to choose to measure many financial instruments and certain other items at fair value. The Trust has elected to report pledge receivables at fair value, as management feels this measure is more meaningful to the users of the financial statements.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the valuation of pledges receivable, the valuation of contributed services, and the allocation of functional expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Trust considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Trust maintains its cash accounts in commercial bank institutions. Cash balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits are subject to credit risk.

Included in cash and cash equivalents is \$22,522 in funds held for use by the Shenandoah National Park Law Enforcement Fund. See **AGENCY FUND** note for further details.

Accounts Receivable

The Trust recognizes receivables for certain programs and grant arrangements. Management evaluates annually the collectability of receivables based on specific account analysis, previous experience, and other relevant factors. Receivables deemed uncollectible are written off to bad debt expense in the year of management's determination. Management has deemed all amounts collectible as of September 30, 2019, and has not considered it necessary to create an allowance.

Pledges Receivable

Pledges receivable are unconditional promises to give. Collection will generally not be enforced by the Trust. Accordingly, these receivables are shown net of an allowance for uncollectible pledges, which has been estimated by management based on historic experience, the age of the pledge, and other relevant factors. At September 30, 2019, management considered all pledges to be collectible. Any changes in the provision for uncollectible pledges and pledge adjustments are reflected in contributions revenue.

The Trust reports unconditional pledges receivable as revenue when the pledge is made. Pledges receivable for future periods are recorded as net assets with donor restrictions and are discounted to net present values based on expected future cash flows. Upon expiration of the time restrictions, these net assets are reclassified as net assets without donor restrictions.

Conditional promises to give receivable are recognized as revenue when the conditions on which they depend are substantially met.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Investments

Investments are carried at market value as determined by quoted market prices. Investments received by gift are initially recorded at market value at date of receipt. Interest and dividend income is generally classified as net assets without donor restrictions, except where donor restrictions on earnings from contributions exist, when such investment income is credited to net assets with donor restrictions. Realized and unrealized gains or losses on the sale of securities are considered net assets without donor restrictions, unless specifically restricted by the donor. The value of investments is tied to the market and to market volatility.

Property and Equipment

Purchased property and equipment are recorded at cost. The Trust's policy is to capitalize purchases over \$2,000. Donated assets are capitalized at their fair market value (if objectively determinable) at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and amounted to \$5,528 for the year ended September 30, 2019.

Income Taxes

The Trust is an organization described in IRC §501(c)(3) and, accordingly, is exempt from federal and state income taxes under IRC §501(a). It has also been classified as an organization which is not a private foundation under IRC §509(a)(2). Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Accounting for Uncertain Tax Positions

The Trust has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Trust.

Non-Cash Contributions

Contributed goods are valued at their estimated fair value at the date of gift. Contributed services are recognized in the financial statements at their fair market value if the services require specialized skills, the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated. All of the contributed goods and services were directly related to program-related expenses.

Advertising Costs

Advertising costs include paid advertising and brochure costs.

The Trust expenses costs of advertising as incurred.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The statement aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors, and other users. Major components of this standard include changes to net asset classifications, disclosures regarding liquidity and availability of resources, and improved expense reporting. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted, and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements have been presented regarding liquidity and availability of resources for short-term use. Expenses have been reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard is effective for years beginning after December 15, 2017. There was no impact on total net assets as a result of the adoption of ASU 2016-14.

Subsequent Events

Management has evaluated events through February 24, 2020, which is the date the financial statements were available to be issued.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at September 30, 2019:

Virginia Department of Motor Vehicles license plate revenue	\$ 55,215
National Park Foundation lodging revenue	19,960
Other	<u>1,486</u>
	<u>\$ 76,661</u>

NOTE 5 - PLEDGES RECEIVABLE

The Trust has adopted U. S. GAAP to value its multi-year pledges receivable at fair value. Management believes that the use of fair value reduces the cost of measuring its multi-year pledges in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using present value techniques and historical discount rates. Management estimated the discount rate for the time value of money for the year ended September 30, 2019 to be 2.00%.

