National Park Foundation

Financial Statements
For the Years Ended September 30, 2020 and 2019

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Contents

Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Avenue
Suite 700
Potomac, MD 20854

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 statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, **National Park Foundation** changed its method for revenue recognition as a results of the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers, and ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective October 1, 2019. Our opinion is not modified with respect to these matters.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

March 2, 2021

Financial Statements

National Park Foundation

Statements of Financial Position

September 30,		2020		2019
Assets				
Cash and cash equivalents	$	**8,534,240**	$	12,103,773
Pledges receivable, net		**58,368,445**		53,941,456
Investments		**215,974,720**		184,986,561
Prepaid and other assets		**1,134,985**		1,499,089
Furniture and equipment, net		**4,260,478**		501,637
Conservation property		**493,475**		442,775
Total assets	$	**288,766,343**	$	253,475,291
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	$	**5,622,578**	$	4,387,796
Refundable advances		**5,366,848**		-
Grants payable, net		**1,831,237**		1,746,922
Note payable (Payroll Protection Program)		**1,791,500**		-
Note payable, net		**-**		182,444
Other noncurrent liabilities		**2,555,377**		146,238
Funds managed as agent for other entities		**13,062**		40,729,213
Total liabilities		**17,180,602**		47,192,613
Commitments and contingencies				
Net assets				
Without donor restrictions				
Undesignated		**29,842,356**		24,797,312
Designated		**27,450,035**		24,694,084
Total without donor restrictions		**57,292,391**		49,491,396
With donor restrictions		**214,293,350**		156,791,282
Total net assets		**271,585,741**		206,282,678
Total liabilities and net assets	$	**288,766,343**	$	253,475,291

See accompanying notes to financial statements.

National Park Foundation

Statement of Activities

Year ended September 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and endowment gifts	$ 33,105,379	$ 30,074,849	$ 63,180,228
Contributed property, goods, services and media	3,868,977	29,751,786	33,620,763
Government grants and support	-	10,287,943	10,287,943
Management and other income	246,142	2,644,375	2,890,517
Net assets released from restrictions - satisfaction of program and time restrictions	69,002,311	(69,002,311)	-
Total revenue and support	106,222,809	3,756,642	109,979,451
Expenses			
Program services:			
Program grants	34,062,523	-	34,062,523
Program support	39,492,290	-	39,492,290
Total program services	73,554,813	-	73,554,813
Supporting services:			
General and administrative	12,697,962	-	12,697,962
Fundraising	16,522,671	-	16,522,671
Total supporting services	29,220,633	-	29,220,633
Total expenses	102,775,446	-	102,775,446
Change in net assets from operations	3,447,363	3,756,642	7,204,005
Non-operating activities			
Investment return, net	4,171,772	13,028,555	17,200,327
Other non-operating gains	181,860	-	181,860
Total non-operating activities	4,353,632	13,028,555	17,382,187
Change in net assets	7,800,995	16,785,197	24,586,192
Net assets, beginning of year	49,491,396	156,791,282	206,282,678
Cumulative effect of a change in accounting principle related to revenue recognition	-	40,716,871	40,716,871
Net assets, end of year	$ 57,292,391	$ 214,293,350	$ 271,585,741

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, services and media	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 Functional Expenses

Year ended September 30, 2020	Program Services: Program Grants	Program Services: Program Support	Program Services: Total Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Program grants	$ 34,062,523	$ -	$ 34,062,523	$ -	$ -	$ -	$ 34,062,523
In-kind	-	29,751,786	29,751,786	3,868,977	-	3,868,977	33,620,763
Salaries and related benefits	-	3,496,297	3,496,297	4,226,143	5,398,823	9,624,966	13,121,263
Professional services	-	4,665,420	4,665,420	1,835,295	2,167,464	4,002,759	8,668,179
Direct response	-	-	-	-	7,982,258	7,982,258	7,982,258
Facilities, rent, and insurance	-	33,495	33,495	1,442,553	1,250	1,443,803	1,477,298
Meetings and events	-	1,232,657	1,232,657	151,765	77,634	229,399	1,462,056
Communications	-	5,499	5,499	486,241	80,010	566,251	571,750
Depreciation and amortization	-	151,781	151,781	286,833	-	286,833	438,614
Supplies, phone and postage	-	27,695	27,695	98,982	287,860	386,842	414,537
Bank charges and other	-	1,849	1,849	80,175	308,689	388,864	390,713
Staff travel	-	107,984	107,984	63,475	113,863	177,338	285,322
Staff development and subscription	-	17,827	17,827	157,523	104,820	262,343	280,170
	$ 34,062,523	$ 39,492,290	$ 73,554,813	$ 12,697,962	$ 16,522,671	$ 29,220,633	$ 102,775,446

See accompanying notes to financial statements.

