National Park Foundation

Financial Statements
For the Years Ended September 30, 2019 and 2018

National Park Foundation

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National Park Foundation

Contents

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Independent Auditor's Report

To the Board of Directors
National Park Foundation
Washington, D.C.

We have audited the accompanying financial statements of **National Park Foundation** (the Foundation), 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **National Park Foundation** 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.

Other Matters

2018 Financial Statements

The 2018 financial statements of the Foundation were audited by other auditors, whose report dated February 9, 2019, expressed an unmodified opinion on those financial statements.

BDO USA, LLP

May 11, 2020

Financial Statements

National Park Foundation

Statements of Financial Position

September 30,	2019	2018
Assets		
Cash and cash equivalents	**$ 12,103,773**	$ 11,447,828
Pledges receivable, net	**53,941,456**	57,203,108
Investments	**184,986,561**	167,884,438
Prepaid and other assets	**1,499,089**	8,952,442
Furniture and equipment, net	**501,637**	571,966
Conservation property	**442,775**	702,775
Total assets	**$ 253,475,291**	$ 246,762,557
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 4,534,034**	$ 4,777,906
Deferred revenue	**-**	1,089,156
Grants payable, net	**1,746,922**	1,442,907
Note payable, net	**182,444**	1,142,023
Funds managed as agent for other entities	**40,729,213**	40,625,012
Total liabilities	**47,192,613**	49,077,004
Commitments and contingencies		
Net assets		
Without donor restrictions		
Undesignated	**24,797,312**	19,614,791
Designated	**24,694,084**	24,463,790
Total without donor restrictions	**49,491,396**	44,078,581
With donor restrictions	**156,791,282**	153,606,972
Total net assets	**206,282,678**	197,685,553
Total liabilities and net assets	**$ 253,475,291**	$ 246,762,557

See accompanying notes to financial statements.

National Park Foundation

Statement of Activities

Year ended September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and endowment gifts	$ 29,011,120	$ 25,437,207	$ 54,448,327
Contributed property, goods and services	8,079,120	4,539,867	12,618,987
Government grants and support	-	10,064,169	10,064,169
Management and other income	492,562	507,382	999,944
Net assets released from restrictions - satisfaction of program and time restrictions	40,585,276	(40,585,276)	-
Total revenue and support	78,168,078	(36,651)	78,131,427
Expenses			
Program services:			
Program grants	25,619,370	-	25,619,370
Program grants (land)	537,000	-	537,000
Program support	15,900,024	-	15,900,024
Total program services	42,056,394	-	42,056,394
Supporting services:			
General and administrative	16,613,835	-	16,613,835
Fundraising	15,687,309	-	15,687,309
Total supporting services	32,301,144	-	32,301,144
Total expenses	74,357,538	-	74,357,538
Change in net assets from operations	3,810,540	(36,651)	3,773,889
Non-operating activity			
Investment return, net	1,602,275	3,220,961	4,823,236
Change in net assets	5,412,815	3,184,310	8,597,125
Net assets, beginning of year	44,078,581	153,606,972	197,685,553
Net assets, end of year	$ 49,491,396	$ 156,791,282	$ 206,282,678

See accompanying notes to financial statements.

National Park Foundation

Statement of Activities

Year ended September 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and endowment gifts	$ 26,564,112	$ 37,495,942	$ 64,060,054
Contributed property, goods and services	9,738,527	667,365	10,405,892
Government grants and support	-	10,280,068	10,280,068
Management and other income	427,046	1,901,119	2,328,165
Net assets released from restrictions - satisfaction of program and time restrictions	32,751,268	(32,751,268)	-
Total revenue and support	69,480,953	17,593,226	87,074,179
Expenses			
Program services:			
Program grants	23,048,600	-	23,048,600
Program grants (land)	27,500	-	27,500
Program support	12,386,670	-	12,386,670
Total program services	35,462,770	-	35,462,770
Supporting services:			
General and administrative	17,603,600	-	17,603,600
Fundraising	15,131,880	-	15,131,880
Total supporting services	32,735,480	-	32,735,480
Total expenses	68,198,250	-	68,198,250
Change in net assets from operations	1,282,703	17,593,226	18,875,929
Non-operating activity			
Investment return, net	2,120,004	4,435,370	6,555,374
Change in net assets	3,402,707	22,028,596	25,431,303
Net assets, beginning of year	40,675,874	131,578,376	172,254,250
Net assets, end of year	$ 44,078,581	$ 153,606,972	$ 197,685,553

See accompanying notes to financial statements.

National Park Foundation

Statement of Functional Expenses

Year ended September 30, 2019	Program Services				Supporting Services			
	Program Grants	Program Grants (Land)	Program Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries and related benefits	**$ -**	**$ -**	**$ 2,733,351**	**$ 2,733,351**	**$ 4,459,438**	**$ 4,234,682**	**$ 8,694,120**	**$ 11,427,471**
Program grants	**25,619,370**	**260,000**	**-**	**25,879,370**	**-**	**-**	**-**	**25,879,370**
In-kind	**-**	**277,000**	**4,262,867**	**4,539,867**	**8,079,120**	**-**	**8,079,120**	**12,618,987**
Direct response	**-**	**-**	**-**	**-**	**-**	**8,398,008**	**8,398,008**	**8,398,008**
Professional services	**-**	**-**	**6,406,168**	**6,406,168**	**1,735,554**	**2,105,686**	**3,841,240**	**10,247,408**
Staff development and subscription	**-**	**-**	**31,877**	**31,877**	**133,622**	**57,583**	**191,205**	**223,082**
Supplies, phone and postage	**-**	**-**	**33,931**	**33,931**	**72,637**	**307,653**	**380,290**	**414,221**
Communications	**-**	**-**	**339,538**	**339,538**	**339,144**	**37,192**	**376,336**	**715,874**
Staff travel	**-**	**-**	**193,866**	**193,866**	**158,183**	**211,261**	**369,444**	**563,310**
Meetings and events	**-**	**-**	**1,592,181**	**1,592,181**	**329,223**	**90,578**	**419,801**	**2,011,982**
Facilities, net, and insurance	**-**	**-**	**52,883**	**52,883**	**1,088,141**	**-**	**1,088,141**	**1,141,024**
Depreciation and amortization	**-**	**-**	**229,148**	**229,148**	**134,794**	**-**	**134,794**	**363,942**
Bank charges and other	**-**	**-**	**24,214**	**24,214**	**83,979**	**244,666**	**328,645**	**352,859**
	$ 25,619,370	**$ 537,000**	**$ 15,900,024**	**$ 42,056,394**	**$ 16,613,835**	**$ 15,687,309**	**$ 32,301,144**	**$ 74,357,538**

See accompanying notes to financial statements.

