MUNGER & COMPANY, CPAs
1818 Avocado Road
Oceanside, CA 92054
(760) 730-8020
www.mungercpa.com

THE SAN DIEGO RIVER PARK FOUNDATION
Audited Financial Statements
Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The San Diego River Park Foundation

Opinion

We have audited the accompanying financial statements of The San Diego River Park Foundation (a nonprofit organization), which comprise the statement of financial position as of December 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 financial statements referred to above present fairly, in all material respects, the financial position of The San Diego River Park Foundation as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The San Diego River Park 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 San Diego River Park Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The San Diego River Park 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 San Diego River Park 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 San Diego River Park Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with audited financial statements from which it has been derived.

May 10, 2024

Munger & Company, CPAs

THE SAN DIEGO RIVER PARK FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

	2023	2022
ASSETS		
ASSETS:		
Cash	$ 2,427,638	$ 1,804,087
Grants receivable	220,388	137,058
Promises to give, net of discount	314,044	183,764
Deposits and prepaid expenses	18,888	12,009
Inventory	9,472	9,472
Investments	81,685	39,557
Endowment funds	199,174	179,632
Operating lease right of use assets	115,979	173,235
Property	19,688,662	19,318,599
Construction in Progress	4,697,753	3,842,102
Furniture and equipment	99,925	99,925
Less: accumulated depreciation	(94,377)	(90,440)
TOTAL ASSETS	$ 27,779,231	25,709,000
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 560,127	$ 309,115
Retention Payable	56,636	173,842
Operating lease liability - office	115,410	170,869
Operating lease liability - equipment	6,427	8,053
Notes payable	800,000	466,000
Total Liabilities	1,538,600	1,127,879
NET ASSETS:		
Without donor restrictions		
Undesignated	24,690,230	23,317,999
With donor restrictions		
Perpetual in nature	150,520	146,520
Purpose restrictions	1,399,881	1,116,602
	1,550,401	1,263,122
Total Net Assets	26,240,631	24,581,121
TOTAL LIABILITIES AND NET ASSETS	$ 27,779,231	$ 25,709,000

The Accompanying Notes are an Integral Part of the Financial Statements

The San Diego River Park Foundation
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Resrictions	With Donor Restrictions	Total	2022 Total
REVENUES AND SUPPORT:				
Grants and Contributions	$ 593,824	$ 1,795,986	$ 2,389,810	2,790,812
In-kind contributions	370,781		370,781	73,035
Contracts and service fees	244,005		244,005	19,523
Interest income	9,898		9,898	1,833
Gain (Loss) on investments	14,694		14,694	(23,584)
Other	-		-	678
Net assets released from restrictions -				
Program restictions	1,508,707	(1,508,707)	-	-
Total Revenues and Support	2,741,909	287,279	3,029,188	2,862,297
EXPENSES:				
Program Services:				
Healthy River Healthy Community	146,358		146,358	190,071
Watershed Stewardship	313,280		313,280	119,512
Youth Nature Education	99,579		99,579	88,291
Planning and Policy	62,969		62,969	106,277
River Center	128,038		128,038	176,020
Community Engagement	224,503		224,503	221,129
Total Program Services	974,727	-	974,727	901,300
Supporting Services:				
Management and General	186,361		186,361	109,875
Fundraising	208,590		208,590	247,586
Total Supporting Services	394,951	-	394,951	357,461
Total Expenses	1,369,678	-	1,369,678	1,258,761
Change in Net Assets	1,372,231	287,279	1,659,510	1,603,536
Net Assets - Beginning of Year	23,317,999	1,263,122	24,581,121	22,977,585
Net Assets - End of Year	$ 24,690,230	$ 1,550,401	$ 26,240,631	$ 24,581,121

The Accompanying Notes are an Integral Part of the Financial Statements

The San Diego River Park Foundation
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