National Park Foundation

Statement of Functional Expenses

	Program Services				Supporting Services			
Year ended September 30, 2019	Program Grants	Program Grants (land)	Program Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
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
Salaries and related benefits	-	-	2,733,351	2,733,351	4,459,438	4,234,682	8,694,120	11,427,471
Professional services	-	-	6,406,168	6,406,168	1,735,554	2,105,686	3,841,240	10,247,408
Direct response	-	-	-	-	-	8,398,008	8,398,008	8,398,008
Facilities, rent, and insurance	-	-	52,883	52,883	1,088,141	-	1,088,141	1,141,024
Meetings and events	-	-	1,592,181	1,592,181	329,223	90,578	419,801	2,011,982
Communications	-	-	339,538	339,538	339,144	37,192	376,336	715,874
Depreciation and amortization	-	-	229,148	229,148	134,794	-	134,794	363,942
Supplies, phone and postage	-	-	33,931	33,931	72,637	307,653	380,290	414,221
Bank charges and other	-	-	24,214	24,214	83,979	244,666	328,645	352,859
Staff travel	-	-	193,866	193,866	158,183	211,261	369,444	563,310
Staff development and subscription	-	-	31,877	31,877	133,622	57,583	191,205	223,082
	$ 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

Statements of Cash Flows

Years ended September 30,	**2020**	2019
Cash flows from operating activities:		
Change in net assets	**$ 24,586,192**	$ 8,597,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Endowment contributions	**(10,000,000)**	(10,000,000)
Net realized and unrealized (gains) losses on investments	**(12,452,096)**	81,004
Depreciation and amortization	**438,614**	363,942
Receipts of conservation property	**(50,700)**	-
Distribution of conservation property	**-**	260,000
Loss on disposal of property and equipment	**11,513**	-
Present value change of pledges receivable	**(380,404)**	(132,786)
Bad debt expense (recovery)	**109,157**	(37,018)
Amortization of note payable discount	**6,291**	36,099
(Increase) decrease in assets		
Pledges receivable, net	**(4,155,742)**	3,431,456
Prepaid and other assets	**364,104**	7,453,353
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**1,234,782**	(243,872)
Refundable advances	**5,366,848**	(1,089,156)
Grants payable, net	**84,315**	304,015
Other noncurrent liabilities	**2,409,139**	-
Funds managed as agent for other entities	**720**	104,201
Net cash provided by operating activities	**7,572,733**	9,128,363
Cash flows from investing activities:		
Purchases of furniture and equipment	**(4,208,968)**	(293,613)
Purchases of investments	**(33,713,306)**	(63,306,893)
Proceeds from sale of investments	**15,177,243**	46,123,766
Net cash used in investing activities	**(22,745,031)**	(17,476,740)
Cash flows from financing activities:		
Endowment contributions	**10,000,000**	10,000,000
Proceeds from Payroll Protection Program	**1,791,500**	-
Principal payments on notes payable	**(188,735)**	(995,678)
Net cash provided by financing activities	**11,602,765**	9,004,322
Net (decrease) increase in cash and cash equivalents	**(3,569,533)**	655,945
Cash and cash equivalents, beginning of the year	**12,103,773**	11,447,828
Cash and cash equivalents, end of the year	**$ 8,534,240**	$ 12,103,773
Supplemental disclosures of cash flow information:		
Interest paid	**$ 5,172**	$ 3,662

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 114-289 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, revenue and support 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, 2020 and 2019, 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. Amounts on deposit in excess of federally insured limits approximate $7.5 million and $12.1 million at September 30, 2020 and 2019, respectively. 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 and endowment gifts revenue in the statements of activities.