National Park Foundation

Statement of Functional Expenses

Year ended September 30, 2018	Program Services				Supporting Services			
	Program Grants	Program Grants (Land)	Program Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries and related benefits	$ -	$ -	$ 2,392,822	$ 2,392,822	$ 3,570,779	$ 3,881,488	$ 7,452,267	$ 9,845,089
Program grants	23,048,600	27,500	-	23,076,100	-	-	-	23,076,100
In-kind	-	-	667,365	667,365	9,738,527	-	9,738,527	10,405,892
Direct response	-	-	-	-	-	8,449,959	8,449,959	8,449,959
Professional services	-	-	6,264,052	6,264,052	1,866,131	1,736,511	3,602,642	9,866,694
Staff development and subscription	-	-	49,242	49,242	124,810	82,330	207,140	256,382
Supplies, phone and postage	-	-	39,694	39,694	64,942	180,944	245,886	285,580
Communications	-	-	320,710	320,710	395,133	62,895	458,028	778,738
Staff travel	-	-	162,320	162,320	213,439	190,202	403,641	565,961
Meetings and events	-	-	2,141,018	2,141,018	208,155	347,684	555,839	2,696,857
Facilities, net, and insurance	-	-	32,272	32,272	1,153,726	-	1,153,726	1,185,998
Depreciation and amortization	-	-	300,011	300,011	170,229	-	170,229	470,240
Bank charges and other	-	-	17,164	17,164	97,729	199,867	297,596	314,760
	$ 23,048,600	$ 27,500	$ 12,386,670	$ 35,462,770	$ 17,603,600	$ 15,131,880	$ 32,735,480	$ 68,198,250

See accompanying notes to financial statements.

National Park Foundation

Statements of Cash Flows

Years ended September 30,	**2019**	2018
Cash flows from operating activities:		
Change in net assets	**$ 8,597,125**	$ 25,431,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Endowment contributions	**(10,000,000)**	(10,994,256)
Net realized and unrealized losses (gains) on investments	**81,004**	(3,308,013)
Depreciation and amortization	**363,942**	470,240
Distribution of conservation property	**260,000**	27,500
Present value change of pledges receivable	**(132,786)**	(31,869)
Bad debt recovery	**(37,018)**	(7,500)
Amortization of note payable discount	**36,099**	154,023
(Increase) decrease in assets		
Pledges receivable, net	**3,431,456**	619,276
Prepaid and other assets	**7,453,353**	(7,458,436)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**(243,872)**	1,409,842
Deferred revenue	**(1,089,156)**	(1,161,790)
Grants payable, net	**304,015**	1,442,907
Funds managed as agent for other entities	**104,201**	3,373,942
Net cash provided by operating activities	**9,128,363**	9,967,169
Cash flows from investing activities:		
Purchases of furniture and equipment	**(293,613)**	(181,030)
Purchases of investments	**(63,306,893)**	(75,154,151)
Proceeds from sale of investments	**46,123,766**	32,363,655
Net cash used in investing activities	**(17,476,740)**	(42,971,526)
Cash flows from financing activities:		
Endowment contributions	**10,000,000**	10,994,256
Principal payments on note payable	**(995,678)**	(3,932,642)
Net cash provided by financing activities	**9,004,322**	7,061,614
Net increase (decrease) in cash and cash equivalents	**655,945**	(25,942,743)
Cash and cash equivalents, beginning of the year	**11,447,828**	37,390,571
Cash and cash equivalents, end of the year	**$ 12,103,773**	$ 11,447,828
Supplemental disclosures of cash flow information:		
Interest paid	**$ 3,662**	$ 74,365

See accompanying notes to financial statements.

1. Purpose and Organization

Purpose - As the official national nonprofit partner of the National Park Service (NPS), the National Park Foundation (NPF or the Foundation) seeks to generate private support and build strategic partnerships to protect and enhance America's national parks for present and future generations. NPF strives to ensure that America's national parks reach their fullest potential and touch as many lives as possible. This translates into protecting natural landscapes, wilderness, historical sites and places of cultural significance, connecting people to the national parks and connecting partners to the national parks. NPF does this in full partnership with NPS.

The guiding principles of the Foundation are:

- **Stewardship:** The Foundation fosters a culture of community and stewardship over the national parks.
- **Strategic Partnership with NPS:** The Foundation works closely with NPS to identify, fund, and advance priority initiatives.
- **Impact:** The Foundation invests in critical projects that provide long-lasting, measurable benefits to national parks.
- **Philanthropy:** The Foundation excites philanthropic support and stewards that support to have a direct and meaningful impact on national parks.
- **Common Ground:** The Foundation provides common ground where all who love the national parks can contribute to a shared vision in support of them.
- **Partnership:** The Foundation convenes and enhances strategic partnerships to achieve broader impacts within the national parks.
- **Innovation:** The Foundation employs an entrepreneurial approach to address the complex challenges facing the national parks.
- **Education:** The Foundation helps to educate the public on the value of national parks and why they must be protected and preserved for current and future generations.
- **Diversity:** NPF is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion among the staff, Board of Directors and partners.
- **Future Orientation:** The Foundation provides thought leadership, helps NPS to anticipate future challenges and creates long-term solutions.

Organization - The Foundation, a not-for-profit, charitable corporation located in Washington, D.C., was established in 1967 by an Act of the U.S. Congress (Public Law 90-209) to help support NPS. Effective December 16, 2016, Public Law 90-209 was amended by enactment of Public Law 114-289. Public Law I 14-289 provides that the Foundation shall consist of a Board of Directors having as members no fewer than six private citizens of the United States appointed by the Secretary of the Interior. The Secretary and the Director of NPS shall be non-voting, ex officio members of the Board. The Chairman of the Board of Directors shall be elected by the Board of Directors from its members for a 2-year term. Activities of the Foundation to solicit, accept, administer, and use any gifts, devises, or bequests for the benefit of, or in connection with NPS shall be undertaken after consultation with the Director of NPS to ensure that these activities are consistent with NPS programs and policies.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented in accordance with the accrual basis of accounting, whereby, support and revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements of Not-for-Profit Entities*, whereby the Foundation 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. As of September 30, 2019 and 2018, and for the years then ended, the Foundation has recorded activities in the following net asset classes:

> *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. Net assets without donor restrictions are composed of the following:
>
> > *Undesignated*: Represents resources available to support operations.
> >
> > *Board designated*: The Board of Directors designated certain net assets without donor restrictions to support programmatic or other strategic needs of the Foundation in the future.
> >
> > *NPF designated*: The category is composed of net assets without donor restrictions the Foundation has designated to be used toward signature projects consistent with its strategic mission.
>
> *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Foundation evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates under different future conditions.

