

**CONSERVANCY FOR CUYAHOGA
VALLEY NATIONAL PARK**

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2021
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2020)

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
FINANCIAL STATEMENTS
AUGUST 31, 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
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	7-21

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Conservancy for Cuyahoga Valley National Park

Report on the Financial Statements

We have audited the accompanying financial statements of Conservancy for Cuyahoga Valley National Park (the "Conservancy", a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservancy for Cuyahoga Valley National Park as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Conservancy for Cuyahoga Valley National Park's August 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Card, Palmer, Sibbison & Co.

Cleveland, Ohio
December 14, 2021

FINANCIAL STATEMENTS

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2021
(With Comparative Totals as of August 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents, without donor restrictions	\$ 1,523,199	\$ 788,963
Cash and cash equivalents, with donor restrictions	4,153,483	1,527,527
Accounts receivable, program, net of allowance for doubtful accounts	6,295	13,113
Accounts receivable, National Park Service	662,107	101,332
Pledges and grants receivable, with donor restrictions	748,095	641,893
Investments	1,364,887	1,136,752
Endowment funds, with donor restrictions	2,258,913	1,819,731
Prepaid expenses and other assets	917,871	307,317
Property and equipment, net	<u>98,995</u>	<u>101,088</u>
TOTAL ASSETS	<u>\$11,733,845</u>	<u>\$ 6,437,716</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:		
Accounts payable	\$ 148,962	\$ 173,191
Accounts payable, National Park Service	40,452	35,850
Accrued expenses	230,403	108,138
Deferred revenue	2,748,644	549,905
Program deposits	283,809	238,027
Line of credit, Capital Project	265,374	-
Note payable	70,000	70,000
Recoverable grants	<u>1,000,000</u>	<u>-</u>
Total liabilities	<u>4,787,644</u>	<u>1,175,111</u>
NET ASSETS:		
Without donor restrictions	2,055,359	1,051,117
With donor restrictions	<u>4,890,842</u>	<u>4,211,488</u>
Total net assets	<u>6,946,201</u>	<u>5,262,605</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$11,733,845</u>	<u>\$ 6,437,716</u>

The accompanying notes are an integral part of the financial statements.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021
(With Comparative Totals as of August 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT:				
Environmental education:				
Program fees, net of scholarships of \$300 and \$88,994 in 2021 and 2020, respectively	\$ 9,210	\$ -	\$ 9,210	\$ 191,120
Community outreach	1,663,761	-	1,663,761	1,036,108
Contributions and grants:				
National Park Service program support	-	800,800	800,800	261,500
National Park Service assigned use of facilities	147,615	-	147,615	173,127
Special events	-	220,899	220,899	227,206
Environmental education programs	-	254,921	254,921	436,077
Memberships	1,025,571	76,914	1,102,485	1,125,280
Community outreach	22,119	255,022	277,141	152,612
Trails Forever	-	20,754	20,754	28,058
Capital projects	-	177,285	177,285	31,801
General operations	140,654	143,530	284,184	583,303
Paycheck Protection Program grant	-	471,445	471,445	471,447
Investment income	228,136	502,712	730,848	120,253
Other income	31,268	-	31,268	44,511
Net assets released from restrictions	2,244,928	(2,244,928)	-	-
Total revenue, support and reclassifications	<u>5,513,262</u>	<u>679,354</u>	<u>6,192,616</u>	<u>4,882,403</u>
EXPENDITURES:				
Program services:				
Environmental education programs	268,665	-	268,665	1,214,025
Community outreach and park support	2,186,384	-	2,186,384	1,684,667
Capital projects	176,764	-	176,764	5,843,317
Total program services	<u>2,631,813</u>	<u>-</u>	<u>2,631,813</u>	<u>8,742,009</u>
Support services:				
Management and general	819,216	-	819,216	887,677
Fundraising	1,057,991	-	1,057,991	896,889
Total support services	<u>1,877,207</u>	<u>-</u>	<u>1,877,207</u>	<u>1,784,566</u>
Total expenditures	<u>4,509,020</u>	<u>-</u>	<u>4,509,020</u>	<u>10,526,575</u>
CHANGES IN NET ASSETS	1,004,242	679,354	1,683,596	(5,644,172)
NET ASSETS, BEGINNING OF YEAR	<u>1,051,117</u>	<u>4,211,488</u>	<u>5,262,605</u>	<u>10,906,777</u>
NET ASSETS, END OF YEAR	<u>\$ 2,055,359</u>	<u>\$ 4,890,842</u>	<u>\$ 6,946,201</u>	<u>\$ 5,262,605</u>

