

SHENANDOAH NATIONAL PARK TRUST
CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022



HANTZMON
WIEBEL LLP
CPA and Advisory Services

SHENANDOAH NATIONAL PARK TRUST

CONTENTS

PAGE

Independent auditors' report	1
Financial statements:	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7



REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the accompanying financial statements of SHENANDOAH NATIONAL PARK TRUST (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SHENANDOAH NATIONAL PARK TRUST as of September 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of SHENANDOAH NATIONAL PARK TRUST and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SHENANDOAH NATIONAL PARK TRUST's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Trustees
of Shenandoah National Park Trust

REPORT OF INDEPENDENT AUDITORS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SHENANDOAH NATIONAL PARK TRUST's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SHENANDOAH NATIONAL PARK TRUST's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hantymon Wiebel LLP

Charlottesville, Virginia
January 31, 2023

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2022

ASSETS

Cash and cash equivalents	\$ 1,773,678
Pledges receivable, net (Note 4)	125,000
Other receivables (Note 3)	100,862
Investments (Note 6)	2,083,324
Prepaid expenses	12,801
Cash restricted for long-term purposes (Note 8)	258,586
Land (Note 9)	504,569
	<hr/>
Total assets	<u>\$ 4,858,820</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 16,399
Agency fund payable (Note 15)	11,939
Accrued salaries and benefits	12,188
	<hr/>
Total liabilities	<u>40,526</u>

NET ASSETS

Without donor restrictions (Note 11)	3,759,118
With donor restrictions (Note 12)	1,059,176
	<hr/>
Total net assets	<u>4,818,294</u>
	<hr/>
Total liabilities and net assets	<u>\$ 4,858,820</u>

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

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT			
Contributions	\$ 645,671	\$ 317,388	\$ 963,059
In-kind donated services and materials	20,943	....	20,943
Special events revenue, net of expenses of \$26,230.....	48,478	....	48,478
Interest and dividend income	48,716	2,299	51,015
Realized and unrealized losses	(447,111)	(6,444)	(453,555)
Department of Motor Vehicles:			
License plate revenue	260,190	....	260,190
Miscellaneous income .....	....	2,353	2,353
Assets released from restrictions	3,275,377	(3,275,377)	....
Total revenue and support	<u>3,852,264</u>	<u>(2,959,781)</u>	<u>892,483</u>
OPERATING EXPENSES			
Program services	4,058,264	....	4,058,264
General and administrative	118,013	....	118,013
Fund-raising	204,709	....	204,709
Total operating expenses	<u>4,380,986</u>	<u>....</u>	<u>4,380,986</u>
CHANGE IN NET ASSETS	(528,722)	(2,959,781)	(3,488,503)
NET ASSETS AT BEGINNING OF YEAR	<u>4,287,840</u>	<u>4,018,957</u>	<u>8,306,797</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 3,759,118</u></u>	<u><u>\$ 1,059,176</u></u>	<u><u>\$ 4,818,294</u></u>

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

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2022

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUND- RAISING	TOTAL
Compensation	\$ 243,090	\$ 37,939	\$ 83,370	\$ 364,399
Employee benefits	22,063	2,762	8,130	32,955
Payroll taxes	18,177	2,276	6,698	27,151
In-kind donated services and materials ..	20,943	....	....	20,943
Grants	3,595,551	....	....	3,595,551
Dues and fees	12,084	1,517	8,076	21,677
Insurance	3,195	3,449	138	6,782
Meetings and events	24,052	17,124	9,170	50,346
Occupancy and utilities	30,737	3,848	11,327	45,912
Office supplies and expenses	22,984	1,721	5,064	29,769
Postage and printing	49,803	163	20,419	70,385
Professional services	7,428	47,214	52,317	106,959
Travel	8,157	....	....	8,157
	<u>\$ 4,058,264</u>	<u>\$ 118,013</u>	<u>\$ 204,709</u>	<u>\$ 4,380,986</u>