Cash and Cash Equivalents

Cash includes interest and non-interest-bearing operating accounts with insured financial institutions. Deposits often exceed federally insured limits. Management, however, does not consider this a significant concentration of credit risk. Cash equivalents include money market accounts. Cash and cash equivalents exclude such amounts included within investments as those funds are part of the investment strategy and portfolio.

Pledges Receivable

Pledges are recognized as support in the period acknowledged by the donor. Pledges are initially recorded at fair value less an estimate made for doubtful pledges based on a review of all outstanding pledges on a quarterly basis. Pledges to be received after one year are discounted to present value at a discount rate commensurate with the risks involved. The Foundation uses discount rates that approximate U.S. Treasury borrowing rates at the end of the fiscal year in which the promise to give was received based on the respective duration of the donor’s payment plan. Amortization of the discount is recorded as contribution revenue.

The Foundation records an allowance for uncollectible pledges receivable based on a determination of the likelihood of collection for each pledge receivable balance considering the age of the receivable and other factors that would impact collection. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted.

Investments

Investments are measured and reported at fair value in accordance with FASB ASC No. 820 *Fair Value Measurement* (ASC 820). Dividends and interest are reflected as income when earned.

Investments in money market funds, mutual funds, and exchange-traded funds are measured and reported at fair value based on quoted market prices provided by the investment managers, with related gains and losses included in the statements of activities.

Investments are exposed to risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the fair value of investments reported in the accompanying statements of financial position.

Furniture and Equipment

The Foundation capitalizes all property and equipment purchased with non-Federal funds with a cost of $5,000 or more. Furniture and equipment is recorded at cost and depreciated on the straight-line basis over estimated useful lives of 3 to 8 years.

Leasehold improvements are recorded at cost and are amortized over their estimated useful lives or terms of the lease, whichever is shorter.

Maintenance and repair costs are expensed as incurred. Replacements and betterments are capitalized. At the time properties are retired or otherwise disposed of, the property and related accumulated depreciation or amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to income.

Conservation Property

The Foundation acquires conservation property through donations or purchases for subsequent sale or donation to or for the benefit of NPS. Real property donated is valued at its estimated fair market value at the time of donation. The carrying value is reduced if the estimated market value decreases below the original recorded value.

Covenants on the properties restrict their future use to conservation activities.

Funds Managed as Agent for Other Entities

In accordance with ASC 958-605 *Non-Profit Entities – Revenue Recognition*, funds managed as agent for other entities are excluded from net assets. The Foundation acts as the custodial agent of these funds, so the related revenues and expenses are not recognized in the accompanying statements of activities.

Impairment of Long-Lived Assets

The Foundation reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statements of activities, to its current fair value.

Income Taxes

The Foundation is exempt from federal income taxes under Public Law 90-209, as described in Section 501(c)(1)(a)(i) of the Internal Revenue Code (IRC). In addition, in 1981, the Foundation received a determination that it is exempt from federal income taxes under Section 501(c)(3) of the IRC and it qualifies as a public charity under Section 509(a)(1) of the IRC. The Foundation received a determination letter in 2000 that specifically states it is exempt from filing the Return of Organizations Exempt from Income Tax, Form 990, unless the Foundation has unrelated business income. Effective fiscal year 2012, the Board of Directors elected to file Form 990 on an annual basis. Contributions are tax deductible to donors under section 170 of the Code.

Under FASB ASC No. 740-10, *Income Taxes*, the Foundation must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Foundation does not believe there are any material uncertain tax positions and; accordingly, will not recognize any liability for unrecognized tax benefits. The Foundation believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2017. For the years ended September 30, 2019 and 2018, respectively, there were no interest or penalties related to uncertain tax positions recorded or included in the accompanying statements of activities.

Grants Payable

The Foundation is both a recipient and provider of grants to further its mission. As a grantor, the Foundation recognizes program grants expense when the Board of Directors has awarded a grant and the grant becomes an enforceable liability (i.e., when substantially all conditions placed on the grantee are met). Grants payable represent grants awarded but not yet disbursed.

Fair Value of Financial Instruments

Fair value measurements reflected in the accompanying financial statements represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. U.S. GAAP provides a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect the Foundation's assumptions about how market participants would value an asset or liability based on the best information available. Financial instruments include cash and cash equivalents, pledges receivable, investments and accounts and grants payable. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are described briefly as follows:

- ***Level 1***—Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

- ***Level 2***—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, at the measurement date. Level 2 also includes investments redeemable on or near the measurement date.

- ***Level 3***—Unobservable inputs for the asset or liability, used in situations in which little or no market activity exists for the asset or liability at the measurement. Level 3 also includes alternative investments not redeemable near the measurement date.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer between fair value hierarchies, such transfers are recognized at the end of the reporting period.

Management estimates that the respective fair values of the financial instruments, other than investments, approximate their recorded values in the accompanying statements of financial position due to the relative short-term nature of those instruments. Investments are recorded at fair value in the accompanying statements of financial position as discussed in Notes 3 and 16.

Revenue Recognition

Contributions and Endowment Gifts

Contributions are recorded as support, at fair value, when received with or without donor restrictions, depending on the existence and/or nature of any donor restriction, including inherent time restrictions. Contributions that are restricted by the donor as to time or purpose are reported as an increase in net assets with donor restrictions. When a time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are reported at their net realizable value as pledges receivable in the accompanying statements of financial position. Unconditional promises to give that are expected to be collected in future years are discounted to present values using a risk-free rate of return, at the date the contribution is made. The collectability of the pledges receivable is evaluated by management periodically throughout the year, and an allowance for uncollectible amounts, is recorded in the period such a determination is made. Conditional promises to give are not recorded as pledges receivable until the conditions are satisfied. Contributions received by the Foundation consist of support provided primarily by individuals, corporations and foundations.

Endowment gifts are recognized as support when received. The principal amount of the gift is maintained intact. Investment income on endowment gifts is recognized as an increase in net assets without restriction, unless the income is explicitly restricted by donor or law and such restrictions have not been met. The Foundation follows the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (the UPMIFA). The required expanded disclosures are included in Note 8.

Contributed Property, Goods and Services

Contributed property is recorded at fair value at the date of donation. If donors stipulate how the property must be used, the contributed property is recorded as support with donor restrictions. In the absence of such stipulations, contributed property is recorded as support without donor restrictions.