The accompanying notes are an integral part of the financial statements.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021
(With Comparative Totals as of August 31, 2020)

	2021							2021 Total	2020 Total
	Program Services			Support Services					
	Environmental Education Programs	Community Outreach and Park Support	Capital Projects	Management and General	Fundraising				
					Special Events	Development			
Salaries and wages	\$ 129,705	\$ 777,141	\$ -	\$ 376,703	\$ -	\$ 583,888	\$ 1,867,437	\$ 2,295,433	
Payroll taxes and benefits	34,112	197,638	-	103,993	-	135,236	470,979	568,714	
Program supplies and merchandise	29,176	765,918	1,014	1,313	87,356	33,518	918,295	710,164	
Food services and facility supplies	235	26,035	-	9,252	-	298	35,820	122,437	
Contractor fees and services	3,220	139,430	95,750	90,693	16,052	26,050	371,195	237,477	
Transportation services	1,291	-	-	-	-	-	1,291	31,161	
Marketing	177	1,755	-	29,593	615	49,796	81,936	92,251	
Office supplies, equipment, and support	-	15,405	-	64,948	-	1,380	81,733	100,776	
Utilities, communications, and postage	-	50,940	-	21,894	-	24,377	97,211	93,243	
Staff related expenses (refunds)	(369)	2,340	-	18,285	-	471	20,727	94,860	
Professional fees, dues, and subscriptions	270	55,922	-	35,822	4,582	13,461	110,057	97,569	
Liability insurance	1,613	13,604	-	17,739	-	-	32,956	43,189	
Rental expense	-	57,217	-	-	-	-	57,217	40,209	
National Park Service assigned use of facilities	69,235	36,386	-	34,916	-	7,078	147,615	173,127	
Donations and grants	-	2,975	80,000	9,725	73,833	-	166,533	5,773,056	
Depreciation	-	41,178	-	3,140	-	-	44,318	49,209	
Other expenses	-	2,500	-	1,200	-	-	3,700	3,700	
Total functional expenses	\$ 268,665	\$ 2,186,384	\$ 176,764	\$ 819,216	\$ 182,438	\$ 875,553	\$ 4,509,020	\$ 10,526,575	

The accompanying notes are an integral part of the financial statements.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021
(With Comparative Totals as of August 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 1,683,596	\$ (5,644,172)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	44,318	49,209
Decrease in allowance for doubtful accounts	(1,797)	(3,484)
Gain on investments	(226,497)	(94,706)
Gain on endowment funds	(502,712)	(7,440)
Donation of visitor center	-	5,682,366
(Increase) decrease in operating assets:		
Accounts receivable, program	8,615	19,851
Accounts receivable, National Park Service	(560,775)	487,690
Pledges and grants receivable	(106,202)	176,301
Prepaid expenses and other assets	(610,554)	(130,177)
Increase (decrease) in operating liabilities:		
Accounts payable	(24,229)	56,144
Accounts payable, National Park Service	4,602	(30,156)
Accrued expenses	122,265	(4,750)
Deferred revenue	2,198,739	460,661
Program deposits	45,782	(20,255)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,075,151	997,082
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in endowment funds with donor restrictions	(29,368)	(111,456)
Purchase of investments	(617,976)	(199,404)
Proceeds on stock sales	616,338	190,593
Capital expenditures	(42,225)	(746,959)
Distribution from endowment funds	92,898	84,179
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	19,667	(783,047)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit activity, net	265,374	-
Recoverable grants	1,000,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,265,374	-
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,360,192	214,035
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,316,490	2,102,455
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 5,676,682	\$ 2,316,490

The accompanying notes are an integral part of the financial statements.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. NATURE OF OPERATIONS

Conservancy for Cuyahoga Valley National Park (the “Conservancy”) is a nonprofit corporation with the mission to enrich people’s lives and enhance our region by inspiring use, preservation, and support of Cuyahoga Valley National Park. The Conservancy’s work embraces the following values:

- Belief that Cuyahoga Valley National Park (CVNP) is one of the greatest assets to the region and will protect it, promote it, and encourage people to enjoy it.
- Commitment to equity and justice in the organizational practices, in outreach and in community engagement.
- Diversity and inclusion, internally and externally, assuring that all people are welcome in the park, in employment, in volunteerism, and in Conservancy programs.
- Commitment to the health and well-being of park visitors, employees, volunteers, and the broader community.
- Active engagement in the broader northeast Ohio community to assure the work is relevant, nimble and adapts to the needs and interests of those who live, work, and play in the region.