Unconditional pledges receivable at September 30, 2019 are as follows:

Contributions due in less than one year	\$ 82,000
Contributions due in one to five years	<u>102,000</u>
Total unconditional pledges receivable	184,000
Less: Discount on future pledges receivable	(<u>5,000</u>)
Net unconditional pledges receivable	<u>\$179,000</u>

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Changes in unconditional pledges receivable for the year ended September 30, 2019 are as follows:

Pledges receivable - beginning of year	\$ 243,000
Pledges received	70,000
Payments received	(<u>142,000</u>)
Total unconditional pledges receivable	171,000
Change in discount on future pledges	<u>8,000</u>
Pledges receivable - end of year	<u>\$ 179,000</u>

At September 30, 2019, 95% of pledges receivable originated from two donors.

NOTE 6 - CONDITIONAL PLEDGES

During the year ended September 30, 2018, the Trust received two conditional promises to give in the amounts of \$100,000 and \$2,482,000 for purposes of invasive species management and the purchase of land surrounding the Shenandoah National Park, respectively. As of September 30, 2019, the Trust has received \$50,000 of the \$100,000 conditional promise to give with the remainder to be received when the matching conditions are met. The \$2,482,000 conditional promise to give will be received once the Trust meets the land acquisition conditions.

NOTE 7 - INVESTMENTS

Investments are carried at fair market value and are subject to market risk.

The fair value of investments at September 30, 2019 were as follows:

	FAIR MARKET VALUE	COST
Vanguard Index Fund	<u>\$2,329,548</u>	<u>\$1,953,442</u>

NOTE 8 - CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes was \$363,466 as of September 30, 2019. These funds may be used for the purpose of promoting the establishment of conservation easements and similar land conservation practices on lands within, adjacent to, or contiguous to the authorized boundary of the Shenandoah National Park as established by act of Congress dated May 22, 1926. Contiguous land includes, without limitation, lands adjacent to other lands for which conservation easement or other similar land conservation practices provide an unbroken protected property chain back to the authorized boundary.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASES

In September 2015, the Trust entered into an operating lease for office space located in Charlottesville, Virginia. The lease commenced on September 1, 2015, for a term of 30 months followed by an optional month-to-month term. The Trust terminated this lease as of May 30, 2019. In June 2019, the Trust entered into an operating lease for office space at a different Charlottesville, Virginia location. The lease commenced on June 1, 2019, for a term of 60 months followed by optional annual renewals. Rent expense for the year ended September 30, 2019 was \$21,504.

The future minimum lease payments are as follows:

YEAR ENDING SEPTEMBER 30,	
2020	\$ 34,768
2021	35,762
2022	36,785
2023	37,840
2024	<u>25,704</u>
	<u>\$170,859</u>

NOTE 10 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2019:

Vehicle	\$ 27,639
Less: Accumulated depreciation	(<u>12,437</u>)
Net property and equipment	<u>\$ 15,202</u>

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Trust had the following net assets without donor restrictions at September 30, 2019:

Undesignated net assets	\$1,328,796
Investment in property and equipment, net	<u>15,202</u>
Total net assets without donor restrictions.....	<u>\$1,343,998</u>

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The Trust had the following restricted net assets at September 30, 2019:

Subject to appropriation and expenditure when a specified event occurs:

Land acquisition and conservation	\$ 389,545
Support activities of Shenandoah National Park	2,323,992
Blue Ridge PRISM	175,657
Advancing Youth Education	25,000
Protecting wildlife and wild lands	107,263
Preserving historical structures	19,481
Connecting people with the park	3,097
Other	<u>3,156</u>

Total subject to appropriation and expenditure .. 3,047,191

Held in perpetuity:

Doris C. Belak Endowment	<u>2,400</u>
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Total net assets with donor restrictions \$3,049,591

The endowment is held in a separate Vanguard fund and earnings are being accumulated.