From time to time, the Foundation receives contributed goods and services from third parties. While such contributed goods and services primarily support programmatic activities, some contributed goods and services also support general and administrative and fundraising activities. Contributed goods and services received are measured at their estimated fair value based on a similar value of like goods and services and are included as revenue and expense in the accompanying statements of activities.

The Foundation receives non-professional contributed services from volunteers in connection with its operations. These services do not require specialized skills and, therefore, do not meet the requirement to be recognized as revenue and expense in the accompanying statements of activities.

Government Grants and Support

Revenue and support from government contracts and grants that provide for cost reimbursement are recognized when the related direct and allocated indirect expenses are incurred, deliverables are met, or per-diem services are provided. Revenue recognized in excess of cash received is reported as grants receivable. Cash received in excess of revenue recognized is reported as deferred revenue.

Program and Supporting Services

Program Grants

The Foundation grants funds in support of strategic programmatic initiatives. Specific programmatic focus areas include enhancing the visitor experience, conserving and preserving natural and cultural resources, connecting people to national parks, and connecting partners to national parks. The Foundation monitors the use of granted funds through grantee reporting governed by formally executed agreements with each grantee. These agreements require grantees to certify that the usage of funds meet the requirements of the grant.

Program Grants (Land)

The Foundation acquires conservation property through various donations or purchases for subsequent sale or donation to or for the benefit of NPS. Real property donated is valued at its estimated fair market value at the time of donation. The carrying value is reduced if the estimated market value decreases below the original recorded value based on “end use” considerations. Covenants on the properties restrict their future use to conservation activities.

Program Support

The Foundation currently appropriates funds for program support activities based upon program demands and availability of funds during a particular year. Support expenses include payroll costs for time spent on specific programs, as well as direct costs that are relevant to activities that benefit the program.

General and Administrative

General and administrative expenses include the Foundation’s general operations such as execution and oversight of the operating strategy, office administration, financial administration, Board of Directors oversight, human resource management, information technology, security, and related elements.

Fundraising

Fundraising activities include publicizing and conducting fund-raising campaigns; maintaining donor lists; conducting special fund-raising events; and conducting other activities involved with soliciting contributions from individuals, and corporations and foundations.

Expense Classifications

The cost of providing various programs and other activities has been summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. All expenses are identified with specific program services or supporting services and charged directly according to their natural expenditure classifications. As such, the Foundation does not allocate expenses across program services or supporting services. General and administrative expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Foundation.

Fundraising costs incurred in one year, which may result in contributions received in future years, are expensed as incurred. Additionally, advertising costs are expensed as incurred.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the previously reported change in net assets.

Recent Accounting Pronouncement Adopted

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all non-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit organization financial statements.

Management adopted the new reporting model effective for the year ended September 30, 2019. ASU 2016-14 has been applied retrospectively to all periods presented. The Foundation has elected to use the practical expedient to only present liquidity and availability information for the year of adoption. There was no effect on the change in net assets reported at September 30, 2018.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (ASC 606)*. The update establishes a comprehensive revenue recognition standard for virtually all entities under U.S. GAAP including those that previously followed industry-specific guidance. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year. In addition, the FASB issued ASU 2016-20 in December 2016 that does not change the core principles of the standard but clarifies certain narrow aspects of the standard including its scope, contract cost accounting, disclosures, illustrative examples, and other matters. ASU 2016-20 becomes effective concurrently with ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact the ASU will have on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The update affects the accounting for equity investments and financial liabilities, and the presentation and disclosure requirements for financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied on a retrospective transition method to each period presented. Management is currently evaluating the impact the ASU will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which supersedes the current lease guidance under Leases (Topic 840) and makes several changes, such as requiring an entity to recognize a right-of-use ("ROU") asset and corresponding lease obligation on the balance sheet, classified as financing or operating, as appropriate. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* to add clarity to certain areas within ASU 2016-02 and ASU 2018-11, *Targeted Improvements*, to add an additional and optional transition method to adopt the new leases standard by allowing recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors* to add clarity to lessors accounting for sales taxes and other similar taxes collected from lessees, accounting for variable payments for contracts with lease and non-lease components, and accounting for certain lessor costs. The effective date and transition requirements of these updates will be the same as ASU 2016-02. On July 17, 2019, the FASB postponed the effective date for private companies for twelve months. The ASU is effective for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact the ASU will have on the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. ASU 2016-15 contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact the ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-18 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the entity serves as the resource recipient for annual periods beginning after December 15, 2018. The ASU is effective for transactions in which the entity serves as the resource provider for annual periods beginning after December 15, 2019. Management is currently evaluating the impact the ASU will have on the financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact the ASU will have on the financial statements.

3. Investments

Investments consist of the following at September 30:

	2019	2018
Money market funds	$ 30,820,199	$ 26,747,439
Mutual funds	150,398,768	140,260,784
Exchange traded funds	717,191	876,215
Cash	3,050,403	-
Total investments	184,986,561	167,884,438
Less: funds managed as agent for other entities	40,552,227	38,297,717
Total investments, net of other entities' funds	$ 144,434,334	$ 129,586,721

Investment return, net is comprised of the following for the years ended September 30, 2019 and 2018:

	2019	2018
Interest and dividend income	$ 4,921,744	$ 3,297,837
Net realized and unrealized (losses) gains	(81,004)	3,308,013
Investment management fees	(17,504)	(50,476)
Investment return, net	$ 4,823,236	$ 6,555,374

Donated Securities

During the year ended September 30, 2016, the Foundation received donated securities from a private foundation organized for charitable purposes and exempt from federal income taxation under Section 501(c)(3). The grant was composed of 39 non-voting, restricted class B shares of an exempt entity, related to the donor, organized for charitable purposes whose class A shares are owned by the donor. As an owner of the class B shares, the Foundation will receive dividends for use toward restricted charitable purposes, but has no voting rights or other ownership rights.

At the time of the grant, the Foundation was not able to establish a supportable fair market value of the class B shares. Accordingly, the Foundation recorded an asset for an estimated value for management tracking purposes and fully reserved the asset to yield a net asset value of $0 for reporting purposes.

Dividends received during the years ended September 30, 2019 and 2018 totaled approximately $4.6 million and $6.8 million, respectively, which have been recorded as contributions with donor restrictions.