The Conservancy engages community involvement through 1) programs and services to enhance the park visitor experience; 2) co-management of the park’s award-winning “Volunteer in Parks” (VIP) program; 3) education programs for school age children at the Cuyahoga Valley Environmental Education Center and throughout the park; 4) marketing and awareness campaigns to reach out to existing and new visitors; 5) planning and implementation of Capital Projects in Cuyahoga Valley National Park including the purchase of Brandywine Golf Course on behalf of the Conservancy and Cuyahoga Valley National Park.

Cuyahoga Valley Environmental Education Center

Children are provided with overnight and day programs. Classes participate with their teachers in field trips and day or overnight experiences in the park. Students that attend overnight experiences can receive financial support from the Conservancy, so any child can participate in the program. The educational programs are curriculum based and supplement schools’ core standards. Summer programs include day camps as well as summer academics and family-oriented programs.

In February 2021, the National Park Service closed and winterized the Education Center Campus. The National Park Service was approved for a \$500,000 project to enhance the campus including new windows, new doors, roof replacement on November Lodge and exterior painting in Spring 2021. The Conservancy is anticipating school groups to return in the Spring of 2022.

Overnight School field trips were not scheduled in 2021 due to the pandemic and the scheduled maintenance and construction on the campus. The Conservancy continued to provide school programs and teacher education virtually and with limited groups. The education staff also provided opportunities through “themed” virtual activities and self-guided exploration of CVNP.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. NATURE OF OPERATIONS (Continued)

Community engagement

Although 2021 proved to be a challenge with the continuation of the pandemic, visitation to Cuyahoga National Park continued to remain high. The Conservancy continued the work on serving thousands of new and returning visitors who sought solace in the park and the outdoors. The retail stores operated by the Conservancy were open for visitors to purchase products that enhanced their park experience as well as being a place that provides visitors information about activities in and around the park. Fundraising on behalf of the park and park projects were modified to maintain social distancing while embracing The Conservancy's mission. Reservations to host events and meetings in our unique park buildings have increased throughout the year with proper protocols and adaptations in place to provide for a safe event. The Volunteer in Parks program has hosted a limited number of smaller volunteer opportunities and are continuing to plan volunteer opportunities that can be managed safely.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Conservancy is presented to assist in understanding the Conservancy's financial statements. The financial statements and notes are representations of Conservancy management, which is responsible for their integrity and objectivity.

Basis of accounting

The Conservancy's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the financial statements.

Cash and cash equivalents

For purposes of the statement of cash flows, the Conservancy considers cash on hand, demand deposits, and money market funds to be cash and cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows. Cash paid for interest during the year ended August 31, 2021 was \$5,787.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of credit risk

The Conservancy maintains its cash and cash equivalents in accounts which at times may exceed federally insured limits. The Conservancy has not experienced any losses in such accounts and management of the Conservancy believes it is not exposed to any significant credit risk.

Accounts receivable and allowance for doubtful accounts

The Conservancy grants credit to program activity participants as deemed necessary and mitigates the associated risk by performing ongoing credit evaluations. Accounts are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of accounts. At August 31, 2021, accounts receivable are stated net of an allowance for doubtful accounts of \$1,918. Bad debt expense amounted to \$1,200 for the year ended August 31, 2021.

Pledges receivable

Included in pledges receivable are unconditional promises to give. As of August 31, 2021, \$502,261 of pledges receivable are expected to be collected currently. The remaining \$245,834 as of August 31, 2021 is expected to be collected within one to three years.

Investments

Available for sale securities include equity investments that are reported at fair value. The Conservancy has developed an investment policy to ensure that the funds are effectively managed. The goals under the policy include seeking real growth after inflation, developing an operating reserve, and managing investment risk.

Property and equipment

Acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance, and renewals that significantly extend the useful lives of assets are capitalized. Property and equipment are carried at cost. When property and equipment are retired or otherwise disposed of, the cost of the property or equipment is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference is charged or credited to operations as a gain or loss.

Depreciation has been provided using the straight-line and accelerated methods of accounting in order to relate the cost of the assets to operations over their estimated service lives. Depreciation expense for the year ended August 31, 2021 was \$44,318.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained into 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 resource was restricted has been fulfilled, or both.

Revenue and revenue recognition

Contributions and support received are recorded depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Conservancy recognizes program service revenue at a point in time when the program or event occurs. There are no performance obligations to be satisfied over time.

