

**SHENANDOAH NATIONAL PARK TRUST**  
**CHARLOTTESVILLE, VIRGINIA**

**FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2021**



**HANTZMON**  
**WIEBEL** LLP  
CPA and Advisory Services

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, 2021, 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.

To the Board of Trustees  
Shenandoah National Park Trust

## **INDEPENDENT AUDITORS' REPORT**

### **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, 2021, 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.

*Hantymon Wiebel LLP*

Charlottesville, Virginia  
February 16, 2022

# SHENANDOAH NATIONAL PARK TRUST

## STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2021

### ASSETS

Cash and cash equivalents .....	\$ 1,740,981
Other contributions receivable (Note 3) .....	124,394
Prepaid expenses .....	6,649
Pledges receivable, net (Note 4) .....	17,500
Investments (Note 6) .....	2,645,801
Cash restricted for long-term purposes (Note 8) .....	279,465
Land (Note 9) .....	<u>3,557,663</u>
Total assets .....	<u>\$ 8,372,453</u>

### LIABILITIES AND NET ASSETS

#### LIABILITIES

Accounts payable .....	\$ 42,881
Agency fund payable (Note 17) .....	14,934
Accrued salaries and benefits .....	<u>7,841</u>
Total liabilities .....	<u>65,656</u>

#### NET ASSETS

Without donor restrictions (Note 11) .....	4,287,840
With donor restrictions (Note 12) .....	<u>4,018,957</u>
Total net assets .....	<u>8,306,797</u>
Total liabilities and net assets .....	<u>\$ 8,372,453</u>

(The accompanying notes are an integral part of this financial statement)

# SHENANDOAH NATIONAL PARK TRUST

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE AND SUPPORT</b>			
Contributions .....	\$ 589,834	\$ 255,513	\$ 845,347
DuPont settlement income .....	....	3,565,838	3,565,838
Special events revenue, net of expenses of \$9,544 .....	7,662	....	7,662
Interest and dividend income .....	38,662	685	39,347
Realized and unrealized gains .....	379,262	260	379,522
Department of Motor Vehicles:			
License plate revenue .....	251,079	....	251,079
Miscellaneous income .....	1,748	2,954	4,702
Assets released from restrictions .....	2,742,194	( 2,742,194)	....
	4,010,441	1,083,056	5,093,497
<b>OPERATING EXPENSES</b>			
Program services .....	1,067,392	....	1,067,392
General and administrative .....	99,142	....	99,142
Fund-raising .....	130,916	....	130,916
	1,297,450	....	1,297,450
<b>CHANGE IN NET ASSETS</b> .....	2,712,991	1,083,056	3,796,047
<b>NET ASSETS AT BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b> .....	1,574,849	3,100,593	4,675,442
<b>PRIOR-PERIOD ADJUSTMENT</b> .....	....	( 164,692)	( 164,692)
<b>NET ASSETS AT BEGINNING OF YEAR AS RESTATED</b> .....	\$ 1,574,849	\$ 2,935,901	\$ 4,510,750
<b>NET ASSETS AT END OF YEAR</b> .....	\$ 4,287,840	\$ 4,018,957	\$ 8,306,797

(The accompanying notes are an integral part of this financial statement)

# SHENANDOAH NATIONAL PARK TRUST

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUND- RAISING	TOTAL
Compensation .....	\$ 252,561	\$ 30,796	\$ 57,721	\$ 341,078
Employee benefits .....	16,018	1,441	3,807	21,266
Payroll taxes .....	19,228	1,729	4,569	25,526
Donated services and materials .....	34,497	....	....	34,497
Grants .....	646,774	....	....	646,774
Dues and fees .....	1,702	2,975	3,896	8,573
Insurance .....	921	2,913	100	3,934
Meetings and events .....	5,702	2,777	....	8,479
Occupancy and utilities .....	34,168	3,073	8,120	45,361
Office supplies and expenses .....	20,694	715	8,490	29,899
Postage and printing .....	17,895	89	15,913	33,897
Professional services .....	13,886	52,634	27,463	93,983
Travel .....	2,609	....	653	3,262
Depreciation .....	737	....	184	921
	<u>\$ 1,067,392</u>	<u>\$ 99,142</u>	<u>\$ 130,916</u>	<u>\$ 1,297,450</u>