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 3-8 years. The Foundation's produced content for creative and video production for campaign is capitalized and depreciated on a straight-line basis over the estimated useful live of 3 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.

Impairment of Long-Lived Assets

The Foundation accounts for the valuation of long-lived assets in accordance with FASB ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

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. No indicators of impairment were identified for the years ended September 30, 2020 and 2019.

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. See recently adopted accounting pronouncement section for further information regarding the adoption of FASB Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective October 1, 2019.

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, 2020 and 2019, respectively, there were no interest or penalties related to uncertain tax positions recorded or included in the accompanying statements of activities.

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 4 and 5.

Revenue Recognition

The Foundation adopted ASU 2018-08 effective October 1, 2019. See recently adopted accounting pronouncement section for further information regarding the adoption of ASU 2018-08.

Contributions and Endowment Gifts

Contributions are transactions under which the donor does not receive commensurate value. 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 or condition is accomplished or met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements 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 12.

Contributed Property, Goods, Services and Media

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.

Contributed goods, services and media: From time to time, the Foundation receives contributed goods, services and media from third parties. While such contributed goods, services and media primarily support programmatic activities, some contributed goods, services and media also support general and administrative and fundraising activities. Contributed goods, services and media 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 refundable advances.

Management and Other Income

Management and other income included litigation settlement contributions which represent voluntary community service payments from corporations that have entered a plea agreement with the Department of Justice. See Note 15 for further information regarding this 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, direct costs relevant to activities that benefit a program, and cost of digital media to support various programs.

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 2019 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications have no effect on the previously reported change in net assets.

Recently Adopted Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08 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 then need to be made as to whether the contribution is restricted. For contributions made to other organizations that were considered to be unconditional in nature, the Foundation continues to report these contributions made as grants payable in the statements of financial position. As payments are made to the recipients of those grants, the grants payable balance is reduced. Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. As the conditions are satisfied, expenses are recorded in the statements of activities. The ASU assists in the determination of the nature of the transaction which governs the revenue and expense recognition methodology and timing of the transaction. The Foundation adopted the ASU effective October 1, 2019.

With the clarifications outlined in ASU 2018-08, the Foundation reviewed its existing government grants and support contracts as well as new awards, and assessed that these constitute contributions since the customer does not receive commensurate value of the consideration received by the Foundation; rather, the purpose of an arrangement is for the benefit of the general public. Therefore, management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions are either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and support. Under ASU 2018-08, a refundable advance is recorded when the Foundation receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of September 30, 2020, there was $5,366,848 in refundable advances recorded related to conditional government grants and support.

The Foundation also examined contracts pertaining to funds it historically managed as a custodial agent for NPS (agency funds). While ASU 2018-08 does not specifically address the concepts of agency transactions and/or accounting implications of financially interrelated entities, the focus of the contribution revenue recognition from the guidance is consistent with the flow of income received for funds that have been traditionally treated under the agency accounting rules. Thus, the Foundation has concluded that with the adoption of ASU 2018-08, NPS related funds historically treated as agency funds should be accounted for in a manner consistent with the contributions and endowment gifts. As a result of the adoption of ASU 2018-08, the Foundation implemented the change in accounting principle using the modified retrospective approach effective on October 1, 2019. Under this method, the standard is applied retrospectively, with the cumulative effect of the change recognized at the date of the beginning of fiscal year 2020. Accordingly, the comparative information (for fiscal year 2019) has not been restated, and it is presented as previously reported prior to the change in accounting principle.

Impact on the statement of financial position as of September 30,2020:

	September 30, 2020 prior to ASU 2018-08	ASU 2018-08	September 30, 2020 with ASU 2018-08
Total assets	$ 288,766,343	$ -	$ 288,766,343
Other liabilities	$ 17,167,540	$ -	$ 17,167,540
Funds managed as agent for other entities	40,729,933	(40,716,871)	13,062
Total liabilities	57,897,473	(40,716,871)	17,180,602
Net assets without donor restrictions	57,292,391	-	57,292,391
Net asset with donor restrictions	173,576,479	40,716,871	214,293,350
Total net assets	230,868,870	40,716,871	271,585,741
Total liabilities and net assets	$ 288,766,343	$ -	$ 288,766,343