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

SHENANDOAH NATIONAL PARK TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	(\$ 3,488,503)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Realized and unrealized losses	453,555
Transfer of land	3,053,094
(Increase) decrease in operating assets:	
Other receivables	23,532
Pledges receivable, net	(107,500)
Prepaid expenses	(6,152)
Increase (decrease) in operating liabilities:	
Accounts payable	(26,482)
Agency fund payable	(2,995)
Accrued salaries	4,347
	<u> </u>
Net cash used in operating activities	(97,104)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	153,966
Purchases of investments	(45,044)
	<u> </u>
Net cash provided by investing activities	108,922
 CASH FLOWS FROM FINANCING ACTIVITIES	
	<u> </u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	11,818
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,020,446
	<u> </u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 2,032,264</u>
 RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	
Amounts reported within the statement of financial position that sum to the total above:	
Cash and cash equivalents	\$ 1,773,678
Cash restricted for long-term purposes	258,586
	<u> </u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,032,264</u>
 SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES	
Transfer of land	<u>\$ 3,053,094</u>

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

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

The Shenandoah National Park Trust (the Trust) is a non-stock corporation formed in 2007 under the laws of Virginia. The Trust fosters public awareness and appreciation for Shenandoah National Park (the Park) and receives contributions to support the restoration and preservation of the Park's outstanding natural and historic resources for the use and enjoyment of current and future generations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases*, will be effective for the Trust during the year ending September 30, 2023. This update to lease accounting will require a lessee to record the following on the statement of financial position for all material leases: a "right-of-use" asset representing the lessee's right to use the leased asset, and a lease liability representing the lessee's obligation of lease payments not yet paid. The recognition of lease expense will not be affected by this ASU. As of September 30, 2022, the Trust has identified one material operating lease that will be subject to this ASU (see **LEASES** note).

ASU 2020-07: *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU, effective for the year ended September 30, 2022, requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. Adoption of this pronouncement had no effect on the Trust's current financial statements.

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Contributions and revenue are recorded when earned and expenses are recorded when incurred, rather than when funds are received or disbursed.

Financial Statement Presentation

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

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

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

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

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

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

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

Fair Values of Financial Instruments

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

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

The fair values of the Trust’s assets that are categorized in accordance with FASB Accounting Standards Codification (ASC) 820 at September 30, 2022 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pledges receivable	\$	\$	\$ 125,000	\$ 125,000
Investments - mutual funds	<u>2,083,324</u>	<u>.....</u>	<u>.....</u>	<u>2,083,324</u>
Total financial assets at fair value	<u>\$2,083,324</u>	<u>\$.....</u>	<u>\$ 125,000</u>	<u>\$2,208,324</u>

During the year ended September 30, 2022, there were no changes to the classification among categories.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

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

Accounting Estimates

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

Cash and Cash Equivalents

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

Included in cash and cash equivalents is \$11,939 in funds held for use by the Shenandoah National Park Law Enforcement Fund. See the **AGENCY FUND PAYABLE** note for further details.

Other Receivables

Management evaluates annually the collectability of receivables based on specific account analysis, previous experience, and other relevant factors. Receivables deemed uncollectible are written off to bad debt expense in the year of management's determination. Management has deemed all amounts collectible as of September 30, 2022, and has not considered it necessary to create an allowance.

Pledges Receivable

Pledges receivable are unconditional promises to give. Collection will generally not be enforced by the Trust. Accordingly, these receivables are shown net of an allowance for uncollectible pledges, which has been estimated by management based on historic experience, the age of the pledge, and other relevant factors. At September 30, 2022, management considered all pledges to be collectible. Any changes in the provision for uncollectible pledges and pledge adjustments are reflected in contributions revenue.

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

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

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Investments

The Trust records investment purchases at cost, or if donated, at fair value on the date of donation. Investments are carried at market value as determined by quoted market prices. Interest and dividend income is generally classified as net assets without donor restrictions, except where donor restrictions on earnings from contributions exist, when such investment income is credited to net assets with donor restrictions. Unrealized gains or losses and realized gains or losses on the sale of securities are considered net assets without donor restrictions, unless specifically restricted by the donor. The value of investments is tied to the market and to market volatility.