								Supporting Services			
EXPENSES:	Healthy River Healthy Community	Watershed Stewardship	Youth Nature Education	Planning and Policy	River Center	Community Engagement	Total	Management and General	Fund Raising	Total	2022 Total
Personnel Costs:											
Salaries	$ 96,134	132,139	78,430	31,598	40,928	129,527	$ 508,756	$ 107,039	141,834	$ 757,629	$ 701,701
Payroll Taxes	7,768	10,628	6,268	2,547	3,305	10,385	40,901	8,080	11,396	60,377	56,358
Retirement	2,357	4,107	2,109	1,264	1,637	3,353	14,827	3,240	4,271	22,338	14,603
Other benefits	6,876	13,135	662	2,945	3,634	10,782	38,034	10,969	19,210	68,213	58,107
Accounting							-	11,758		11,758	10,849
Advertising						6,560	6,560		303	6,863	1,209
Interest and Bank fees		3		16,864	5,451		22,318	109	5,175	27,602	15,120
Subcontract and consulting		104,522			27,844		132,366			132,366	66,715
Conferences and meetings	58						58	93		151	200
Depreciation	3,937						3,937			3,937	3,974
Amortization on right of use assets							-			-	5,687
Dues and subscriptions		1,165					1,165	833	1,836	3,834	8,040
Information Technology						382	382	8,786		9,168	8,994
Insurance					18,065		18,065	4,010		22,075	32,923
Office		257		164	393	14,151	14,965	5,062	5,687	25,714	24,491
Occupancy	9,747	13,398	7,952	3,204	4,150	13,133	51,584	10,853	14,380	76,817	78,968
Program	18,389	29,920	2,913	2,061	15,149	35,863	104,295	926	934	106,155	131,559
Taxes, licenses and fees		1,928		2,322	7,433		11,683	7,625		19,308	29,475
Other					26		26	5,782	3,564	9,372	2,992
Travel	1,092	2,078	1,245		23	367	4,805	1,196		6,001	6,796
TOTAL EXPENSES	$ 146,358	$ 313,280	$ 99,579	$ 62,969	$ 128,038	$ 224,503	$ 974,727	$ 186,361	$ 208,590	$ 1,369,678	$ 1,258,761

The San Diego River Park Foundation
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 1,659,510	$ 1,603,536
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,937	3,974
Amortization	-	5,687
Contribution to San Diego Foundation Investment	(4,000)	-
Donated Land	(350,000)	(60,000)
Realized and unrealized (gains)/losses on investments	(30,407)	37,876
Realized and unrealized (gains)/losses on endowment fund	15,542	(14,292)
(Increase) decrease in:		
Grants receivable	(83,330)	(40,713)
Promises to give	(130,280)	(62,455)
Deposits and prepaid expenses	(6,879)	766
Increase (decrease) in:		
Accounts payable and accrued liabilities	251,012	246,813
Retention Payable	(117,206)	61,355
Operating Right Use Assets and Liabilities, net	(1,797)	-
Net cash provided by operating activities	1,206,102	1,782,547
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property	(20,063)	(582,760)
Purchases of contruction in progress	(855,651)	(1,926,606)
Purchase of investments	(42,821)	-
Sales of investments	1,984	1,508
Net cash (used in) investing activities	(916,551)	(2,507,858)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on note payable	400,000	100,000
Principle payments on notes payable	(66,000)	(70,000)
Net cash provided by financing activities	334,000	30,000
Net Change in Cash	623,551	(695,311)
Cash at Beginning of Year	1,804,087	2,499,398
Cash at End of Year	$ 2,427,638	$ 1,804,087
Supplemental Information:		
Cash paid for interest	$ 21,083	$ 15,120

The Accompanying Notes are an Integral Part of the Financial Statements

THE SAN DIEGO RIVER PARK FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2023

Note 1. Organization:

The San Diego River Park Foundation (TSDRPF) is a nonprofit public benefit corporation incorporated in 2001. The mission of TSDRPF is dedicated to fostering stewardship and appreciation of the region's namesake waterway. In order to protect and enhance the San Diego River as a place for recreation, habitat, and nature discovery, TSDRPF is dedicated to engaging people to be stewards of the River and working towards the vision of a 52-mile, river-long system of parks, open spaces, and community places.

Healthy River Healthy Community: This program works toward a health, pollution-free river through an integrated approach of data collection, collaboration and action. This program has received national recognition for this innovative approach removed more than 100 tons of trash and refuse from the river during the year. In 2023, the program focused a great deal of effort to be part of the solution to address the growing challenge of homelessness in the riverbed. The data collected is shared with numerous public agencies and social service providers so that people living in the riverbed receive resources for a pathway to a better quality of life.

Watershed Stewardship: This program includes our efforts to restore and care for portions of the river through a comprehensive strategy. Program efforts include conducting research and partnering with others to gain a better understanding of the river's ecosystem and guide future projects. This program also includes managing more than 2,600 acres of open space and providing opportunities for people to enjoy and explore this beautiful landscape.

Youth Nature Education: The key to the future of the San Diego River and associated ecosystems are fostering nature connections through education. A variety of approaches are used with a focus on overcoming barriers for kids to the lifelong benefits of a strong nature connection. Utilizing STEM-based and hands-on activities, this program bridges this nature divide for thousands of youth.