(The accompanying notes are an integral part of this financial statement)

# SHENANDOAH NATIONAL PARK TRUST

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets .....	\$ 3,796,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains .....	( 379,522)
Transfer of land .....	74,255
Depreciation .....	921
Gain on sale of property and equipment .....	( 1,747)
(Increase) decrease in operating assets:	
Other contributions receivable .....	( 47,888)
Pledges receivable, net .....	27,500
Prepaid expenses .....	2,223
Increase (decrease) in operating liabilities:	
Accounts payable .....	38,040
Agency funds payable .....	( 7,600)
Accrued salaries .....	2,969
Net cash provided by operating activities .....	<u>3,505,198</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments .....	176,119
Purchases of investments .....	( 63,907)
Proceeds from disposition of property and equipment .....	10,500
Purchases of land .....	<u>( 3,631,918)</u>
Net cash used in investing activities .....	<u>( 3,509,206)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on loans .....	<u>( 10,460)</u>
Net cash used in financing activities .....	<u>( 10,460)</u>
<b>NET Change IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b> .....	( 14,468)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b> .....	<u>2,034,914</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b> .....	<u><u>\$ 2,020,446</u></u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	
Amounts reported within the statement of financial position that sum to the total above:	
Cash and cash equivalents .....	\$ 1,740,981
Cash restricted for long-term purposes .....	<u>279,465</u>
Total cash, cash equivalents, and restricted cash .....	<u><u>\$ 2,020,446</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>	
Transfer of land .....	<u>\$ 74,255</u>

(The accompanying notes are an integral part of this financial statement)



# 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 in 2007 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.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Recent Accounting Pronouncements Adopted***

The Trust adopted the following Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASUs) for the fiscal year ended September 30, 2021:

ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. Adoption of this pronouncement had no effect on the Trust's current or previously-issued financial statements.

Effective October 1, 2020, the Trust adopted, using the full-retrospective method, FASB ASU 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606), which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. A significant portion of the Trust's revenue comes from contributions received from donors, and other sources such as investment income, that are outside the scope of ASC 606. The Trust's income that falls within the scope of ASC 606 includes the special events revenue. The income from these events is recognized at the point in time the Trust satisfies its performance obligations to the attendees, specifically, when the events occur. The impact of adoption was not material to these financial statements.

#### ***Basis of Accounting***

The financial statements of the Trust have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). 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.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

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.

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.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

The fair values of the Trust’s assets that are categorized in accordance with FASB Accounting Standards Codification (ASC) 820 at September 30, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pledges receivable .....	\$ ....	\$ ....	\$ 17,500	\$ 17,500
Investments - mutual funds .....	<u>2,645,801</u>	<u>.....</u>	<u>.....</u>	<u>2,645,801</u>
Total financial assets at fair value .....	<u>\$2,645,801</u>	<u>\$.....</u>	<u>\$ 17,500</u>	<u>\$2,663,301</u>

During the year ended September 30, 2021, 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.

### ***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 \$14,934 in funds held for use by the Shenandoah National Park Law Enforcement Fund. See **AGENCY FUND** note for further details.

### ***Other Contributions 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, 2021, and has not considered it necessary to create an allowance.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

### *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, 2021, 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.

### *Investments*

The Trust records investment purchases at cost, or if donated, at fair value on the date of donation. Investments are carried at market value as determined by quoted market prices. 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.

### *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 that 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.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO 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. A total of \$28,000 of contributed legal services were received by the Trust to assist in the purchase of the various land acquisitions.

### *Advertising Costs*

Advertising costs include paid advertising and brochure costs.

The Trust expenses costs of advertising as incurred.

### *Subsequent Events*

Management has evaluated events through February 16, 2022, which is the date the financial statements were available to be issued.

## **NOTE 3 - OTHER CONTRIBUTIONS RECEIVABLE**

Other contributions receivable is made of two different sources. One source is the license plate revenue receivable from the Virginia Department of Motor Vehicles (DMV). Individuals who purchase the Trust license plates from the DMV pay an annual fee of \$25 of which \$15 is considered a charitable contribution and given to the Trust through the DMV. The second source of receivables is from the National Park Foundation for lodge contributions. Individuals who stay at the lodges have an opportunity to donate funds to the Trust while paying for their rental of the lodge. These donations, less an administrative fee, are distributed to the Trust.

