CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2022)

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
FINANCIAL STATEMENTS
AUGUST 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Conservancy for Cuyahoga Valley National Park as of August 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Conservancy for Cuyahoga Valley National Park 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 Conservancy for Cuyahoga Valley National Park's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 GAAS, 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 Conservancy for Cuyahoga Valley National Park'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 Conservancy for Cuyahoga Valley National Park'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.

Report on Summarized Comparative Information

We have previously audited Conservancy for Cuyahoga Valley National Park's August 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Caird, Palmer, Sibbison & Co.

Cleveland, Ohio
December 18, 2023

FINANCIAL STATEMENTS

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023
(With Comparative Totals as of August 31, 2022)

ASSETS

	2023	2022
ASSETS:		
Cash and cash equivalents, without donor restrictions	$ 352,101	$ 525,688
Cash and cash equivalents, with donor restrictions	1,415,712	3,564,110
Accounts receivable, program, net of allowance for doubtful accounts	24,386	25,380
Accounts receivable, National Park Service	921,655	625,276
Pledges and grants receivable	2,584,473	259,792
Investments	1,259,276	1,156,427
Endowment funds	2,044,153	1,864,255
Prepaid expenses and other assets	373,097	395,446
Operating lease right-of-use assets, net of amortization	340,585	-
Property and equipment, net	519,593	5,360,189
TOTAL ASSETS	$ 9,835,031	$ 13,776,563

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	$ 1,503,415	$ 167,033
Accounts payable, National Park Service	76,058	6,444
Accrued expenses	97,685	138,635
Deferred revenue	18,825	25,369
Program deposits	274,962	279,202
Lines of credit, Capital Project	500,000	1,976,448
Operating lease liabilities	340,585	-
Recoverable grants	-	2,500,000
Total liabilities	2,811,530	5,093,131
NET ASSETS:		
Without donor restrictions	1,877,232	1,796,540
With donor restrictions	5,146,269	6,886,892
Total net assets	7,023,501	8,683,432
TOTAL LIABILITIES AND NET ASSETS	$ 9,835,031	$ 13,776,563

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, 2023
(With Comparative Totals as of August 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT:				
Environmental education:				
Program fees, net of scholarships of $97,402 and $14,655 in 2023 and 2022, respectively	$ 192,919	$ -	$ 192,919	$ 62,100
Community outreach	2,547,264	-	2,547,264	2,442,833
Contributions and grants:				
National Park Service program support	-	346,660	346,660	275,682
National Park Service assigned use of facilities	122,103	-	122,103	122,103
Special events	-	504,519	504,519	414,139
Environmental education programs	-	726,739	726,739	443,101
Memberships	1,033,930	-	1,033,930	973,559
Community outreach	27,892	237,874	265,766	310,986
Trails Forever	-	3,180	3,180	109,260
Capital projects	-	3,749,445	3,749,445	3,213,869
General operations	49,382	209,250	258,632	556,965
Investment income (loss)	108,709	173,816	282,525	(530,551)
Other income	27,755	-	27,755	8,968
Net assets released from restrictions	7,692,106	(7,692,106)	-	-
Total revenue, support and reclassifications	11,802,060	(1,740,623)	10,061,437	8,403,014
EXPENDITURES:				
Program services:				
Environmental education programs	1,301,391	-	1,301,391	678,494
Community outreach and park support	2,801,900	-	2,801,900	3,053,756
Capital projects	5,236,987	-	5,236,987	519,362
Total program services	9,340,278	-	9,340,278	4,251,612
Support services:				
Management and general	1,013,829	-	1,013,829	1,112,359
Fundraising	1,367,261	-	1,367,261	1,301,812
Total support services	2,381,090	-	2,381,090	2,414,171
Total expenditures	11,721,368	-	11,721,368	6,665,783
CHANGES IN NET ASSETS	80,692	(1,740,623)	(1,659,931)	1,737,231
NET ASSETS, BEGINNING OF YEAR	1,796,540	6,886,892	8,683,432	6,946,201
NET ASSETS, END OF YEAR	$ 1,877,232	$ 5,146,269	$ 7,023,501	$ 8,683,432

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, 2023
(With Comparative Totals as of August 31, 2022)