Planning and Policy: This program works to advance the vision of a 52 mile long regional park and trail system, acquires and conserves threatened open spaces, collaborates with public agencies and other partners to advance and advocate for key policy initiatives to improve the health and viability of the river's ecoregion, and participates in community discussions to increase equity of access to nature.

Community Engagement: A signature program which strives to celebrate the San Diego River as a natural, cultural and recreational treasure, promotes equity of access to nature, and advances stewardship of the San Diego River by organizing more than 300 volunteer service projects annually. This program involves sharing information about this amazing resource, and hosting the annual San Diego River Days celebration and other events, maintaining public gardens, engaging academic interns and mobilizing volunteers for many other activities.

River Center: The River Center at Grant Park is a program that includes construction of 17 acre nature learning and appreciation facility. Construction costs for the project have been capitalized. Phase two of construction which will lead to the opening of the facility in 2024 is now underway.

Note 2. Significant Accounting Policies:

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Note 2. Significant Accounting Policies (continued):

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. There were no cash equivalents as of December 31, 2023, and 2022.

Receivables and Credit Policies

Accounts receivable consists primarily of amounts due from funders.

Effective January 1, 2023, the management adopted the provisions of FASB ASC Topic 326, Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13)—This update establishes the current expected credit loss (CECL) model established by ASU 2016-13, which requires the immediate recognition of estimated expected credit losses over the life of a financial instrument, including trade receivables, net investments in leases (for lessors with sales-type or direct financing leases), and certain off-balance sheet credit exposures. The estimate of expected credit losses considers historical information as well as current and future economic conditions and events. TSDRPF adopted this standard effective January 1, 2023.

The impact of the adoption was not considered material to the financial statements. Management determined that an allowance was not necessary based upon the factors above as they are expected to be zero given that all receivables are received from existing funders who have always paid timely and most is from governmental agencies.

Promises to Give

Unconditional promises to give that are expected to be collected within one year at net realizable value are recorded. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give are determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Inventory

Inventory comprises primarily of books for resale and is stated at the lower of cost or market determined by the first-in first-out method. Obsolete inventory is charged to expense when identified. Management determined that a reserve for slow-moving inventory for the year ended December 31, 2023 and 2022 is not necessary.

Note 2. Significant Accounting Policies (continued):

Property and Equipment

Property and equipment additions over $5,000 are capitalized at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which are seven years for vehicles and the telephone system, five years certain program equipment and three years for the remaining equipment or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Construction in Progress pertains to the building of the facilities for River Center. This project has multiple phases and renovation is currently in phase 2. All assets will be placed in service at the conclusion on phase two being completed.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management determined that there were no indicators of asset impairment as of December 31, 2023.

Beneficial Interest in Assets Held by Community Foundation

TSDRPF established and is beneficiary in an endowment fund that is perpetual in nature (the fund) under the San Diego Foundation's program. TSDRPF granted variance power to the San Diego Foundation, which allows the San Diego Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the San Diego Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the San Diego Foundation for TSDRPF's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities. Employees are not entitled to any unused accumulated sick leave benefits. Accordingly, a liability is not recorded for those unpaid benefits. The accumulated unpaid employee vacation accrual was $30,053 and $23,296 as of December 31, 2023 and 2022, respectively and is reported as part of accounts payable and accrued liabilities.

Note 2. 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.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain 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 in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition
Contracts and service fees are recognized during the year in which the related services are provided to customers. The performance obligation of delivering the contracts and service fees is simultaneously received and consumed by the customers.

Grants and Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grant revenue is generally considered a contribution.

Donated Services and In-Kind Contributions

Contributed nonfinancial assets include donated land, services and other in-kind contributions which are recorded at the respective fair values of the goods and services received (Note 13). We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to TSDRPF program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs
Advertising and marketing costs are expensed as incurred.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited (Note 15).

Note 2. Significant Accounting Policies (continued):

Income Taxes
TSDRPF is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) and similar State of California statutes.

Management determined that there was no unrelated business income tax to be reported for the year ended December 31, 2023.

Management has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. TSDRP's income tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed; and the Franchise Tax Board, generally for four years after they are filed.

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 the reported amounts and disclosures. Accordingly, actual results could differ from those estimates, under different assumptions or conditions and those differences could be material.

Financial Instruments and Credit Risk
TSDRPF manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TSDRPF has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the mission. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the net assets.