4. Furniture and Equipment

Furniture and equipment consist of the following at September 30:

	2019	2018
Computer software and hardware	$ 1,970,161	$ 1,707,781
Furniture and equipment	218,146	229,906
	2,188,307	1,937,687
Less: accumulated depreciation and amortization	(1,686,670)	(1,365,721)
Furniture and equipment, net	$ 501,637	$ 571,966

Depreciation and amortization expense totaled $363,942 and $470,240 for the years ended September 30, 2019 and 2018, respectively.

5. Pledges Receivable

Pledges receivable that are expected to be collected in future years are discounted to present values using a blended rate that contemplates the donor's estimated borrowing rate, and a risk-free rate of return, at the time the unconditional promises are made. The discount rates for 2019 and 2018 range from 1.79% to 4.01%. The stated balance also factors in circumstances that may impact the Foundation's ability to collect individual pledge balances. An allowance for uncollectible pledges is annually assessed utilizing a five-year average of actual uncollectible accounts as a percentage of then outstanding receivable balance. At September 30, 2019 and 2018, the allowance for uncollectible pledges totaled $378,681 and $415,699, respectively and were netted in the pledges receivable balances.

Pledges receivable at September 30, 2019 and 2018 consists of the following:

	2019	2018
Due in less than one year	$ 40,707,860	$ 40,816,788
Due in two to five years	14,334,289	17,427,253
Due after five years	255,436	485,000
Total pledge receivable	55,297,585	58,729,041
Less:		
Discount for present value	(977,448)	(1,110,234)
Allowance for doubtful pledges	(378,681)	(415,699)
Pledges receivable, net	$ 53,941,456	$ 57,203,108

6. Grants Payable

Grants payable greater than one year are discounted using the Treasury bill rate at the time the commitments are made. At September 30, 2019 and 2018, grants outstanding of $1,746,922 and S1,442,907, respectively, were due in less than one year.

7. Net Assets

To ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are internally maintained in accordance with the principles of project or fund accounting. Separate accounts are maintained for each fund. However, in the accompanying financial statements, funds are classified for presentation purposes under ASU 2016-14 as undesignated, designated, or with donor restrictions.

Net assets without donor restrictions include undesignated funds for general operations, and funds designated by the board for grants, or funds designated by the Foundation for other projects. At September 30, 2019 and 2018, net assets without donor restrictions were as follows:

	2019	2018
Without donor restrictions – undesignated	**$ 24,797,312**	$ 19,614,791
Without donor restrictions – board designated for strategic programmatic use in the future	**24,172,592**	24,317,298
Without donor restrictions – NPF designated:		
NPS Centennial	**66,500**	66,500
Innovation	**79,992**	79,992
Land	**375,000**	-
Total NPF designated amounts	**521,492**	146,492
Total net assets without donor restrictions	**$ 49,491,396**	$ 44,078,581

Net assets with donor restrictions, some of which are time restricted, are primarily available to support program grant and program support activities or are restricted to investments in perpetuity, the income from which is expendable to support program activities.

At September 30, 2019 and 2018, net assets with donor restrictions were as follows:

	2019	2018
Subject to expenditure for specified purpose:		
Core programs	**$ 62,470,636**	$ 68,265,480
Other programs	**16,702,130**	18,039,850
Total subject to expenditure for specified purpose	**79,172,766**	86,305,330
Subject to endowment spending policy and appropriation:		
Endowments	**77,618,516**	67,301,642
Total net assets with donor restrictions	**$ 156,791,282**	$ 153,606,972

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
Core programs	**$ 35,932,575**	$ 25,966,775
Other programs	**3,094,820**	5,468,550
Total satisfaction of purpose restrictions	**39,027,395**	31,435,325
Restricted-purpose spending-rate distributions and appropriations:		
Endowments	**1,557,881**	1,315,943
Total net assets released from donor restrictions	**$ 40,585,276**	$ 32,751,268

8. Endowment Funds

The Foundation's endowment consists of multiple individual funds established to support program activities. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as a quasi-endowment. Net assets associated with endowment funds, including funds designated as a quasi-endowment by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Foundation 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 the donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide growth and to preserve or increase the real value of the endowment to meet the future needs of the national parks, always with the objective of selecting investment vehicles that are at an appropriate level of risk for a non-profit organization. Actual returns in any given year may vary.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Foundation to retain as a fund of perpetual duration.

These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor restricted endowment funds. For one of the Foundation's endowments, the donor permitted spending from endowment funds for the initial three-year start up period, in order to support the program's mission.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

As of September 30, 2019 and 2018, deficiencies of this nature were $0.7 million and $0 million, respectively, which was reported in net assets with donor restrictions.

Spending Policy

The Foundation currently appropriates funds for the distribution of program support activities based upon the demand for these purposes and on the availability of funds during the particular year. The Foundation has a board policy that permits as part of its annual budget process a transfer from the without donor restrictions Board-designated net assets to the without donor restrictions undesignated net assets of up to 5% of the average market value of the without donor restrictions Board-designated net assets as of March 31 for the three preceding years. Additional transfers are permitted by Board of Directors action.

The net asset composition of the endowment funds as of September 30, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowments	**$ 24,172,592**	**$ -**	**$ 24,172,592**
Donor-restricted endowments			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	**-**	**61,347,512**	**61,347,512**
Accumulated investment gains	**-**	**16,271,004**	**16,271,004**
Total funds	**$ 24,172,592**	**$ 77,618,516**	**$ 101,791,108**

The following table represents the changes in endowment net assets for the year ended September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ 24,317,298**	**$ 67,301,642**	**$ 91,618,940**
Contributions	**-**	**10,118,435**	**10,118,435**
Investment return, net	**855,294**	**1,756,320**	**2,611,614**
Appropriation of endowment assets for expenditure	**(1,000,000)**	**(1,557,881)**	**(2,557,881)**
Endowment net assets, end of year	**$ 24,172,592**	**$ 77,618,516**	**$ 101,791,108**

The net asset composition of the endowment funds as of September 30, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowments	$ 24,317,298	$ -	$ 24,317,298
Donor-restricted endowments:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	51,294,291	51,294,291
Accumulated investment gains	-	16,007,351	16,007,351
Total funds	$ 24,317,298	$ 67,301,642	$ 91,618,940

The following table represents the changes in endowment net assets for the year ended September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 23,594,233	$ 54,951,923	$ 78,546,156
Contributions	-	10,713,770	10,713,770
Investment return, net	1,832,065	2,951,892	4,783,957
Appropriation of endowment assets for expenditure	(1,109,000)	(1,315,943)	(2,424,943)
Endowment net assets, end of year	$ 24,317,298	$ 67,301,642	$ 91,618,940

9. Commitments and Contingencies

Operating Lease Commitments

The Foundation has entered into a lease agreement with terms ending in May 2020 for subleased premises at 1110 Vermont Avenue. Rent payments are recognized as expense on a straight line-basis over the term of the lease. The deferred rent liability balance as of September 30, 2019 and 2018 was $67,184 and $139,159, respectively. Rental expense as of September 30, 2019 and 2018 totaled $867,343 and $867,307, respectively.

