

Hood & Strong

Advisory, Tax  
and Assurance

# California State Parks Foundation

June 30, 2025

Financial Statements

# California State Parks Foundation

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## Independent Auditors' Report

THE BOARD OF TRUSTEES  
CALIFORNIA STATE PARKS FOUNDATION  
San Francisco, California

### Opinion

We have audited the financial statements of **CALIFORNIA STATE PARKS FOUNDATION (the Foundation)**, which comprise the statement of financial position as of June 30, 2025, 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 the Foundation as of June 30, 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 the Foundation's ability to continue as a going concern for one year from the date of this report.

## **Auditors' 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 auditors' 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 the Foundation'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 the Foundation'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 the Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Heed & Strong LLP*

San Francisco, California  
February 27, 2026

# California State Parks Foundation

## Statement of Financial Position

<i>June 30, 2025 (with comparative totals for 2024)</i>	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 2,834,247	\$ 2,928,378
Contributions, grants, and other receivables, net	130,825	76,935
Prepaid expenses and other assets	450,573	256,293
Investments	16,447,481	13,859,354
Investments held on behalf of others	1,133,261	1,094,156
Right-of-use asset	419,196	1,677,467
<b>Total assets</b>	<b>\$ 21,415,583</b>	<b>\$ 19,892,583</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 729,157	\$ 725,420
Funds held on behalf of others	1,130,388	1,091,409
Lease liability	434,965	1,696,300
<b>Total liabilities</b>	<b>2,294,510</b>	<b>3,513,129</b>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	2,123,517	1,982,642
Board-designated operating reserve	8,337,998	6,709,121
<b>Total net assets without donor restrictions</b>	<b>10,461,515</b>	<b>8,691,763</b>
With donor restrictions:		
Time and purpose restrictions	6,189,084	5,217,217
Perpetual restrictions	2,470,474	2,470,474
<b>Total net assets with donor restrictions</b>	<b>8,659,558</b>	<b>7,687,691</b>
<b>Total net assets</b>	<b>19,121,073</b>	<b>16,379,454</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,415,583</b>	<b>\$ 19,892,583</b>

See accompanying notes to the financial statements.

# California State Parks Foundation

## Statement of Activities

Year Ended June 30, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support:</b>				
Contributions and grants	\$ 3,173,477	\$ 1,012,471	\$ 4,185,948	\$ 3,603,760
Membership dues	4,206,336		4,206,336	3,956,510
Donated goods and services	518,370	75,000	593,370	417,859
Bequests	1,097,409	227,814	1,325,223	962,811
Investment income, net	264,263	254,723	518,986	720,535
Other income	51,505	9,520	61,025	97,558
Net assets released from restrictions	878,130	(878,130)	-	-
<b>Total revenues and support</b>	<b>10,189,490</b>	<b>701,398</b>	<b>10,890,888</b>	<b>9,759,033</b>
<b>Expenses:</b>				
Program services	6,029,154		6,029,154	6,156,709
Management and general	675,716		675,716	428,910
Fundraising	2,105,592		2,105,592	1,888,566
<b>Total expenses</b>	<b>8,810,462</b>	<b>-</b>	<b>8,810,462</b>	<b>8,474,185</b>
<b>Change in Net Assets from Operations</b>	<b>1,379,028</b>	<b>701,398</b>	<b>2,080,426</b>	<b>1,284,848</b>
<b>Other Changes:</b>				
Unrealized investment gain	390,724	270,469	661,193	188,186
<b>Change in Net Assets</b>	<b>1,769,752</b>	<b>971,867</b>	<b>2,741,619</b>	<b>1,473,034</b>
<b>Net Assets - Beginning of year</b>	<b>8,691,763</b>	<b>7,687,691</b>	<b>16,379,454</b>	<b>14,906,420</b>
<b>Net Assets - End of year</b>	<b>\$ 10,461,515</b>	<b>\$ 8,659,558</b>	<b>\$ 19,121,073</b>	<b>\$ 16,379,454</b>

See accompanying notes to the financial statements.