Note 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	$ 2,427,638
Grant Receivables	220,338
Promises to Give	55,000
Investments	81,685
Endowment Funds	199,174
Less: Donor restrictions	(1,546,401)
	$ 1,437,434

Note 3. Liquidity and Availability (continued):

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use.

As part of TSDRPF's liquidity management plan, TSDRPF invests some cash in excess of daily requirements in a brokerage account, which is reported as investments.

Note 4. Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31:

2024	$ 55,000
2025	236,704
2026	41,000
2027	1,000
	333,704
Less discount to net present value at 3%	(19,660)
Promises to Give at December 31, 2023	$ 314,044

Note 5. Accounting For Acquisition of Lands with Conservation Value:

Land and land rights which have been determined to have conservation value consistent with the mission of TSDRPF may be acquired by purchase, gift, or a combination of both. TSDRPF undertakes such conservation acquisitions individually and, in certain instances, may in cooperation and partnership with governments and other non-profit organizations.

The lands acquired are to be maintained for its mission related purposes. These assets are included in property and equipment and are reported at cost, if purchased, or fair market value, at the date of donation.

Note 6. Fair Value Measurements and Disclosures

Management reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Note 6. Fair Value Measurements and Disclosures, (continued):

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that management can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, management develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to TSDRPF's assessment of the quality, risk, or liquidity profile of the asset or liability.

Most of TSDRPF's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at December 31, 2023:

	Fair Value	Level 1	Level 2	Level 3
Fixed Income	4,402	4,402		
Equities	34,462	34,462		
Certificates of Deposit	42,821	42,821		
Endowment Fund-The SD Foundation	199,174			199,174
Total	$ 280,859	$ 81,685	$ -	$ 199,174

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023:

Balance, December 31, 2022	$ 179,632
Contributions	4,000
Investment return, net	16,907
Appropriation of endowment assets pursuant to spending-rate policy	(1,365)
Balance, December 31, 2023	$ 199,174

Note 6. **Fair Value Measurements and Disclosures, (continued):**

The San Diego River Park Foundation transferred $146,520 into an irrevocable endowment fund at The San Diego Foundation (SDF) through 2021 and in 2023 another $4,000 was received from a donor. Allocations of earnings are distributable semi-annually and are made from income and net appreciation if the fair value of the asset exceeds its historic value. The fund will continue so long as these assets are available in the fund and the purposes in the fund will be served by its continuance. As of December 31, 2023, the fair value of this agency endowment was $199,174.

Note 7. **Concentration of Credit Risk:**

TSDRPF maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2023, TSDRPF had uninsured cash balances with two financial institutions.

TSDRPF had two funders that contributed 30% of total revenue for the year ended December 31, 2023.

TSDRPF had three funders that contributed 62% of total receivables as of December 31, 2023.

Note 8. **Investments:**

Investments consist primarily of assets invested in marketable securities. Cash and short-term highly liquid money market deposits that are invested are reported as investments on the statement of financial position.

TSDRPF accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in marketable securities with readily determinable fair values be measured at fair value in the statement of financial position. Fair value of marketable securities is based on quoted market prices. The realized and unrealized gains and losses on investments are reflected in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. It is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments at fair value consist of the following at December 31, 2023:

Fixed income	$	4,402
Equities		34,462
Certficates of Deposit		42,821
Endowment		199,174
Total	$	280,859

Note 9. **Notes Payable:**

On February 20, 2022, the promissory note from Healthquest Foundation dated February 19, 2019, was amended. The note terms state the loan is for $300,000, interest is 4% per annum and that the entire balance including accrued interest are due and payable 24 months from inception of the loan. Accrued interest was paid in full for the year ended December 31, 2023. The balance as of December 31, 2023, and 2022 was $300,000.

On December 2, 2020, TSDRPF entered into a note with a MDF Fund I, LP totaling $150,000. The note terms also stated that the maturity date was July 1, 2023, and was an interest free loan. As of December 31, 2022, the loan balance was $66,000. This loan was paid in full as of December 31, 2023.

On December 10, 2022, TSDRPF entered into a note with Back County Land Trust totaling $100,000. The note terms also stated the maturity date is June 10, 2024, and has a 4.75% per annum interest rate. Principal payments and accrued interest are due in full on June 10, 2024. The balance of the loan as of December 31, 2023 and 2022 was $100,000.

On October 9, 2023, TSRDF entered into a note from Healthquest Foundation. The note terms state the loan is for $300,000, interest is 6.5% per annum and that the entire balance is due in 12 months and interest is to be paid monthly. Accrued interest was paid in full for the year ended December 31, 2023.