Impact on the statement of activities for the year ended September 30,2020:

	Results for the Year Ended September 30, 2020 prior to ASU 2018-08	ASU 2018-08	Results for the Year Ended September 30, 2020 with ASU 2018-08
Total revenue and support	$ 109,979,451	$ -	$ 109,979,451
Total expenses	102,775,446	-	102,775,446
Non-operating activities	17,382,187	-	17,382,187
Change in net assets	$ 24,586,192	$ -	$ 24,586,192

Impact on the statement of cash flow for the year ended September 30,2020:

	Cash Flows for the Year Ended September 30, 2020 prior to ASU 2018-08	ASU 2018-08	Cash Flows for the Year Ended September 30, 2020 with ASU 2018-08
Change in net assets	$ 65,303,063	$ (40,716,871)	$ 24,586,192
Change in Funds managed as agency funds	(40,716,151)	40,716,871	720
Other net cash used in operating activities	(17,014,179)	-	(17,014,179)
Net cash used in investing activities	(22,745,031)	-	(22,745,031)
Net cash provided by financing activities	11,602,765	-	11,602,765
Net decrease in cash and cash equivalents	$ (3,569,533)	$ -	$ (3,569,533)

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. This ASU 2016-01 was adopted in 2020 and did not have a significant impact on the Foundation's financial statements. There was no effect on the change in net assets reported at September 30, 2019 as a result of adopting ASU 2016-01.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)*, 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 Foundation adopted ASU 2016-15 and there was no significant impact in the presentation of the statements of cash flows. There was no effect on the change in net assets reported at September 30, 2019 as a result of adopting ASU 2016-15.

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. To provide accounting relief during the COVID-19 crisis, the FASB issued ASU 2020-05 in May 2020, which delays the effective date by one year (on an optional basis) for private and not-for-profit entities that have not yet issued financial statements reflecting the adoption of ASC 606. The optional deferred effective dates are for annual reporting periods beginning after December 15, 2019 and for interim reporting periods within annual periods beginning after December 15, 2020. Management has decided to exercise the deferral and 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. In an effort to provide relief to entities impacted as a result of the COVID-19 pandemic, the FASB issued ASU 2020-05, which delays the effective date of ASC 842 by one year to include all nonpublic entities that have not yet issued their financial statements. The deferred effective date is for fiscal years beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2022. Management is currently evaluating the impact the ASU will have on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *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 2018-13 is effective for the Foundation's financial statements for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact of this ASU will have on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. In an effort to improve transparency in reporting nonprofit gifts-in-kind, the ASU requires not-for-profit organizations to change the financial statement presentation and disclosure of contributed nonfinancial assets. Under the new requirements, gifts-in-kind are to be presented as a separate line item, and include enhanced disclosures about the valuation of those contributions, description of any donor-imposed restrictions, and description of the valuation techniques and inputs used to arrive at a fair value measure. The new standard is to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Foundation is currently evaluating the impact of this ASU will have on the financial statements.

3. Pledges Receivable

Pledges receivable that are expected to be collected in future years are discounted to present values using a blended rate using prime rate, and a risk-free rate of return, at the time the unconditional promises are made. The discount rates for 2020 and 2019 range from 1.69% 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, 2020 and 2019, the allowance for uncollectible pledges totaled $487,838 and $378,681, respectively and were netted in the pledges receivable balances. For the years ended September 30, 2020 and 2019, the Foundation recorded bad debt expense (recovery) of $109,157 and ($37,018), respectively.