	2023							
	Program Services			Support Services				
	Environmental Education Programs	Community Outreach and Park Support	Capital Projects	Management and General	Fundraising Special Events	Fundraising Philanthropy	2023 Total	2022 Total
Salaries and wages	$ 627,213	$ 907,473	$ 108,075	$ 409,511	$ 27,264	$ 638,368	$ 2,717,904	$ 2,602,452
Payroll taxes and benefits	131,735	222,791	13,713	154,882	2,448	144,320	669,889	580,741
Program supplies and merchandise	46,333	926,022	22,414	11,181	54,485	10,596	1,071,031	1,146,473
Food services and facility supplies	80,604	70,256	774	11,738	97,895	190	261,457	281,502
Contractor fees and services	216,972	227,663	3,271,289	66,120	157,113	29,749	3,968,906	725,124
Transportation services	62,586	851	-	-	-	-	63,437	40,409
Marketing	1,330	25,881	7,602	51,623	6,196	49,937	142,569	160,641
Office supplies, equipment, and support	20,076	35,260	343	80,554	-	25,313	161,546	154,321
Utilities, communications, and postage	10,294	79,816	2,818	27,538	902	16,775	138,143	113,438
Staff related expenses	11,217	8,368	69	67,791	87	8,271	95,803	85,141
Professional fees, dues, and subscriptions	4,314	108,101	69,653	54,082	6,070	10,565	252,785	230,820
Interest expense	-	-	69,868	-	-	-	69,868	51,558
Liability insurance	15,680	26,320	2,240	11,760	-	-	56,000	41,196
Rental expense	-	95,126	-	-	-	-	95,126	146,053
National Park Service assigned use of facilities	69,235	10,874	-	34,916	-	7,078	122,103	122,103
Donations and grants	-	33,597	1,668,129	13,456	73,327	312	1,788,821	134,418
Depreciation	3,802	23,501	-	17,468	-	-	44,771	45,693
Other expenses	-	-	-	1,209	-	-	1,209	3,700
Total functional expenses	$ 1,301,391	$ 2,801,900	$ 5,236,987	$ 1,013,829	$ 425,787	$ 941,474	$ 11,721,368	$ 6,665,783

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, 2023
(With Comparative Totals as of August 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (1,659,931)	$ 1,737,231
Adjustments to reconcile change in net assets		
to cash provided (used) by operating activities:		
Depreciation	44,771	45,693
Increase in allowance for doubtful accounts	1,200	1,200
(Gain) loss on investments	(93,221)	214,835
(Gain) loss on endowment funds	(173,816)	322,091
Donation of property	1,661,500	-
Amortization of operating lease right-of-use assets	84,976	-
(Increase) decrease in operating assets:		
Accounts receivable, program	(206)	(20,285)
Accounts receivable, National Park Service	(45,972)	36,831
Pledges and grants receivable	(2,324,681)	488,303
Prepaid expenses and other assets	22,349	522,425
Increase (decrease) in operating liabilities:		
Accounts payable	1,336,382	18,071
Accounts payable, National Park Service	69,614	(34,008)
Accrued expenses	(40,950)	(91,768)
Deferred revenue	(6,544)	(2,723,275)
Program deposits	(4,240)	(4,607)
Operating lease liabilities	(84,976)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,213,745)	512,737
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in endowment funds with donor restrictions	(100,032)	(24,968)
Purchase of investments	(9,628)	(310,753)
Proceeds on stock sales	-	304,378
Capital expenditures	(127,699)	(5,306,887)
Proceeds from sale of property	3,011,617	-
Distribution from endowment funds	93,950	97,535
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,868,208	(5,240,695)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	-	(70,000)
Lines of credit activity, net	(1,476,448)	1,711,074
Recoverable grants	(2,500,000)	1,500,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(3,976,448)	3,141,074
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,321,985)	(1,586,884)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	4,089,798	5,676,682
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 1,767,813	$ 4,089,798

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

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, throughout the park and surrounding communities; 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 program experiences. During the school year, classes participate with their teachers in field trips, day programs or overnight experiences in the park. Students can receive financial support from the Conservancy, which provides child the ability to participate. 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.