The Foundation has executed a lease agreement for relocation to new office space located at 1500 K Street, NW, effective June 1, 2020. The terms of the new lease agreement consist of 89 months, with the option to extend the lease up to two consecutive periods of 60 months each. The terms also include abatement for the first 5 months upon occupation of the space and a tenant leasehold improvement allowance of approximately $2.7 million which includes a commission rebate of $0.1 million. The agreement permits subletting the space, subject to approval.

The Foundation's leases for office space provide for rent abatement and escalations of the base rent. Accordingly, the Foundation recognizes rent expense based on total minimum future lease payments on a straight-line basis over the life of the lease.

The future minimum payments under the lease agreements are as follows:

Years ending September 30,	
2020	$ 645,000
2021	1,338,000
2022	1,516,000
2023	1,576,000
2024	1,634,000
Thereafter	5,202,000
	$ 11,911,000

The minimum commitment for fiscal year 2020 was $645,380, which consists of the existing lease of $645,380 and the new lease agreement of $0, due to rent abatement.

10. Line-of-Credit

The Foundation has an unsecured line-of-credit. The total amount available under the line-of-credit as of September 30, 2019 and 2018 was $3,000,000. Borrowings bear interest at the one-month London Interbank Offered Rate (LIBOR) as quoted by the bank, two business days prior to the date of the draw. Such rate is to be effective and adjusted for Federal Reserve board reserve requirements and FDIC Insurance, plus 1.5%. The effective interest rate at September 30, 2019 and 2018 was 3.52% and 3.78%, respectively. There was no balance outstanding at September 30, 2019 and 2018. The line has not been drawn down during the years ended September 30, 2019 and 2018.

11. Note Payable

During December 2016, the Foundation entered into an agreement with an unrelated nonprofit public benefit corporation for a four-year loan for $9,523,704. Interest on the unpaid principal is due monthly at a rate of 1%. Principal payments are due through January 31, 2021. The Foundation recorded imputed interest on the note payable based on the difference between the stated rate on the loan and the prevailing market interest rate of 3.5% in 2016. At September 30, 2019 and 2018, the balance of the loan was $182,444 and $1,142,023, respectively, net of imputed interest unamortized discount of $6,291 and $42,390, respectively. As of September 30, 2019, the future minimum principal payment under the note payable is $188,735 due in September 30, 2021.

12. Donated Property, Goods and Services

During 2019 and 2018, the Foundation received donated property, goods and services valued at $12,618,987 and $10,405,892, respectively. These include recycled lumber for trails, travel-related support, and media support as well as call to action communications and outreach related to the National Park System as a whole.

13. Litigation Settlement Contributions (Community Service Payments)

Since 1999, the Foundation has received over $20 million from several litigation settlements. These funds represent voluntary community service payments from corporations that have entered into a plea agreement related to charges by the Department of Justice for violations of certain environment regulations such as polluting or the mistreatment of hazardous waste materials. The plea agreements specify the national parks or areas to which the funds are to be allocated by the Foundation. The Foundation received $18,214 and $8,134, respectively, under these agreements for the years ended September 30, 2019 and 2018. The Foundation believes that these plea agreements represent voluntary non-reciprocal payments to the Foundation and has, therefore, classified them as net assets with donor restrictions support.

14. Employee Benefit Plans

The Foundation has maintained a 403(b) retirement plan (the Plan) for its employees since 1992. All employees over 21 years of age with at least one year of service to the Foundation (consisting of at least 1,000 hours of service in a 12-month period) are eligible to receive an employer matching contribution to the Plan. The Foundation matches 100% of employee contributions, up to 3% of salary, and 50% of the next 2%, with a maximum contribution by the Foundation of 4%.

Participants are eligible to participate after one year of service and are fully vested in all contributions of the Plan. The Foundation's contributions to the plan were $230,200 and $203,488, respectively, for the years ended September 30, 2019 and 2018.

The Foundation established a 457(f) deferred compensation plan during 2017 and 457(b) deferred compensation plan during 2019 for its President and CEO. At September 30, 2019 and 2018, the amounts accrued under these arrangements were $130,575 and $71,503, respectively.

15. Funds Managed as Agent for Other Entities

The Foundation acts as a fiscal agent of funds from other entities, for the benefit of, or in connection with, NPS, its activities, or its services. At September 30, 2019 and 2018, the funds managed as an agent for other entities were invested in cash and cash equivalents, money market funds, mutual funds, and exchange-traded funds totaling $40,729,213 and $40,625,012, respectively.

The funds are held for the following purposes as of September 30, 2019 and 2018:

	2019	2018
Wetland mitigation – Everglades National Park	**$ 36,878,504**	$ 36,576,396
Washington Metropolitan Area Transit Authority (WMATA) – park land	**2,151,929**	2,111,321
WMATA – tree and shrub replacement	**1,428,310**	1,406,692
Other	**270,470**	530,603
Total funds managed as agent for other entities	**$ 40,729,213**	$ 40,625,012

The funds are held in the following financial assets as of September 30, 2019 and 2018:

	2019	2018
Cash and cash equivalents	**$ 176,986**	$ 2,327,295
Investments	**40,552,227**	38,297,717
Total funds managed as agent for other entities	**$ 40,729,213**	$ 40,625,012

The activity during the years ended September 30, 2019 and 2018 were as follows:

	2019	2018
Balance, beginning of the year	**$ 40,625,012**	$ 37,251,070
Receipts	**3,322,551**	4,476,431
Disbursements	**(5,071,265)**	(2,647,701)
Investment return, net	**1,852,915**	1,545,212
Balance, end of the year	**$ 40,729,213**	$ 40,625,012

16. Fair Value Measurements

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported as of the end of the reporting period.

For the years ended September 30, 2019 and 2018 there were no significant transfers in or out of levels 1, 2 or 3.

Investments in money market and mutual funds (Note 3 and Note 15) are valued at the net asset value of shares held by the Foundation at year-end reported in the listing of the applicable major exchanges.