Property and Equipment

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

Income Taxes

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

Accounting for Uncertain Tax Positions

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

In-Kind Donated Services and Materials

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

Advertising Costs

Advertising costs include paid advertising and brochure costs.

The Trust expenses costs of advertising as incurred. Advertising costs totaled \$6,697 for the year ended September 30, 2022.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

Management has evaluated events through January 31, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - OTHER RECEIVABLES

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

Other receivables consist of the following at September 30, 2022:

Virginia Department of Motor Vehicles license plate revenue	\$ 82,080
National Park Foundation lodging revenue	<u>18,782</u>
	<u>\$100,862</u>

NOTE 4 - PLEDGES RECEIVABLE

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

Unconditional pledges receivable at September 30, 2022 are as follows:

Contributions due in less than one year	\$100,000
Contributions due in one to five years	<u>25,000</u>
Total unconditional pledges receivable	<u>\$125,000</u>

Changes in unconditional pledges receivable for the year ended September 30, 2022 are as follows:

Pledges receivable - beginning of year	\$ 17,500
Pledges received	150,000
Payments received	<u>(42,500)</u>
Total unconditional pledges receivable	125,000
Change in discount on future pledges .....	.....
Pledges receivable - end of year	<u>\$125,000</u>

At September 30, 2022, 100% of pledges receivable originated from four donors.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CONDITIONAL PLEDGES

During the year ended September 30, 2022, the Trust received one conditional promise to give in the amount of \$100,000 for the purchase of land surrounding the Shenandoah National Park. This promise to give will be received once the Trust meets the land acquisition conditions.

NOTE 6 - INVESTMENTS

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

The fair value of investments at September 30, 2022 is as follows:

	FAIR MARKET VALUE	COST
Vanguard Index Fund	<u>\$2,083,324</u>	<u>\$2,046,774</u>

NOTE 7 - ENDOWED FUNDS

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

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

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

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

The endowed funds' net asset classification by type of fund as of September 30, 2022 is as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Board-designated endowment fund	\$2,052,062	\$	\$2,052,062
Donor-restricted endowment fund .....	.....	31,262	31,262
	<u>\$2,052,062</u>	<u>\$ 31,262</u>	<u>\$2,083,324</u>

Changes in the endowed funds' net assets for the year ended September 30, 2022 are as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowed net assets, beginning of year	\$2,613,623	\$ 32,178	\$2,645,801
Net appreciation	(447,111)	(6,444)	(453,555)
Additions	39,516	5,528	45,044
Withdrawals	<u>(153,966)</u>	.....	<u>(153,966)</u>
Endowed net assets, end of year	<u>\$2,052,062</u>	<u>\$ 31,262</u>	<u>\$2,083,324</u>

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Trust to retain as a fund of perpetual duration. Deficiencies of this nature were \$4,903 as of September 30, 2022. The fair value of the underwater endowment funds was \$25,097 as of September 30, 2022.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes was \$258,586 as of September 30, 2022. These funds may be used for the purpose of promoting the establishment of conservation easements and similar land conservation practices on lands within, adjacent to, or contiguous to the authorized boundary of the Shenandoah National Park as established by act of Congress dated May 22, 1926. Contiguous land includes, without limitation, lands adjacent to other lands for which conservation easement or other similar land conservation practices provide an unbroken protected property chain back to the authorized boundary.

NOTE 9 - LAND

In 2022, the Trust owned three properties with the intent of transferring all properties to the Shenandoah National Park. Two of these properties were donated to the Shenandoah National Park during the year ended September 30, 2022. These donations are included in the Grants line item on the statement of functional expenses. The remaining piece of property is expected to be donated to the Shenandoah National Park during the fiscal year 2023.