Community engagement

Park visitation to Cuyahoga Valley National Park remains high. The Conservancy engages the community within the National Park in a variety of ways. The retail stores operated by the Conservancy were open for visitors to enhance their park experience as well as provide visitor information about activities in and around the park. This past year, more volunteers were able to provide support to the park through the park's volunteer program, which is co-managed by the Conservancy. The Conservancy offers reservations to host events and meetings in our unique park buildings with operational support including event planning, catering as well as facility rentals.

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, 2023 was $69,868.

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, 2023, accounts receivable are stated net of an allowance for doubtful accounts of $4,318. Bad debt expense amounted to $1,209 for the year ended August 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges receivable

Included in pledges receivable are unconditional promises to give. As of August 31, 2023, all outstanding pledges receivable are expected to be collected currently.

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, 2023 was $44,771.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leases

The Conservancy calculates operating lease liabilities with a risk-free discount rate, using a comparable lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability.

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, 2023 was $142,569.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new accounting standards

Effective September 1, 2022, the Conservancy adopted the new lease accounting guidance in Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). The Conservancy has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Conservancy accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Conservancy recognized on September 1, 2022 (the adoption date) (a) a lease liability of $401,852 which represents the present value of the remaining lease payments of $444,620, discounted using the Conservancy's risk-free borrowing rates ranging from 3.26% to 3.94%, and (b) a right-of-use asset of $401,852.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The Conservancy adopted the new standard effective September 1, 2022, the first day of its fiscal year, using the modified retrospective method. 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 in-kind revenue have been enhanced in accordance with the standard.

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	$ 352,101
Accounts and pledges receivable	1,407,475
	$ 1,759,576

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 $558,000 as of August 31, 2023, which is included in investments as reported on the statement of financial position.

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, 2023:

Buildings	$	524,240
Land		331,272
Office equipment		252,223
Computer equipment		91,060
Vehicles		38,914
Leasehold improvements		3,892
Less accumulated depreciation		(722,008)
Property and equipment, net	$	519,593

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.

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.

5. ENDOWMENT FUNDS (Continued)

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, 2023.

Endowment net asset composition by type of fund as of August 31, 2023 is as follows:

	With Donor Restrictions
Donor-restricted endowment funds	$ 2,044,153

Changes in endowment net assets as of August 31, 2023 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 1,864,255
Contributions	100,032
Net investment gain	173,816
Appropriated for expenditures	(93,950)
Endowment net assets, end of year	$ 2,044,153

6. LINES OF CREDIT

The Conservancy had a line of credit with a financial institution with a maximum borrowing amount of $1,500,000. The terms of the agreement called 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 was the interest rate on this line to be less than 2.10%. The line was guaranteed by the trustee of the trust selling the parcels of land described in Note 16 and was secured by investment assets of the trust. All outstanding borrowings on the line of credit were paid in full and the line was closed in January 2023.

6. LINES OF CREDIT (Continued)

The Conservancy has a line of credit with a financial institution with a maximum borrowing amount of $1,000,000 through December 2023 at which time all outstanding borrowings are due in full. The terms of the agreement call for monthly payments of interest only to be paid at a rate equivalent to the Wall Street Journal prime rate less 35 basis points. The Wall Street Journal prime rate was 8.50% at August 31, 2023. The line is guaranteed by substantially all assets of the Conservancy. As of August 31, 2023, the Conservancy had outstanding borrowings on the line of credit of $500,000.

7. RECOVERABLE GRANTS

The Conservancy had recoverable grant agreements with five charitable foundations. Per the terms of the agreements, the charitable foundations agreed to provide interest-free funding for the land purchase described in Note 16. The recoverable grants were repaid to the foundations during the fiscal year ended August 31, 2023.

8. 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, 2023:

Operating reserve	$ 558,000

9. 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 7,131 hours for the year ended August 31, 2023.