Other contributions receivable consisted of the following at September 30, 2021:

Virginia Department of Motor Vehicles license plate revenue .....	\$ 71,940
National Park Foundation lodging revenue .....	<u>52,454</u>
	<u>\$124,394</u>

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - 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. There were no pledges receivable due beyond one year; therefore no discount was deemed necessary at September 30, 2021.

Unconditional pledges receivable at September 30, 2021 are as follows:

Contributions due in less than one year .....	\$ 17,500
Contributions due in one to five years .....	<u>.....</u>
Total unconditional pledges receivable .....	<u>\$ 17,500</u>

Changes in unconditional pledges receivable for the year ended September 30, 2021 are as follows:

Pledges receivable - beginning of year .....	\$ 45,000
Pledges received .....	....
Payments received .....	<u>(27,500)</u>
Total unconditional pledges receivable .....	17,500
Change in discount on future pledges .....	<u>.....</u>
Pledges receivable - end of year .....	<u>\$ 17,500</u>

At September 30, 2021, 100% of pledges receivable originated from one donor.

### NOTE 5 - 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. During the year ended September 30, 2020, the Trust's conditional promise to give of \$2,482,000 was increased to \$2,986,250. As of September 30, 2021, the Trust has received both conditional promises to give in full.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - INVESTMENTS

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

The fair value of investments at September 30, 2021 were as follows:

	FAIR MARKET VALUE	COST
Vanguard Index Fund .....	<u>\$2,645,801</u>	<u>\$2,105,919</u>

### NOTE 7 - ENDOWED FUNDS

The Trust’s endowed funds include the Board-designated endowment and other endowed restricted funds.

The Trust has interpreted the Uniform Prudent Management of Institutional Funds Act (Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed funds, absent explicit donor stipulations to the contrary. As a result, the Trust classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowed funds, (b) the original value of subsequent gifts to the endowed funds, and (c) accumulations to the endowed funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowed funds that is required to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Trust consider the following factors in making a determination to appropriate or accumulate donor-restricted endowed funds:

- The duration and preservation of the fund
- The purpose of the Trust and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation or depreciation of investments
- Other resources of the Trust
- The investment policies of the Trust

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

The endowed funds' net asset classification by type of fund as of September 30, 2021 is as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Board-designated endowment fund .....	\$2,613,623	\$ ....	\$2,613,623
Donor-restricted endowment fund .....	.....	32,178	32,178
	<u>\$2,613,623</u>	<u>\$ 32,178</u>	<u>\$2,645,801</u>

Changes in the endowed funds' net assets for the year ended September 30, 2021 are as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowed net assets, beginning of year .....	\$2,372,238	\$ 6,253	\$2,378,491
Net appreciation .....	379,434	88	379,522
Additions .....	38,070	25,837	63,907
Withdrawals .....	<u>(176,119)</u>	<u>....</u>	<u>(176,119)</u>
Endowed net assets, end of year .....	<u>\$2,613,623</u>	<u>\$ 32,178</u>	<u>\$2,645,801</u>

The endowed funds are invested and administered in accordance with policies recommended by the Finance Committee and approved by the Trust's Board members. While maintaining a long-term perspective, investments and spending policies are determined to balance equally important objectives: preserve principal, maximize investment return, and provide sufficient distributions to fund operational needs of the Trust and other fund beneficiaries. While preservation of principal is a key objective of the endowed funds, investments are made to maximize long-term total returns consistent with prudent levels of risk. The investment policy objective is real annual total return (net of all fees) at a rate of 2% above the rate of inflation. A spending (distribution) rate of 5% has been set for the Board-designated endowment fund to partially fund the operational needs of the Trust. It is the Trust's intention to continually grow these endowment funds and, therefore, distributions from these endowment funds are limited to accumulated earnings.



# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8 - CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes was \$279,465 as of September 30, 2021. 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.