The following summarizes information about the fair value measurements used as of September 30, 2019 and 2018:

	As of September 30, 2019			
		Fair Value Hierarchy Level		
	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Money market funds	**$ 30,820,199**	**$ 30,820,199**	**$ -**	**$ -**
Mutual funds	**150,398,768**	**150,398,768**	**-**	**-**
Exchange traded funds	**717,191**	**717,191**	**-**	**-**
Total investments at fair value level	**$181,936,158**	**$ 181,936,158**	**$ -**	**$ -**
Investments at cost*				
Cash	**3,050,403**			
Total investments	**$184,986,561**			

	As of September 30, 2018			
		Fair Value Hierarchy Level		
	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Money market funds	$ 26,747,439	$ 26,747,439	$ -	$ -
Mutual funds	140,260,784	140,260,784	-	-
Exchange traded funds	876,215	876,215	-	-
Total investments at fair value level	$ 167,884,438	$ 167,884,438	$ -	$ -
Investments at cost*				
Cash	-			
Total investments	$ 167,884,438			

* Cash included in the investment portfolio is not subject to the provisions of fair value measurements as they are recorded at cost and are only shown here to reconcile to the accompanying statements of financial position.

17. Government Support

Commemorative Coin Proceeds

During 2017, the Foundation was the recipient of $2,228,780 from the U.S. Mint for the sale of coins in commemoration of the 100th anniversary of the establishment of the National Park Service in accordance with Public Law 113-291 and The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act of Fiscal Year 2015. The proceeds must be designated for use toward programs of the National Park Service. As of September 30, 2017, the Foundation had not designated how the proceeds would be spent. Accordingly, the Foundation recorded deferred revenue of $2,228,780, the total amount of proceeds received from the U.S. Mint at September 30, 2017.

During the years ended September 30, 2019 and 2018, the Foundation spent $389,050 and $1,839,730, respectively, of the U.S. Mint proceeds on designated programs, which was recognized with management and other income within the accompanying statement of activities.

National Park Service Endowment

During 2019 and 2018, the Foundation was awarded an endowment of $10,000,000 each year under the National Park Service Centennial Act. At September 30, 2019, the corpus of the National Park Service endowment totaled $30,000,000. Endowment earnings totaled $857,489 and $575,187 for the years ended September 30, 2019 and 2018, respectively. The earnings are to be used to help finance the needs of the national parks. As of September 30, 2019, none of the earnings have been expended.

18. Concentrations

As of September 30, 2019 and 2018, pledges receivable from three donors represented approximately 61% and 60%, respectively, of total pledges receivable.

19. Liquidity and Availability of Resources

The following reflects the Foundation's financial assets available for general expenditure within one year of the statement of financial position as of September 30, 2019.

September 30,	2019
Financial assets at year end:	
Cash and cash equivalents	$ 12,103,773
Pledges receivable, net	53,941,456
Investments	184,986,561
Total financial assets	251,031,790
Less: Amounts unavailable for current expenditure due to	
Funds managed as agent for other entities	40,729,213
Pledges without donor restrictions collectable beyond one year	1,493,184
Net assets with donor restrictions	156,791,282
Total amounts unavailable for general expenditure within one year	199,013,679
Less: Amounts unavailable to management without Board approval	
Board designated quasi-endowments	24,172,592
Total financial assets available to management for general expenditure within one year	$ 27,845,519

The Foundation regularly monitors liquidity required to meet its general operating needs and other contractual commitments. The Foundation's liquidity management includes a policy of structuring its financial assets to be available to meet its grant-making and general expenditures, liabilities and other obligations as they come due. As part of its liquidity plan, excess cash is invested in publicly traded investment plans such as money market and mutual funds that aim to maximize return on investments based on acceptable levels of risk. The Foundation's investments can be liquidated anytime, and therefore are available to meet current cash flow needs, except for investments held in perpetuity. The Foundation's board-designated net assets include funds designated for specific programs. While the board of directors does not intend to spend for the purposes other than those identified, board-designated funds could be spent for operations, if necessary.

20. Related Parties

During the years ended September 30, 2019 and 2018, the Foundation received contributions and gifts of $2,950,967 and $4,812,106, respectively, from board members of the Foundation. At September 30, 2019 and 2018, $4,193,286 and $3,460,489, respectively, was due to the Foundation.

21. Subsequent Events

Management has evaluated subsequent events through May 11, 2020, which is the date the accompanying financial statements were available to be issued.

On March 11, 2020 the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The Foundation cannot reasonably estimate the length or severity of this pandemic or the impact on the economy. Management is continually monitoring the impact of the pandemic on operations and it may have a material impact on the amount of reported assets and net assets associated with the market value of investments in the near term. Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Foundation's results of future operations, financial position, and liquidity in fiscal year 2020. In response to the COVID-19 pandemic and its related economic impact, the Foundation is carefully assessing its operating and financial health. This includes review of its financial position, its operating reserves, assessing the crisis' potential impact on future revenue (especially revenue without donor restriction which supports the Foundation's day-to-day operations), assessing budgeted operating expenses and cost containment measures that could be instituted if needed, and the Foundation's access to other sources of funding in emergency circumstances including its board designated fund, lines-of-credit and various federal economic relief packages enacted by Congress.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security Act", (CARES Act) was signed into law in response to the coronavirus pandemic. The Foundation has applied for, and has received, funds under the Paycheck Protection Program after the period end in the amount of $1,791,500. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The Foundation is currently evaluating potential impacts of the CARES Act on their 2020 operations.

Management Prepared Document

Appendix A - Management's Discussion and Analysis
Year Ended September 30, 2019

Executive Summary

The National Park Foundation ("NPF" or the "Foundation") generates private support and builds strategic partnerships to protect and enhance America's national parks for present and future generations. NPF was congressionally chartered in 1967 as the non-profit, non-governmental, philanthropic partner of the National Park Service ("NPS"). NPF is positioned to engage with individuals, institutions and corporate America in support of national parks in ways that NPS cannot due to federal regulations, and enjoys a unique partnership with NPS that allows it to leverage and direct philanthropic support toward NPS's nationwide priorities.

At its core, the Foundation focuses on four core areas to drive positive impact: (i) enhance the visitor experience, (ii) conserve and preserve parks' natural & cultural resources, (iii) connect people to parks, and (iv) connect partners to parks. In fiscal 2019, NPF raised over $78 million in contributions and other support to fund its mission. NPF's work is implemented through strategic partnerships with NPS, park friend's groups, corporate partners, and other park partners.