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 $122,103 for the year ended August 31, 2023. This amount is a contributed nonfinancial asset recognized within the statement of activities as National Park Service assigned use of facilities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of August 31, 2023:

Subject to expenditure for specific purposes:	
Philanthropy	$ 763,991
Community outreach	709,923
Environmental education	615,044
Fundraising and projects	493,011
Environmental education program scholarships	517,602
	3,099,571
Endowments:	
Subject to appropriation and expenditure when a specific event occurs:	
Restricted by donors for:	
Trails Forever	1,632,602
Environmental education general operations	226,722
Environmental education program scholarships	187,374
	2,046,698
Total net assets with donor restrictions	$ 5,146,269

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, 2023:

Satisfaction of purpose restrictions:	
Fundraising and projects	$ 5,897,763
Environmental education	929,980
Philanthropy	411,673
Community outreach	355,288
Environmental education program scholarships	97,402
	$ 7,692,106

11. RETIREMENT 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. Retirement plan expense was $86,152 for the year ended August 31, 2023.

12. COOPERATIVE AGREEMENT

The Conservancy has an agreement with the National Park Service (NPS), Department of the Interior, which is effective through September 30, 2024. Under this agreement, the Conservancy is required to engage public support for and enhance public use and enjoyment of Cuyahoga Valley National Park through the development and operation of a variety of programs and services that educate the public, add to the park experience, and reach a diverse community 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 $346,660 for the Conservancy's various programs under this agreement during the year ended August 31, 2023.

13. OPERATING LEASES

The Conservancy has an agreement with an unrelated party to lease space to operate an educational gift shop. The ten-year lease called 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 expired on December 31, 2021 at which time the first of two allowable extensions came into effect. The five-year lease extension calls for monthly rental payments of $2,705 through December 31, 2026.

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 $23,000 per year and 8% of the gross revenue from the rentals. The lease expires August 31, 2031.

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 expired March 2, 2023. The lease was extended for an additional year through March 2024.

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.

13. OPERATING LEASES (Continued)

The Conservancy also leases office equipment from various unrelated parties. Monthly payments range from $83 to $556 expiring at various dates through April 2026.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities for the years ending August 31:

	2024	$ 89,070
	2025	88,410
	2026	68,993
	2027	33,820
	2028	23,000
	Thereafter	69,000
Total operating lease payments		372,293
Less imputed interest		(31,708)
Total operating lease liabilities		$ 340,585

The following summarizes the total lease cost related to operating leases for the year ending August 31, 2023:

Operating lease cost	$ 97,586
Short-term lease cost	6,200
Variable lease cost	35,025
Total lease cost	$ 138,811

The following summarizes the cash flow and noncash activity related to operating leases for the year ending August 31, 2023:

Operating cash flows used for operating leases	$ 138,811
Right-of-use assets obtained in exchange of lease liabilities:	
Operating leases	$ 425,560

The following is the weighted-average remaining lease terms and risk-free rate as of August 31, 2023:

Weighted-average remaining lease term:	
Operating leases	3.3 years
Weighted-average risk free rate:	
Operating leases	3.36%

14. 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, 2022, from which the summarized information was derived.

15. 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, 2023, 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, 2020 through August 31, 2023. 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.

16. PENINSULA LAND PROJECT

The Conservancy entered into an Equity Purchase and Sales Agreement to purchase parcels of land near Cuyahoga Valley National Park. The purchase price of $5,200,000 plus additional costs to acquire the property were capitalized as construction in progress. In December 2022, the Conservancy sold a majority of the land to the National Park Service for less than the original purchase price plus capitalized costs which resulted in a donation to the National Park Service in the amount of $1,661,500, which is reflected in the statement of activities for the year ending August 31, 2023.

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).

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, 2023.

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.

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, 2023.

Assets at Fair Value as of August 31, 2023

	Level 1	Level 2	Level 3	Total
Endowment funds	$ -	$ -	$2,044,153	$2,044,153
Cash and cash equivalents	48,687	-	-	48,687
Fixed income funds	310,035	-	-	310,035
Equity funds	831,989	-	-	831,989
Alternative assets	68,565	-	-	68,565
	$1,259,276	$ -	$2,044,153	$3,303,429

18. PENDING LITIGATION

During the normal course of operations, the Conservancy may be named in claims or legal actions. The Conservancy follows guidance, as required by the Contingencies Topic of the FASB Accounting Standards Codification, in determining when such a contingency requires recognition or disclosure. The Conservancy's management and legal counsel assess such contingent liabilities and have determined that no such claims or legal action fit the criteria for recognition or disclosure for the year ended August 31, 2023.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 18, 2023, which is the date the financial statements were available to be issued.