On October 9, 2023, TSDRPF entered into a note with RRN LLC Trust totaling $100,000. The note terms also state the entire balance is due in 12 months and has a 6.5% per annum interest rate. Interest payments are due monthly and accrued interest was paid in full for the year ended December 31. 2023.

Note 10. **Operating Leases:**

TSDRPF leases facilities in San Diego, California. The operating lease was extended and continues from October 2022 through October 2025. The equipment lease term is from August 2022 through August 2027.

TSDRPF includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires us to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. Management has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Management has applied the risk-free rate option to the building and office equipment classes of assets.

TSDRPF has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Note 10. **Lease, (continued):**

Total right-of-use assets and lease liabilities as of December 31, 2023 are as follows:

Lease Assets – Classification in Statement of Financial Position

Operating right-of-use asset – office space	$ 109,552
Operating right-of-use asset – equipment	6,427
Total operating right-of-use assets	$ 115,979

Lease Liabilities – Classification in the Statement of Financial Position

Operating lease liability – office, current	$ 70,204
Operating lease liability – equipment, current	1,670
Operating lease liability – office, noncurrent	45,206
Operating lease liability – equipment, noncurrent	4,757
Total lease liability	$ 121,837

Total lease costs for the year ended December 31, 2023, are as follows:

Rent Expense resulting from the impact on right-of-use assets totaled $ 751

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term in years:	
Operating leases - office	2.00
Operating leases – equipment	4.00
Weighted-average discount rate:	
Operating leases	4.17%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2023:

December 31,	Operating
2024	$ 66,687
2025	57,177
2026	1,860
2027	1,240
Total lease payments	$126,964
Less Discount	(5,127)
Present value of lease liability	$121,837

Note 11. Endowment

TSDRPF's endowment (the Endowment) consists of 3 individual funds established by donors to provide annual funding for specific activities and general operations. TSDRPF's Board of Directors has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023, there were no such donor stipulations. As a result of this interpretation, TSDRPF retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by TSDRPF in a manner consistent with the standard of prudence prescribed by UPMIFA. TSDRPF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of December 31, 2023, TSDRPF had the following endowment net asset composition by type of fund:

Original donor-restricted gift amount - with donor restrictions	$	150,520
Accumulated earnings - without donor restrictions		48,654
Balance, December 31, 2023	$	199,174

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). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2023 and 2022, there were no underwater endowments.

Investment and Spending Policies

TSDRPF has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the

Note 11. Endowment, (continued):

Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

TSDRPF uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments at December 31 of each year to determine the spending amount for the upcoming year. During 2023. The spending rate maximum was 4.5 percent. In establishing this policy, TSDRPF considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the year ended December 31, 2023, are as follows:

Balance, December 31, 2022	$ 179,632
Contributions	4,000
Investment return, net	16,907
Appropriation of endowment assets pursuant to spending-rate policy	(1,365)
Balance, December 31, 2023	$ 199,174

Note 12. Net Assets With Donor Restrictions:

Net assets with donor restrictions at December 31, 2023 consist of:

	12/31/2022 Balance	2023 Additions	2023 Releases	12/31/2023 Balance
Program -				
Land Mgmt	$ -	$ 179,771	$ (61,769)	$ 118,002
Education	-	93,981	(83,981)	10,000
Planning	114,399	106,066	(110,614)	109,851
Engagement	75,000	89,050	(155,050)	9,000
Trash	22,498	71,300	(78,798)	15,000
Research and Technical Services	-	14,754	(14,754)	-
River Center - Grant Park	904,705	1,237,064	(1,003,741)	1,138,028
Total Program Restrictions	$ 1,116,602	$ 1,791,986	$ (1,508,707)	$ 1,399,881
Perpetual in nature	146,520	4,000	-	150,520
Total With Donor Restriction	$ 1,263,122	$ 1,795,986	$ (1,508,707)	$ 1,550,401

Note 13. Donated Services and Materials

TSDRPF received donated land of $350,000 which was capitalized, supplies of $11,068 and services of $9,713 all were program related during the year ended December 31, 2023. These expenses are all included on the program expense line on the statement of functional expenses.

Note 14. Conservation Easements:

Conservation easements are comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to TSDRPF, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal tax regulations. They may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original funder. Conservation easements, by their very nature, do not generate material amounts of cash inflow annually.

Note 15. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, salaries, benefits, payroll taxes, accounting, advertising, bank fees, office, information technology, and insurance which are allocated on the basis of estimates of time and effort.

Note 16. Subsequent Event

Subsequent events have been evaluated through May 10, 2024, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in the financial statements.