NPF takes a strategic approach in advancing its mission. Key elements of the approach include:

- **Aligning areas of programmatic focus with NPS' priorities.** Helps to ensure that the projects NPF undertakes are a priority and can be completed.
- **Developing diverse and robust fundraising channels.** Helps to ensure NPF can deliver on its mission while yielding steady growth in contributions over time.
- **Keeping programmatic spending ratios high over time.** Helps to ensure NPF successfully delivers financially on its mission.
- **Controlling general, administrative and fundraising costs**. Ensures focus on primary goals.
- **Strategic investments in operations.** Allows NPF to continue leveraging competitive advantages and increase its efficiency in delivering its mission.
- **Mission aligned investment portfolios.** Ensures portfolios are optimized for sustainable asset growth over time.
- **Maintaining a strong financial position.** Ensures NPF takes actions needed to sustain delivery of mission over long term.

Areas of Programmatic Focus

NPF's overarching goal is to ensure America's national parks reach their fullest potential and touch as many lives as possible. NPF delivers programmatic impact to the parks in the following strategic areas:

Enhancing the Visitor Experience – NPF aims to facilitate enduring high-quality park experiences that include the public's enjoyment of modern facilities and amenities. NPF works with NPS to identify long term solutions for pressing challenges that parks face.

Unaudited

Conserving and Preserving Natural & Cultural Resources – NPS is already a world-class leader in the preservation and restoration of natural and historical resources. NPF strives to support this work to ensure these places are preserved and can be enjoyed by future generations. Focus areas include wildlife protection, habitat stewardship, cultural and historical preservation, land conservation and protection, restoration to increase resilience and protecting sites of historical and cultural significance. NPF also supports the creation of new sites.

Connecting People to Parks – By connecting broader audiences to parks, NPF helps to ensure that parks across the system are appreciated and enjoyed by people of all backgrounds. This core strategy helps to improve diversity in visitation, helps to increase access to parks for all age groups and helps to foster life-long individual enjoyment, engagement and support of parks. Examples of these programs include Bring Parks to People, Introductory Experiences, and Parks as Places of Learning, Open Outdoors for Kids, Citizen Science 2.0, and Find Your Park.

Connecting Partners to Parks – NPF, as the official philanthropic partner of NPS, is only one of many partners that work to support national parks. NPF works to build and sustain a strong network of diverse partners through collective action, capacity building, peer learning and thought leadership in support of America's national parks. Programs such as Youth Service Corps, Volunteerism, Strong Parks - Strong Communities along with capacity-building grants and support for the Friends Alliance are core to this strategy.

Overall in fiscal 2019, NPF provided more than $43.7 million in grants and support to many of the more than 400 units across the country.

Fundraising Activities

NPF secures funding for its mission largely through its own fundraising efforts. Funds are raised from individuals, corporate partners, and institutional entities. NPF's ability to raise these funds is driven largely by its consistent, effective and timely delivery of programmatic impact with a margin of excellence.

From fiscal 2013 through fiscal 2018, NPF raised roughly $550 million dollars as part of its Centennial Campaign which was designed to yield transformative support and impact for America's national parks as the system turned 100 years old. The campaign and ensuing impact on parks garnered new opportunities to generate extraordinary gifts, diversify NPF's revenue channels and elevate NPF's ability to further leverage its unique partnership with NPS.

Over the years, through strategic investments, NPF has developed a strong corporate partnerships channel, strengthened its individual giving pipeline across all levels (direct mail through major giving) and bolstered its strategic partnerships with institutional foundations.

In 2016, NPF secured passage of congressional legislation that allows up to $5 million in federally appropriated funds to flow to NPF annually. The funds are available to NPF for programmatic use and require a philanthropic match. The legislation also created the "Second Century Endowment", an annual federal contribution of the first $10 million in sales of Federal Recreation Land Passes into an NPF endowment fund. Also available for NPF to access and use, subject to philanthropic match, are challenge funds reserved for NPS programmatic priorities. In general, NPF's federal funding vehicles are designed to further increase and excite philanthropic giving (matching private donations with federal dollars) by leveraging NPF's unique position as NPS's philanthropic partner.

Overall, NPF has set a strong foundation for continued success in fundraising growth through a diversification of its revenue channels.

Measuring Revenue Performance

The Centennial Campaign helped elevate NPF's philanthropic capacity. Recurring funding streams boosted the Foundation's ability to advance its mission while transformative contributions addressed key nationwide priorities. Transformative contributions, however, take time to develop, steward and execute. This variability in timing can cause major fluctuations in total revenue, year to year. As such, NPF measures revenue growth over three to five- year increments. NPF expects steady growth in revenues over this time horizon despite fluctuations that may occur year over year.

High Programmatic Impact Over Time

To support effective delivery of its mission, NPF aspires to keep its ratio of programmatic expenses to total expenses at a high level over time. However, as with revenue, the programmatic expense ratio may fluctuate for various reasons, year to year. Grants and support expenses may deviate from the budget due to changing project timelines, shifting priorities within NPS, a change in size or scope of projects, and federal restrictions on the timing of federally sourced disbursements. Non-programmatic costs (administrative or fundraising) may also be higher in a given year due to strategic investments in operations from time to time. This scenario can temporarily increase total costs and lower the programmatic expense ratio despite increases in programmatic spending.

Over time, NPF expects to maintain a high programmatic impact ratio and continue to steadily increase its total programmatic expenses.

Controlling General, Administrative and Fundraising Costs

NPF's primary goal is to maximize deployment of funds for programmatic purposes in support of its mission. Consequently, NPF carefully controls its general, administrative and fundraising costs through various means including annual budgeting, performance management, strong internal controls, formal cost benefit analyses, and a regular review of operations.

Strategic Investment in Operations

NPF regularly invests in its operations to bolster its competitive advantages or to increase its efficiency in delivering its mission. Examples of this include improving enterprise technology systems, adding productivity tools, professional development of its staff, and elevating NPF's fundraising effectiveness.

Mission Aligned Investment Portfolios

NPF regularly monitors the financial performance, spending policies and asset allocations of its invested assets to ensure portfolios are optimally designed to support NPF's mission and sustainable growth in asset value over time. NPF utilizes outside professional advisors to design and manage its investment portfolios. Each portfolio's asset allocations are designed to balance earnings potential with risk tolerance based on each asset group's purpose and spending needs or time horizons. NPF utilizes the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to govern its permanently restricted net assets.

Maintaining Strong Financial Position

NPF closely manages its financial position, liquidity and general financial health to ensure sustainable performance in mission delivery over the long term. The following are key elements of NPF's financial management strategy:

- Employing strong oversight, risk management and internal controls over all transactions.
- Efficient use of working capital to fund grants, operations and to generate excess investment earnings where possible.
- Maintaining an optimal level of unrestricted operating reserves.
- Disciplined review and analysis of NPF financial activities versus plan, risks, opportunities and obligations on an ongoing basis.