# California State Parks Foundation

## Statement of Functional Expenses

Year Ended June 30, 2025 (with comparative totals for 2024)

	2025				2024
	Program Services	Management and General	Fundraising	Total	Total
<b>Personnel Costs:</b>					
Salaries	\$ 1,456,979	\$ 309,401	\$ 466,039	\$ 2,232,419	\$ 2,017,971
Payroll taxes	108,211	21,164	34,615	163,990	154,648
Employee benefits	196,996	44,270	61,057	302,323	256,701
<b>Total personnel costs</b>	<b>1,762,186</b>	<b>374,835</b>	<b>561,711</b>	<b>2,698,732</b>	<b>2,429,320</b>
<b>Expenses:</b>					
Computer	223,568	31,310	34,873	289,751	251,243
Consulting	3,550	106,629	946	111,125	82,764
Depreciation	539	65	164	768	1,843
Direct grants	837,422			837,422	1,075,688
Direct project	607,533	1,800	117,355	726,688	588,657
Events	7,722	655	3,331	11,708	11,019
Insurance	17,645	2,051	4,703	24,399	28,054
Legal fees	2,410	10,124		12,534	1,686
Membership	1,443,372	80,741	896,806	2,420,919	2,275,809
Office expense	12,887	3,561	13,611	30,059	29,660
Park policy and advocacy	60,000			60,000	70,000
Postage and shipping	432,581	498	286,472	719,551	687,471
Printing	117,630	319	31,741	149,690	142,632
Public education and promotion	183,287		69,745	253,032	286,181
Rent and related expenses	235,558	27,383	62,785	325,726	397,253
Telecommunications	18,740	2,178	5,095	26,013	26,208
Travel	62,524	33,567	16,254	112,345	88,697
<b>Total</b>	<b>\$ 6,029,154</b>	<b>\$ 675,716</b>	<b>\$ 2,105,592</b>	<b>\$ 8,810,462</b>	<b>\$ 8,474,185</b>

See accompanying notes to the financial statements.

# California State Parks Foundation

## Statement of Cash Flows

<i>Year Ended June 30, 2025 (with comparative totals for 2024)</i>	2025	2024
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 2,741,619	\$ 1,473,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(692,390)	(459,121)
Depreciation	768	1,843
Amortization of right-of-use asset	198,073	233,281
Discount on pledges receivable		(1,905)
Changes in operating assets and liabilities:		
Contributions, grants, and other receivables, net	(53,890)	65,487
Prepaid expenses and other assets	(195,048)	327,555
Accounts payable and accrued expenses	3,611	347,760
Lease liability	(201,137)	(228,874)
<b>Net cash provided by operating activities</b>	<b>1,801,606</b>	<b>1,759,060</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(3,283,647)	(4,697,848)
Proceeds from sale of investments	1,387,910	4,180,049
<b>Net cash used in investing activities</b>	<b>(1,895,737)</b>	<b>(517,799)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(94,131)</b>	<b>1,241,261</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>2,928,378</b>	<b>1,687,117</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 2,834,247</b>	<b>\$ 2,928,378</b>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for operating leases	\$ 264,247	\$ 344,000
<b>Non-Cash Operating and Investing Activities:</b>		
Operating lease right-of-use assets acquired with lease liabilities	\$ 432,229	
Termination of operating lease right-of-use assets	\$ 1,492,427	

See accompanying notes to the financial statements.

# California State Parks Foundation

## Notes to the Financial Statements

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### **Note 1 - Organization:**

California State Parks Foundation (the Foundation) is the only statewide independent nonprofit dedicated to protecting, improving, and advocating for California's 280 state parks so that they are accessible and relevant, adequately and sustainably funded, and stewarded for future generations. We achieve lasting benefits for park users by facilitating park maintenance and improvement projects, supporting programs that connect people to parks, and serving as staunch advocates for sound policies and funding for parks.

Our community of park supporters make our work possible through volunteerism, political activism, financial support, and local engagement. Together we ensure that the natural beauty, rich culture and history, and recreational and educational opportunities of California's state parks are available to everyone now and for generations to come.

The primary sources of the Foundation's support are from membership dues and contributions.