Investment income

Investments are reported at fair value. Net investment income is reported on the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Advertising and marketing costs

The Conservancy conducts non-direct response advertising. These costs are expensed as incurred. Advertising expense for the year ended August 31, 2021 was \$81,936.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The costs of program and supporting services activities have been detailed on both a functional and natural basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, all expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly, based on the nature of the expense incurred.

Adoption of new accounting standard

The Conservancy has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Analysis of various provisions of this standard resulted in no significant changes in the way the Conservancy recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Conservancy is evaluating the impact the pronouncements may have on the financial statements.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,523,199
Accounts receivable	<u>6,295</u>
	<u>\$ 1,529,494</u>

As part of the Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Conservancy has a board-designated operating reserve of \$548,000 as of August 31, 2021, which is included in investments as reported on the statement of financial position.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

3. LIQUIDITY AND AVAILABILITY (Continued)

Although the Conservancy does not intend to spend from the operating reserve for general expenditure as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31, 2021:

Store buildings	\$ 402,375
Office equipment	233,211
Computer equipment	91,060
Leasehold improvements	3,892
Less accumulated depreciation	<u>(631,543)</u>
Property and equipment, net	<u>\$ 98,995</u>

5. ENDOWMENT FUNDS

The Conservancy's endowment consists of seven individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Conservancy has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies 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. The remaining portion of the donor-restricted endowment fund that is not considered restricted into perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Conservancy, and (7) the Conservancy's investment policies.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

5. ENDOWMENT FUNDS (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The Conservancy has granted ultimate authority and control over the endowment funds to the Akron Community Foundation and the Cleveland Foundation, together the “Foundations”, who each hold certain individual endowment funds. In doing so, the Conservancy allows the Foundations to manage the endowment funds and set the investment return objectives, risk parameters and strategies. While the Foundations manage the endowment funds, the Conservancy holds variance power over the funds.

Spending Policy. The Conservancy has different spending policies for each endowment. These policies vary from appropriating the distribution of only net income to appropriating up to 6% of the endowment’s fair value for distribution.

Underwater endowment policy. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Conservancy has interpreted UPMIFA to permit spending from underwater endowments, if any, will be reflected in net assets with donor restrictions. There were no underwater endowments at August 31, 2021.

Endowment net asset composition by type of fund as of August 31, 2021 is as follows:

	With Donor Restrictions
Donor-restricted endowment funds	\$ 2,258,913

Changes in endowment net assets as of August 31, 2021 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,819,731
Contributions	29,368
Net investment gain	502,712
Appropriated for expenditures	(92,898)
Endowment net assets, end of year	\$ 2,258,913

6. NOTE PAYABLE

The Conservancy entered into a loan and grant agreement with an unrelated party. Per the terms of the agreement, the unrelated party agreed to lend the Conservancy \$90,000 to be used for the construction of certain improvements to a store space that the Conservancy leases from the same unrelated party. The loan bears interest at 3%, which is payable quarterly.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

6. NOTE PAYABLE (Continued)

The Conservancy met certain provisions of the agreement and \$20,000 of the note payable was forgiven by the unrelated party. All outstanding principal on the note is payable on May 1, 2022. The outstanding balance of the loan as of August 31, 2021 was \$70,000.

7. LINE OF CREDIT

In October 2020, the Conservancy entered into a line of credit with a financial institution with a maximum borrowing amount of \$1,500,000. The terms of the agreement call for monthly payments of interest only to be paid at a rate equivalent to the bank's LIBOR rate plus 185 basis points. At no time is the interest rate on this line to be less than 2.10%. The bank's LIBOR rate was 0.08% at August 31, 2021. The line is guaranteed by the trustee of the trust selling the parcels of land described in Note 19 and is secured by investment assets of the trust. As of August 31, 2021, the Conservancy had outstanding borrowings on the line of credit of \$265,374.

8. RECOVERABLE GRANTS

During the year ended August 31, 2021, the Conservancy entered into recoverable grant agreements with two charitable foundations. Per the terms of the agreements, the charitable foundations agreed to provide interest-free funding for the land purchase described in Note 19. The recoverable grants are to be repaid to the foundations no later than December 31, 2022. The outstanding balance of the recoverable grants was \$1,000,000 at August 31, 2021.