NOTE 13 - NOTE PAYABLE

At September 30, 2019, the Trust had a note with a balance of \$13,624. The note was secured by a vehicle and payable to Towne Bank in monthly installments of \$298 (including interest) at an annual rate of 3.39%. The carrying value of the vehicle was \$15,202 at September 30, 2019.

The future scheduled maturities of long-term debt are as follows:

YEAR ENDING SEPTEMBER 30,

2020	\$ 3,164
2021	3,274
2022	3,386
2023	3,503
2024	<u>297</u>
	<u>\$ 13,624</u>

NOTE 14 - FUNCTIONAL ALLOCATION OF EXPENSE

Expenses are classified according to the functional purpose for which the costs are incurred. Compensation of employees who perform duties relating to more than one function are allocated to the separate functional categories based on estimated use of the available hours by each function. Other expenses related to more than one function have been allocated based on the compensation allocation and other methods based on management's judgment.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - AGREEMENT WITH THE NATIONAL PARK SERVICE

The Trust entered into an agreement with the National Park Service (NPS) on October 1, 2007. The mutual responsibility of the parties under this agreement is to work together in good faith for the benefit of the Park. Under this agreement, the Trust became the primary fund-raising organization for the Park.

The original term of this agreement was ten years with the opportunity to renew. A renewal was signed extending the agreement until October 23, 2022, with the option for a one-year extension. Upon termination or expiration of this agreement, any remaining assets of the Trust will be transferred to NPS or a mutually-agreed-upon third party to be used for purposes that are consistent with the terms of the agreement. The Trust also agreed to waive any right to an ownership or possessory interest in projects and programs in the Park that have been funded by contributions made by or through the Trust.

The third component represents \$22,522 in funds held for use by the Shenandoah National Park Law Enforcement Fund. See **AGENCY FUND** note for further details.

NOTE 16 - FISCAL SPONSORSHIP

Through a memorandum of understanding, signed August 1, 2016, between the Trust and the Blue Ridge PRISM (“the Project”), the Trust serves as the fiscal sponsor for the Project. The responsibility of the Trust under this agreement will be to receive tax-deductible charitable contributions on behalf of the Project, to be used for the Project, and to distribute those funds to the Project. All funds received for use by the Project are deposited and held in a Project-specific checking account. The Trust maintains book and financial records for the Project. In exchange for the costs of serving as fiscal sponsor for the Project, the Trust will retain 10% of each donation or grant raised by the Project.

At September 30, 2019, \$30,757 was in the Project’s bank account.

NOTE 17 - AGENCY FUND

The Shenandoah National Park Law Enforcement Fund (the Fund) contains monies that have been paid by individuals to Shenandoah National Park via citations and fines issued for Park regulation infractions. The fund was initially held by the National Park Foundation, but was transferred to the Trust in February 2016. The Trust charges no administrative fee to hold these funds. The Trust releases monies from the fund only at the request of the Park, for purposes dictated by the Park.

At September 30, 2019, \$22,522 was in the bank account restricted for use by the Fund and reported as a payable by the Trust.

NOTE 18 - CONCENTRATIONS

During the year ended September 30, 2019 there were no concentrated contributions.

NOTE 19 - RETIREMENT PLAN

The Trust sponsors a SIMPLE IRA plan available to all employees, who may participate on a voluntary basis. The Trust provides a matching contribution, which amounted to \$5,735 during the year ended September 30, 2019.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 20 - LIQUIDITY AND AVAILABILITY

The Trust regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Trust considers investment income without donor restrictions, contribution revenue without donor restrictions, and contribution revenue with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program services, management and general expenses, and fund-raising expenses expected to be paid in the subsequent year.

The Trust manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

The following financial assets are available for general expenditure within one year of September 30, 2019:

Cash and cash equivalents, net of cash restricted for long-term or specified purposes	\$1,396,353
Accounts receivable	76,661
Estimated distribution from investments	<u>223,000</u>
Total available for general expenditure	<u>\$1,696,014</u>

NOTE 21 - RECLASSIFICATIONS

Certain prior-year amounts have been reclassified for comparability purposes.