Pledges receivable consists of the following:

September 30,	**2020**	2019
Due in less than one year	**$ 46,972,625**	$ 40,707,860
Due in two to five years	**12,455,702**	14,334,289
Due after five years	**25,000**	255,436
Total pledges receivable	**59,453,327**	55,297,585
Less:		
Discount for present value	**(597,044)**	(977,448)
Allowance for doubtful pledges	**(487,838)**	(378,681)
Pledges receivable, net	**$ 58,368,445**	$ 53,941,456

4. Investments

Investments consist of the following at:

September 30,	**2020**	2019
Money market funds	**$ 42,921,834**	$ 30,820,199
Mutual funds	**171,421,292**	150,398,768
Exchange traded funds	**803,091**	717,191
Cash	**828,503**	3,050,403
Total investments	**215,974,720**	184,986,561
Less: funds managed as agent for other entities	**(13,062)**	(40,729,213)
Total investments, net of other entities' funds	**$ 215,961,658**	$ 144,257,348

Investment return, net is comprised of the following:

Years Ended September 30,	**2020**	2019
Interest and dividend income	**$ 4,859,646**	$ 4,921,744
Net realized and unrealized gains (losses)	**12,452,096**	(81,004)
Investment management fees	**(111,415)**	(17,504)
Investment return, net	**$ 17,200,327**	$ 4,823,236

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, 2020 and 2019 totaled approximately $0 million and $4.6 million, respectively, which have been recorded as contributions with donor restrictions.

5. 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, 2020 and 2019 there were no material transfers in or out of levels 1, 2 or 3.

Investments in money market and mutual funds (Note 3) are valued at readily available quoted prices held by the Foundation at year-end reported in the listing of the applicable major exchanges.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	As of September 30, 2020			
	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Money market funds	**$ 42,921,834**	**$ 42,921,834**	**$ -**	**$ -**
Mutual funds	**171,421,292**	**171,421,292**	**-**	**-**
Exchange traded funds	**803,091**	**803,091**	**-**	**-**
Total investments at fair value level	**$215,146,217**	**$ 215,146,217**	**$ -**	**$ -**
Investments at cost*				
Cash	**828,503**			
Total investments	**$215,974,720**			

** 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.*

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	As of September 30, 2019			
	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			

** 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.*

6. Charitable Gift Annuity

The Foundation has a charitable gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed-dollar periodic payment of the gift assets during their lifetimes. Payments begin in accordance with the timing stipulated in the gift annuity contracts. The difference between the original annuity amount invested and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution revenue at the date of the gift. The actuarial liability is revalued annually and any surplus or deficiency is recognized as a change in value in the statements of activities.

The gift annuity program recorded as an asset totaled $1,700,654 and $1,508,695 and a liability of $1,024,031 and $980,807 as of September 30, 2020 and 2019, respectively. Assets held under charitable gift annuities are included in investments and the related liabilities are included in accounts payable and accrued liabilities in the statements of financial position. Contribution revenue totaled $86,740 and $418,351 for the years ended September 30, 2020 and 2019, respectively, and is included in the statements of activities.

7. Furniture and Equipment

Furniture and equipment consist of the following at:

September 30,	**2020**	2019
Leasehold improvements	**$ 3,457,320**	$ -
Computer software and hardware	**2,205,576**	1,970,161
Furniture and equipment	**330,756**	218,146
Produced content	**269,520**	-
	6,263,172	2,188,307
Less: accumulated depreciation and amortization	**(2,002,694)**	(1,686,670)
Furniture and equipment, net	**$ 4,260,478**	$ 501,637

Depreciation and amortization expense totaled $438,614 and $363,942 for the years ended September 30, 2020 and 2019, respectively.

8. 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, 2020 and 2019, grants outstanding of $1,831,237 and S1,746,922, respectively, were due in less than one year.

9. Line-of-Credit

The Foundation has an unsecured line-of-credit. The total amount available under the line-of-credit as of September 30, 2020 and 2019 was $3,000,000. Borrowings bear interest at the one-month Secured Overnight Financing Rate (SOFR) as quoted by the bank, two business days prior to the date of the draw. Such rate is to be effective and adjusted for the Federal Reserve Board of Governors reserve requirements and FDIC insurance, plus 1.5%. The effective interest rate at September 30, 2020 and 2019 was 1.58% and 3.52%, respectively. There was no balance outstanding at September 30, 2020 and 2019. The line has not been drawn down during the years ended September 30, 2020 and 2019.

10. Notes Payable

Payroll Protection Program

On April 18, 2020, the Foundation was granted a loan in the amount of $1,791,500 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for eligible purposes including payroll costs, group health care benefits, mortgage payments, rent utilities, and interest on other debt obligations.

Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses. The Foundation’s PPP loan was forgiven on December 30, 2020.