9. PAYCHECK PROTECTION PROGRAM

In December 2020, H.R. 133, Consolidated Appropriations Act, 2021 was passed. This act extended the Paycheck Protection Program ("PPP") and allowed certain eligible borrowers that previously received a PPP loan to apply for a second draw PPP loan. In March 2021, the Conservancy received loan proceeds in the amount of \$471,445 under the second draw PPP. The Conservancy used the loan proceeds for allowable payroll, benefits, rent and utilities with the intent of applying for loan forgiveness in the future as specified in the CARES Act. The funds received as part of the PPP program are reflected as Paycheck Protection Program grant in Contributions and Grants in the accompanying Statement of Activities. In the event any amount of the loan is not forgiven, payment is deferred for at least 10 months after the end of the loan forgiveness cover period.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

10. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions that are designated by the Board and are being held by the Conservancy include the following as of August 31, 2021:

Operating reserve	\$ 548,000
Photographic society	<u>546</u>
 Total board-designated net assets without donor restrictions	 <u><u>\$ 548,546</u></u>

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of August 31, 2021:

Subject to expenditure for specific purposes:

Fundraising and projects	\$ 21,016
Environmental education	582,293
Development	983,426
Environmental education program scholarships	407,877
Community outreach	<u>637,317</u>
	 <u>2,631,929</u>

Endowments:

Subject to appropriation and expenditure when a specific event occurs:

Restricted by donors for:

Trails Forever	1,807,279
Environmental education general operations	214,359
Environmental education program scholarships	<u>237,275</u>
	 <u>2,258,913</u>

Total net assets with donor restrictions	\$ <u><u>4,890,842</u></u>
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CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended August 31, 2021:

Satisfaction of purpose restrictions:

Environmental education	\$ 197,333
Development	776,619
Environmental education program scholarships	300
Paycheck Protection Program	471,445
Community outreach	442,970
Fundraising and projects	<u>356,261</u>
	<u>\$ 2,244,928</u>

12. DONATED SERVICES AND FACILITIES

The Conservancy receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied. Volunteer hours totaled approximately 6,020 hours for the year ended August 31, 2021.

In addition, the Conservancy occupies, without charge, certain administrative and program facilities owned by the National Park Service. The fair rental value of these premises, including utilities and services such as security and parking is \$147,615 for the year ended August 31, 2021 and is reflected in the financial statements.

13. PENSION PLANS

The Conservancy has a defined contribution retirement plan and a tax-deferred annuity plan, both of which cover all employees of the Conservancy who have met certain length of service, age and hour requirements. Employee deferral contributions to the defined contribution retirement plan are made on a tax-deferred basis pursuant to a salary reduction agreement, which can be terminated or modified at any time at the employee's request. The Conservancy automatically contributes an employer contribution of 3% of each employee's salary to the plans, regardless of the amount contributed by the employee. In addition, the Conservancy matches 100% up to the first 3% contributed by the employee. Pension expense was \$86,663 for the year ended August 31, 2021.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

14. COOPERATIVE AGREEMENT

The Conservancy has an agreement with the National Park Service (NPS), Department of the Interior, which is effective through September 20, 2022. Under this agreement, the Conservancy is required to provide programs and projects that enhance public understanding and enjoyment of and involvement in Cuyahoga Valley National Park, manage assigned buildings in support of park programs, maintain food service and kitchen equipment, and work with NPS staff on various other projects while the National Park Service is required to provide financial support, space, maintenance, equipment, staff, and other assistance as needed. The Conservancy received National Park Service program support of \$314,400 for the Conservancy's various programs under this agreement during the year ended August 31, 2021.

In June of 2021, The Conservancy entered into a new agreement with the National Park Service (NPS), Department of the Interior, which is effective through September 30, 2025. The purpose of this cooperative agreement is to reduce stormwater runoff entering the Cuyahoga River improving the ecology, water quality, and recreational use of the river and to engage the local community, including youth and corporate partners, in habitat restoration and Cuyahoga Valley National Park. The Conservancy received National Park Service program support of \$486,400 for the Conservancy's various programs under this agreement during the year ended August 31, 2021.

15. OPERATING LEASES

The Conservancy has an agreement with an unrelated party to lease space to operate an educational gift shop. The ten-year lease calls for monthly rental payments of \$2,550 per month for the first five years and \$2,627 per month for the remaining five years. The lease will expire on December 31, 2021 at which time certain renewal options are available. Rental expense for the year ended August 31, 2021 was \$31,524.

The Conservancy also has a facilities lease with the National Park Service to maintain and rent out certain National Park Service facilities to the public. The National Park Service charges the Conservancy a base rent of \$300 per month and 2% of the gross revenue from the rentals. Rental expense for the year ended August 31, 2021 was \$9,253. The lease expired August 31, 2021.