### **Note 2 - Summary of Significant Accounting Policies:**

#### Basis of Presentation and Description of Net Assets

The Foundation's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Foundation's financial statements include two categories of net assets as follows:

#### *Without Donor Restrictions*

The use of this portion of net assets is not limited by donor-imposed stipulations. Net assets without donor restrictions include an operating reserve designated by the Board of Trustees in the amount of \$8,337,998 as of June 30, 2025.

#### *With Donor Restrictions*

The use of this portion of net assets is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the principal be invested in perpetuity. Expenditures in earnings are made in accordance with donors' stipulations and the Foundation's spending policy.

# California State Parks Foundation

## Notes to the Financial Statements

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### Recognition of Revenue

Contributions and grants are recognized at their fair value when the donor/grantor makes an unconditional promise to give to the Foundation. Contributions and grants with donor restrictions are reported accordingly as increases in net assets with donor restrictions on the Statement of Activities. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Membership dues are recognized during the applicable membership period.

The Foundation earns unrestricted project revenue which includes grant reimbursements and mitigation funding for State Parks projects. Project revenue is reported when earned based upon the contract terms.

The Foundation is the beneficiary under various wills and trust agreements. Such amounts are recognized in the Foundation's financial statements as bequests receivable and planned gifts when clear title is established and the proceeds are measurable.

### Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Investments

Investments are carried at estimated fair value on the Statement of Financial Position. Stocks, exchange traded funds, and mutual funds with readily determinable fair value are reported at estimated fair value based on quoted market prices. Bonds are valued using observable market-based inputs or unobservable inputs that are corroborated by market data. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reflected in the Statement of Activities. Investments received as contributions are recorded at fair market value on the date of receipt. The Foundation held \$1,133,261 of investments on behalf of others as of June 30, 2025.

The fair values of alternative investments are estimated using the net asset values as reported by the custodian under the so-called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

# California State Parks Foundation

## Notes to the Financial Statements

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### Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Foundation's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

### Leases

The Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

The Foundation made an accounting policy election available under Topic 842 not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, management utilizes their incremental borrowing rate if there is no explicit rate available on the lease. This rate is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

# California State Parks Foundation

## Notes to the Financial Statements

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The Foundation has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset class. The non-lease components typically represent additional services transferred to the Foundation, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

### Grants Expense

Grants in the amount of \$837,422 for the year ended June 30, 2025 were unconditional in nature and were recorded at the time they were approved. There were no grants payable as of June 30, 2025. Additionally, there were no conditional grants outstanding as of June 30, 2025.

### Functional Expenses

The costs of providing various program services and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited based on estimates of related efforts or time expended by the Foundation's management.

### Income Taxes

The Foundation is a tax-exempt organization under Internal Revenue Code Section 509(a)(1) under Section 501(c)(3) and related California Revenue and Taxation Code sections. The Foundation may be subject to tax on unrelated business income. No estimated unrelated business income tax was recorded for the year ended June 30, 2025.

Management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based on assumptions. Those estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# California State Parks Foundation

## Notes to the Financial Statements

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### Prior Year Summarized Financial Information

The financial statements include 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

### Subsequent Events

The Foundation has evaluated subsequent events from June 30, 2025 through February 27, 2026, the date these financial statements were available to be issued. Except for the transition of investment custodians discussed in Note 11, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

### **Note 3 - Investments:**

At June 30, 2025, investments are comprised of the following:

Cash and equivalents	\$ 126,579
Exchange traded funds and equities	5,485,399
Fixed income	10,537,161
Hedge funds	298,342
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	\$ 16,447,481

Additionally, the Foundation maintains investments held on behalf of others totaling \$1,133,261 of Level 1 mutual funds.

Investment income for the year ended June 30, 2025 included the following:

Interest and dividends, net of fees	\$ 487,789
Realized gains	31,197
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Investment income, net	518,986
Unrealized gain	661,193
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Total investment gain, net	\$ 1,180,179

# California State Parks Foundation

## Notes to the Financial Statements

Total investment income includes endowment and non-endowment investment activities. Investment expenses incurred during the fiscal year ended June 30, 2025 of \$53,144 are netted against interest and dividends above.