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 was due monthly at a rate of 1%. As of September 30, 2020, the loan was fully paid by the Foundation, including all related remaining interest. At September 30, 2019, the balance of the loan was $182,444, net of imputed interest unamortized discount of $6,291.

11. 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, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities,* as without donor restrictions which composed of 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.

Net assets without donor restrictions were as follows:

September 30,	**2020**	2019
Without donor restrictions – undesignated	**$ 29,842,356**	$ 24,797,312
Without donor restrictions – designated:		
Board designated for strategic programmatic use in the future	**26,828,543**	24,172,592
NPF designated:		
NPS Centennial	**166,500**	66,500
Innovation	**79,992**	79,992
Land	**375,000**	375,000
Total NPF designated amounts	**621,492**	521,492
Total designated	**27,450,035**	24,694,084
Total net assets without donor restrictions	**$ 57,292,391**	$ 49,491,396

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.

Net assets with donor restrictions were as follows:

September 30,	**2020**	2019
Subject to expenditure for specified purpose:		
Core programs	**$ 101,748,937**	$ 62,470,636
Other programs	**19,225,973**	16,702,130
Total subject to expenditure for specified purpose	**120,974,910**	79,172,766
Subject to endowment spending policy and appropriation:		
Endowments	**93,318,440**	77,618,516
Total net assets with donor restrictions	**$ 214,293,350**	$ 156,791,282

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:

Years ended September 30,	**2020**	2019
Satisfaction of purpose restrictions:		
Core programs	**$ 65,056,209**	$ 35,932,575
Other programs	**2,348,647**	3,094,820
Total satisfaction of purpose restrictions	**67,404,856**	39,027,395
Restricted-purpose spending-rate distributions and appropriations:		
Endowments	**1,597,455**	1,557,881
Total net assets released from donor restrictions	**$ 69,002,311**	$ 40,585,276

12. 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 donor-restricted endowment 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, 2020 and 2019, deficiencies of this nature were $0.6 million and $0.7 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, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowments	$ 26,828,543	$ -	$ 26,828,543
Donor-restricted endowments:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	71,423,558	71,423,558
Accumulated investment gains	-	21,894,882	21,894,882
Total endowment funds	$ 26,828,543	$ 93,318,440	$ 120,146,983

The following table represents the changes in endowment net assets for the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 24,172,592	$ 77,618,516	$ 101,791,108
Contributions	-	10,288,797	10,288,797
Investment return, net	3,108,251	7,010,839	10,119,090
Appropriation of endowment assets for expenditure	(452,300)	(1,599,712)	(2,052,012)
Endowment net assets, end of year	$ 26,828,543	$ 93,318,440	$ 120,146,983

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 endowment 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

13. Commitments and Contingencies

Operating Lease Commitments

The Foundation entered into a lease agreement with terms that ended in May 2020 for subleased premises at 1110 Vermont Avenue. Rent payments were recognized as expense on a straight line-basis over the term of the lease.

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. As of September 30, 2020, the tenant leasehold improvement allowance was $2.6 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 deferred rent liability balance as of September 30, 2020 and 2019 was $381,370 and $67,184, respectively. Rental expense for the years ended September 30, 2020 and 2019 totaled $1,032,464 and $867,343, respectively.

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

Years ending September 30,	
2021	$ 1,237,353
2022	1,519,468
2023	1,557,417
2024	1,596,382
2025	1,636,279
Thereafter	3,541,861
	$ 11,088,760

14. Contributed Property, Goods, Services and Media

During the years ended September 30, 2020 and 2019, the Foundation received contributed property, goods, services and media valued at $33,620,763 and $12,618,987, respectively. Of these totals, digital media support was valued at $28,028,312 and $10,702,430, for the years ended September 30, 2020 and 2019, respectively. The remainder consisted of electronic car charging stations, recycled lumber for trails, travel related support, general services, as well as call to action communications and outreach related to NPF as a whole.

15. 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 $2,636,600 for the year ended September 30, 2020, of which $2,633,289 represent funds that were formerly recognized as funds managed as agent for other entities (see Note 2 for recently adopted accounting pronouncement). Litigation settlement contributions was $18,214 for the year ended September 30, 2019. 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.