### NOTE 9 - LAND

During the year ended September 30, 2021, the Trust received the land acquisition conditional pledge noted in the **CONDITIONAL PLEDGES** note along with additional funds requested during the year from these settlement funds. There were four properties purchased during the year with these funds plus additional funds contributed by the Trust. The funds used to purchase the land are included on the statement of activities in the DuPont settlement income line item. One of these properties was donated to the Shenandoah National Park during the year ended September 30, 2021. This donation is included in the Grants line item on the statement of functional expenses. One property was transferred to the Shenandoah National Park subsequent to year end in October 2021. All remaining properties are expected to be donated to the Shenandoah National Park during fiscal year 2022.

### NOTE 10 - LEASES

In June 2019, the Trust entered into an operating lease for office space located in Charlottesville, Virginia. 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, 2021 was \$35,762.

The future minimum lease payments are as follows:

YEAR ENDING SEPTEMBER 30,	
2022.....	\$ 36,785
2023.....	37,840
2024.....	<u>25,704</u>
	<u>\$100,329</u>

### NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Trust had the following net assets without donor restrictions at September 30, 2021:

Undesignated net assets .....	\$1,674,217
Board designated endowment .....	<u>2,613,623</u>
Total net assets without donor restrictions .....	<u>\$4,287,840</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, 2021:

Subject to appropriation and expenditure when a specified event occurs:	
Land acquisition and conservation .....	\$3,837,128
Community capacity building .....	13,350
Advancement of youth education .....	17,500
Protection of wildlife and wild lands .....	108,077
Preservation of historical structures .....	7,626
Connection of people with the Park .....	3,097
Other .....	<u>4,779</u>
Total subject to appropriation and expenditure .....	3,991,557
Held in perpetuity:	
Peterson Endowment .....	25,000
Doris C. Belak Endowment .....	<u>2,400</u>
Total net assets with donor restrictions .....	<u>\$4,018,957</u>

The Doris C. Belak and Peterson endowments are held in separate Vanguard funds and earnings are being accumulated.

### NOTE 13 - NOTE PAYABLE

Prior to September 30, 2021, the Trust had a note that was secured by a vehicle and was payable to Towne Bank in monthly installments of \$298 (including interest) at an annual rate of 3.39%. The vehicle was sold during the year ended September 30, 2021 and the loan was paid off.

### NOTE 14 - FUNCTIONAL ALLOCATION OF EXPENSES

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.

### 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.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

The third component represents \$14,934 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 Blue Ridge PRISM (the Organization), the Trust served as the fiscal sponsor for the Organization. The responsibility of the Trust under this agreement was to receive tax-deductible charitable contributions on behalf of the Organization, to be used for the Organization, and to distribute those funds to the Organization. All funds received for use by the Organization were deposited and held in an Organization-specific checking account. Beginning on October 1, 2020, Blue Ridge PRISM began independent operations. However, the Trust continued to receive contributions on behalf of this Organization through the time that it obtained its 501(c)(3) status in January 2021.

All assets and liabilities owned by the Organization were transferred on October 1, 2020. See **PRIOR PERIOD ADJUSTMENT** note for further details.

### 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, 2021, \$14,934 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, 2021, 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 \$4,244 during the year ended September 30, 2021.

### 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, general and administrative expenses, and fund-raising expenses expected to be paid in the subsequent year.

# SHENANDOAH NATIONAL PARK TRUST

## NOTES TO FINANCIAL STATEMENTS

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, 2021:

Cash and cash equivalents, net of cash restricted for long-term or specified purposes .....	\$1,726,047
Other contributions receivable .....	124,394
Pledges receivable, net .....	17,500
Estimated distribution from investments .....	<u>153,966</u>
Total available for general expenditure .....	<u>\$2,021,907</u>

The Trust's endowment funds consist of donor-restricted and Board-designated endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowments are not available for general expenditure.

Although the Trust does not intend to spend from the Board-designated endowments (other than amounts appropriated for general expenditure as part of the Boards' annual budget approval), the funds could be made available if necessary.

### NOTE 21 - PRIOR PERIOD ADJUSTMENT

Effective October 1, 2020, the Organization previously combined with the Trust became its own entity and at that point, the Trust transferred all net assets to that Organization totaling \$164,692. The following statement of financial position amounts were stated in the prior period and transferred to the Organization.

Cash .....	\$ 55,713
Pledges receivable, net .....	111,000
Accrued salaries and benefits .....	<u>(2,021)</u>
Total net assets transferred .....	<u>\$164,692</u>