Investments in the amount of \$6,014,655 are pledged as collateral to the liquidity access line described in Note 5.

### Note 4 - Fair Value Measurements:

The table below presents the balances of assets measured at fair value at June 30, 2025 on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Investments				
Cash and equivalents	\$ 126,579			\$ 126,579
Exchange traded funds - global equities	4,032,348			4,032,348
Equities - large cap	1,293,034			1,293,034
Equities - mutual funds	160,017			160,017
Fixed Income:				
Corporate bonds and notes		\$ 964,453		964,453
Government securities		1,763,865		1,763,865
Municipal securities		444,048		444,048
Mutual funds	8,498,056			8,498,056
Hedge funds			\$ 298,342	298,342
	\$ 14,110,034	\$ 3,172,366	\$ 298,342	\$17,580,742

### *Other financial instruments*

The cost basis of amounts recorded for cash equivalents, receivables, and payables represent a reasonable estimate of their fair values.

### Note 5 - Liquidity Access Line:

The Foundation has a liquidity access line that is collateralized by various investments held with the same financial institution. The line provides up to \$1,500,000 at a variable interest rate of LIBOR plus an applicable rate or fixed interest rate. The interest rate was 5.68% per annum as of June 30, 2025. The outstanding balance was \$0 as of June 30, 2025.

# California State Parks Foundation

## Notes to the Financial Statements

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### Note 6 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were available for the following purposes at June 30, 2025:

Time and purpose restrictions:	
Program services	\$ 4,997,181
Unappropriated endowment income	1,191,903
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Total time and purpose restrictions	6,189,084
Perpetual restrictions:	
Endowment	2,470,474
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Total net assets with donor restrictions	\$ 8,659,558

Net assets with donor restrictions of \$878,130 were released during 2025 in accordance with the donors' intentions, which includes \$192,505 of unappropriated endowment earnings released in accordance with Foundation policy.

### Note 7 - Endowments Funds:

The Foundation's endowments consist of donor-restricted endowment funds. Donor-restricted endowment funds are restricted to investment in perpetuity, the income from which is expendable to support programmatic activities of the Foundation. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant Law*

The State of California adopted a version of the Uniform Prudent Management of Institutional Funds Act as its State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Trustees of the Foundation has interpreted SPMIFA 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 Foundation classifies as net assets with donor restrictions in perpetuity (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 classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

# California State Parks Foundation

## Notes to the Financial Statements

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In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

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 SPMIFA requires the Foundation to retain as a fund of perpetual duration. There was no deficiency of this nature as of June 30, 2025.

### *Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that will ultimately provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 and other relevant indexes while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return exceeding the CPI rate of inflation. Actual returns in any given year may vary from this amount.

### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Foundation is reinvesting all interest and gains associated with its endowments. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate exceeding the CPI rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a donor-specified term as well as to provide additional real growth through new gifts and investment return.

# California State Parks Foundation

## Notes to the Financial Statements

Endowment funds as of June 30, 2025 were as follows:

	With Donor Restrictions		
	Time and Purpose	Perpetuity	Total
Donor-restricted endowment funds	\$ 1,191,903	\$ 2,470,474	\$ 3,662,377
Total endowment funds	\$ 1,191,903	\$ 2,470,474	\$ 3,662,377

Endowment activity by net asset classification for the year ended June 30, 2025 was as follows:

	With Donor Restrictions		
	Time and Purpose	Perpetuity	Total
Endowment net assets, beginning of year	\$ 1,006,526	\$ 2,470,474	\$ 3,477,000
Investment return:			
Income	82,539		82,539
Net realized and unrealized gain	295,343		295,343
Total investment return	377,882	-	377,882
Appropriation for expenditure	(192,505)		(192,505)
Endowment net assets, end of year	\$ 1,191,903	\$ 2,470,474	\$ 3,662,377

**Note 8 - Donated Goods and Services:**

The table below presents donated goods and services by both their nature and their function for the year ended June 30, 2025:

Direct project - volunteer	\$ 443,170
Goods	200
Travel	150,000
Total	\$ 593,370

# California State Parks Foundation

## Notes to the Financial Statements

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In-kind donations were received without donor restriction and utilized for program expenses. The value of direct project hours received from volunteers is calculated using an hourly rate specific to California volunteers derived from an independent third-party. The value of goods and travel is based on market rates typically charged for those items in the normal course of business for similar services and products.