16. 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 $260,985 and $230,200, respectively, for the years ended September 30, 2020 and 2019.

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, 2020 and 2019, the amounts accrued under these arrangements were $186,825 and $130,575, respectively.

17. Government Support

National Park Service Endowment

During 2020 and 2019, the Foundation was awarded an endowment of $10,000,000 each year under the National Park Service Centennial Act. As of September 30, 2020 and 2019, the corpus of the National Park Service endowment totaled $40,000,000 and $30,000,000, respectively. Endowment earnings totaled $3,072,158 and $857,489 for the years ended September 30, 2020 and 2019, respectively. The earnings are to be used to help finance the needs of the national parks. As of September 30, 2020 and 2019, none of the earnings have been expended.

In addition to the endowment awarded under the National Park Service Centennial Act, the Foundation was also awarded an appropriation of $5,000,000 during 2020, to be expensed towards projects and programs that support the mission of NPS. For period ended September 30, 2020, $224,193 of appropriations was expensed. There were no appropriations awarded during fiscal year 2019.

18. Concentrations

As of September 30, 2020 and 2019, pledges receivable from three donors represented approximately 69% and 61%, 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, 2020 and 2019:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 8,534,240	$ 12,103,773
Pledges receivable, net	58,368,445	53,941,456
Investments	215,974,720	184,986,561
Total financial assets	282,877,405	251,031,790
Less: Amounts unavailable for current expenditure due to:		
Funds managed as agent for other entities	13,062	40,729,213
Pledges without donor restrictions collectible beyond one year	552,402	1,493,184
Charitable gift annuities	1,024,031	980,807
Net assets with donor restrictions	214,293,350	156,791,282
Total amounts unavailable for general expenditure within one year	215,882,845	199,994,486
Less: Amounts unavailable to management without Board approval		
Board designated quasi-endowments	26,828,543	24,172,592
Total financial assets available to management for general expenditure within one year	$ 41,166,017	$ 26,864,712

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, 2020 and 2019, the Foundation received contributions and gifts of $1,653,413 and $2,950,967, respectively, from board members of the Foundation. At September 30, 2020 and 2019 $2,780,285 and $4,193,286, respectively, was due to the Foundation.

21. Risks and Uncertainties

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In response to the COVID-19 pandemic and its related economic impact, although the Foundation received significant increase in contributions revenue during 2020, it continues to carefully assess 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. The Foundation's Investment Committee continues to meet periodically to monitor portfolio performance, assets allocations, and explore alternative investment opportunities such as investment in private equity. The Foundation also instituted cost containment measures (including travel restrictions) for the forthcoming fiscal year for services that can be delayed for an extended period. In addition, the Foundation has strategically downsized its headcount by three and implemented a freeze on hiring for non-essential open positions.

While there has been progress in developing and distributing a COVID-19 vaccine, there continues to be uncertainty around the breadth and duration of the business disruption, as well as its impact on the global economy. Nonetheless, the Foundation will continue to monitor the financial and business implications of the pandemic on its operations and will implement new strategies as appropriate. See Note 19 for information regarding the Foundation's liquidity and availability of resources.

CARES Act

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation's management has evaluated the relief provisions of the CARES Act and applied for, and received, funds under PPP during the year ended September 30, 2020. See Note 10 for information regarding the PPP loan. See Note 22 for subsequent COVID-19 stimulus funding act. Management continues to assess any future aid packages to determine its impact on the Foundation.

22. Subsequent Events

Management has evaluated subsequent events through March 2, 2021, which is the date the accompanying financial statements were available to be issued. There were no other transactions or events that required adjustment or disclosure in the financial statements other than noted below.

On December 30, 2020, the PPP loan amounting to $1.8 million was forgiven. See Note 10 for information regarding the PPP loan.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic. The Foundation is currently evaluating the impact of the Act.

Management Prepared Document

Appendix A - Management's Discussion and Analysis
Year Ended September 30, 2020

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 2020, NPF raised nearly $110 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.

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 2020, NPF provided nearly $73.6 million in grants and support to many of the more than 400 units across the country. This constituted nearly 72% of NPF's total expenses for the year.

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.