In March 2021, the Conservancy entered into a lease agreement with the National Park Service for the use and occupancy of the Boston Store. The rent under this agreement is \$1,240 per month and the lease expires March 2, 2023. Rental expense for the year ended August 31, 2021 was \$7,440.

In March 2021, the Conservancy entered into a lease agreement with the National Park Service for the use and occupancy of the Stanford House. The rent under this agreement is \$1,500 per month and the lease expires February 28, 2026. Rental expense for the year ended August 31, 2021 was \$9,000.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

15. OPERATING LEASES (Continued)

The Conservancy also leases office equipment from an unrelated party. Total expense for the year ended August 31, 2021 was \$16,923.

The future minimum lease payments are as follows for the years ending August 31,

2022	\$	81,200
2023		51,635
2024		41,990
2025		41,330
2026		32,000
Thereafter		<u>115,000</u>
Total	\$	<u>363,156</u>

16. TAX STATUS

The Conservancy is a nonprofit corporation exempt from federal income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(3).

The Conservancy has adopted guidance, as required by the Income Taxes Topic of the FASB Accounting Standards Codification regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Conservancy's income tax returns. As of August 31, 2021, the Conservancy has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Conservancy records related interest expenses and penalties, if any, as a tax expense, consistent with this guidance. The Conservancy's open audit periods are for the tax years ended August 31, 2018 through August 31, 2021. In evaluating the Conservancy's tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Conservancy believes their estimates are appropriate based on the current facts and circumstances.

17. FAIR VALUE MEASUREMENT

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

17. FAIR VALUE MEASUREMENT (Continued)

The three levels of the fair value hierarchy under FASB guidance are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at August 31, 2021.

Endowment funds – Based on model-based valuation techniques for which all significant assumptions are unobservable in the market.

Equity funds – Equity funds consist of marketable equity securities of domestic and international corporations in a variety of industries that are valued based on quoted prices in active markets.

Cash and cash equivalents – Cash and cash equivalents consist of investments in money market accounts that are based on quoted prices in active markets.

Fixed income funds – Fixed income funds consist of fixed maturity securities that are valued based on quoted prices in active markets.

Alternative asset funds – Alternative asset funds consist of marketable equity securities in niche asset classes like real estate, gold, and diversified equity funds that are valued based on quoted prices in active markets.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

17. FAIR VALUE MEASUREMENT (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Conservancy believes its valuation methods are appropriate and consistent with other market participants, the use of different instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of August 31, 2021.

Assets at Fair Value as of August 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment funds	\$ -	\$ -	\$ 2,258,913	\$ 2,258,913
Cash and cash equivalents	18,832	-	-	18,832
Fixed income funds	213,498	-	-	213,498
Equity funds	1,018,295	-	-	1,018,295
Alternative assets	114,262	-	-	114,262
	<u>\$ 1,364,887</u>	<u>\$ -</u>	<u>\$ 2,258,913</u>	<u>\$ 3,623,800</u>

18. PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements contain certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

19. COMMITMENTS AND CONTINGENCIES

The Conservancy has entered into an Equity Purchase and Sales Agreement to purchase parcels of land near Cuyahoga Valley National Park. The purchase price will be the greater of \$5,200,000 or the appraised value of the property. There are certain conditions that must be satisfied before the property can be purchased. The Conservancy plans has raised funds for the purchase of the property through a potential capital campaign. Donations for the project are included in deferred revenue and recoverable grants on the statement of financial position. The purchase was finalized subsequent to year end in September of 2021.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

20. SUBSEQUENT EVENTS

In connection with the land purchase described in Note 19, the Conservancy entered into a Line of Credit Agreement with an additional financial institution subsequent to year end. The line allows for borrowings up to \$1,000,000 through September 15, 2023 at which time all outstanding borrowings are due in full. The Conservancy currently has approximately \$500,000 in outstanding borrowings on the line.

In connection with the recoverable grants described in Note 8, the Conservancy entered into recoverable grant agreements with three charitable foundations totaling \$2,000,000 subsequent to year end. The recoverable grants are to be repaid to the foundations no later than January 31, 2023.

A new agreement for the expired lease described in Note 15 was reached subsequent to year end. The effective date of the new agreement is September 1, 2021 and the term of the new lease calls for an annual base rent of \$23,000 payable in monthly installments and 8% of total revenue in excess of the base rent. The lease expires August 31, 2031.

Subsequent events have been evaluated through December 14, 2021, which is the date the financial statements were available to be issued.