### **Note 9 - Employee Benefit Plan:**

The Foundation established a 401(k) defined contribution retirement plan on July 1, 1997 for all individuals employed as of January 1, 1997. Individuals hired after January 1, 1997 are eligible to participate at the beginning of the calendar quarter after their hire date and are eligible for the Foundation match of 5% of compensation after one year of service. Part-time employees are not eligible to participate in the plan until they reach 1,000 hours of service in total for the Foundation. Other contributions may be made by the Foundation on behalf of employees on a discretionary basis. Employee contributions and employer matching contributions vest immediately. The Foundation made matching contributions of \$90,935 during the year ended June 30, 2025.

### **Note 10 - Commitments:**

#### Operating Leases:

The Foundation leased real estate under an operating lease agreement which ended on March 31, 2025. The lease included a renewal option to extend the lease term. The lease did not contain any material residual value guarantees or material restrictive covenants. The lease contained a termination option, where the rights to terminate are held by either the Foundation, the lessor, or both parties. This option to extend or terminate a lease was reflected in the right-of-use calculations when it was reasonably certain that the Foundation would exercise that option. The Foundation elected to not exercise the extension option and entered into a new operating lease on January 28, 2025. The lease term is for 65 months and commenced during April 2025. The lease was rent-free between April 2025 and September 2025. After, monthly payments were required ranging from \$7,957 to \$9,234.

Minimum rent payments are expensed on a straight-line basis over the term of the lease.

Rent expense was \$292,362 for the year ended June 30, 2025.

# California State Parks Foundation

## Notes to the Financial Statements

The future schedule of payments on the lease is summarized as follows:

Years Ending June 30,		
2026	\$	74,347
2027		99,809
2028		102,745
2029		105,769
2030		109,234
Thereafter		22,806
		514,710
Less discount to present value		(79,745)
Total	\$	434,965

The weighted average remaining lease term as of June 30, 2025 was approximately 5.16 years. The weighted average discount rate as of June 30, 2025 was 6.42%.

### Note 11 - Concentration of Credit Risk:

The Foundation has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash, investments, and receivables.

The Foundation invests its excess cash in cash deposits and money market funds with various financial institutions. Periodically throughout the year, the Foundation has maintained balances in its bank and investment accounts in excess of federally insured limits.

In order to mitigate credit and market risk, the Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines, and a requirement to regularly review the performance of investment manager. Investments are managed by Morgan Stanley Private Wealth Management of San Francisco, California. Subsequent to June 30, 2025, management of the Foundation's investments was transitioned to Osbourne Partners with custodianship to Charles Schwab Corporation.

Receivables consist primarily of unsecured amounts due from individuals, grants from foundations and corporations, and contractual obligations due from governmental agencies as part of the Foundation's programmatic efforts. The credit risk associated with receivables is mitigated by the number of individuals and grantors comprising the receivable balance. Management evaluates the collectability of receivables on a regular basis and establishes a reserve, if needed.

# California State Parks Foundation

## Notes to the Financial Statements

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### Note 12 - Availability and Liquidity:

As of June 30, 2025, the Foundation's financial assets available within one year for general expenditures were as follows:

Financial assets:	
Cash and cash equivalents	\$ 2,834,247
Contributions, grants, and other receivables, net	130,825
Investments	16,447,481
	<hr/>
	19,412,553
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(8,659,558)
Board-designated operating reserve	(8,337,998)
	<hr/>
Financial assets available to meet general expenditures within one year	\$ 2,414,997

The Foundation has a \$1,500,000 line of credit as described in Note 5. Additionally, the Board-designated reserve of \$8,337,998 can be made available at the Board's discretion.