NOTE 10 - LEASES

In June 2019, the Trust entered into an operating lease for office space located in Charlottesville, Virginia. The lease commenced on June 1, 2019 for a term of 60 months, followed by optional annual renewals. Rent expense for the year ended September 30, 2022 was \$36,785.

The future minimum lease payments are as follows:

YEAR ENDING SEPTEMBER 30,	
2023	\$ 37,840
2024	<u>25,704</u>
	<u>\$ 63,544</u>

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Trust had the following net assets without donor restrictions at September 30, 2022:

Undesignated net assets	\$1,707,056
Board designated endowment	<u>2,052,062</u>
Total net assets without donor restrictions	<u>\$3,759,118</u>

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The Trust had the following restricted net assets at September 30, 2022:

Subject to appropriation and expenditure when a specified event occurs:	
Land acquisition and conservation	\$ 763,155
Community capacity building	11,155
Connecting people to the Park	30,000
Advancement of youth education and engagement ..	94,647
Interns	15,000
Preservation of historical structures	9,626
Protection of wildlife and wild lands	104,331
Other	<u>(1,138)</u>
Total subject to appropriation and expenditure ...	1,026,776
Held in perpetuity:	
Peterson Endowment	30,000
Doris C. Belak Endowment	<u>2,400</u>
Total net assets with donor restrictions	<u>\$1,059,176</u>

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

NOTE 13 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 14 - AGREEMENT WITH THE NATIONAL PARK SERVICE

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

The original term of this agreement was ten years, with the opportunity to renew. A renewal was signed extending the agreement until October 23, 2022, with the option for a one-year extension. The option was exercised, extending the agreement to October 23, 2023. Upon termination or expiration of this agreement, any remaining assets of the Trust will be transferred to NPS or a mutually-agreed-upon third party to be used for purposes that are consistent with the terms of the agreement. The Trust also agreed to waive any right to an ownership or possessory interest in projects and programs in the Park that have been funded by contributions made by or through the Trust.

The third component represents \$11,939 in funds held for use by the Shenandoah National Park Law Enforcement Fund. See the **AGENCY FUND PAYABLE** note for further details.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - AGENCY FUND PAYABLE

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

At September 30, 2022, \$11,939 was in the bank account restricted for use by the Fund and reported as a payable by the Trust.

NOTE 16 - CONCENTRATIONS

During the year ended September 30, 2022 there were no concentrated contributions.

NOTE 17 - RETIREMENT PLAN

The Trust sponsors a SIMPLE IRA plan available to all employees, who may participate on a voluntary basis. The Trust provides a matching contribution, which amounted to \$10,879 during the year ended September 30, 2022.

NOTE 18 – IN-KIND DONATED MATERIALS AND SERVICES

The Trust received the following contributions of nonfinancial assets for the year ended September 30, 2022:

Raffle items	\$ 6,601
Professional services	4,000
Marketing	3,747
Rent	3,600
Printing	<u>2,995</u>
Total nonfinancial asset contributions	<u>\$ 20,943</u>

The Trust receives items to be given away at its annual raffle, and all items are to be included in the raffle. Contributed items are valued at the gross selling price received. The Trust also receives donated professional services, which require specialized skills, and are recognized as in-kind contributions when the pledge is made, and expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value of estimated effort spent supporting the Trust. The Trust receives in-kind marketing services through the use of donated advertising space to promote its annual event. Additionally, the Trust receives donated space for its annual event as well as donated storage space. The value of both donated marketing services and facilities is determined by the respective donors and is reported as a reduction of overall expense. Contributed printing materials are valued at the gross selling price received.

SHENANDOAH NATIONAL PARK TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 19 - LIQUIDITY AND AVAILABILITY

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

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

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

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

The following financial assets are available for general expenditure within one year of September 30, 2022:

Cash and cash equivalents, net of cash restricted for long-term or specified purposes	\$1,761,738
Other receivables	100,862
Pledges receivable, net	100,000
Estimated distribution from investments	<u>140,000</u>
 Total available for general expenditure	 <u>\$2,102,600</u>

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

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