Tri-Valley Conservancy

Financial Statements
and
Independent Auditor's Report
For the Years Ended
December 31, 2021 and 2020

Tri-Valley Conservancy

TABLE OF CONTENTS

December 31, 2021 and 2020

DAMORE
HAMRIC &
SCHNEIDER,
INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tri-Valley Conservancy

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-Valley Conservancy as of December 31, 2021, and the related statement of activities, functional expenses, and 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 Tri-Valley Conservancy and to meet our ethical responsibilities in accordance with 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 Tri Valley Conservancy'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 Tri Valley Conservancy'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 Tri Valley Conservancy'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 Tri-Valley Conservancy's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Damore, Hamric + Schneider Inc

DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

Sacramento, CA

March 10, 2023

Tri-Valley Conservancy

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS

Current Assets:	2021	2020
Cash and Cash Equivalents (Note 2)	**$ 1,748,743**	$ 3,245,877
Accounts Receivable	**12,000**	3,900
Pledge Receivable		75,583
Investments (Note 5)	**25,215,362**	21,155,009
Accrued Investment Income	**27,555**	33,469
Prepaid Expenses	**38,602**	64,578
Total Current Assets	**$ 27,042,262**	$ 24,578,416
Deposits	**$ 4,614**	$ 4,614
Office Furniture, Equipment, and Fixtures - Net of Accumulated Depreciation	**146**	252
Deeds of Land Easements	**66**	66
Total Assets	**$ 27,047,088**	$ 24,583,348

LIABILITIES AND NET ASSETS

Current Liabilities:	2021	2020
Accounts Payable and Accrued Liabilities	**$ 22,216**	$ 20,577
Note Payable - SBA (PPP) Loan (Note 13)		73,600
Accrued Vacation	**8,643**	16,216
Deferred Revenues	**1,500**	2,500
Total Current and Total Liabilities	**$ 32,359**	$ 112,893
Net Assets:		
With Donor Restrictions (Notes 1.C. & 11)	**$ 20,493,666**	$ 18,777,075
Without Donor Restrictions (Notes 1.C. & 12)	**6,521,063**	5,693,380
Total Net Assets	**$ 27,014,729**	$ 24,470,455
Total Liabilities and Net Assets	**$ 27,047,088**	$ 24,583,348

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

Tri-Valley Conservancy

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2021
With Comparative Totals for 2020

	Without Donor Restrictions		With Donor Restrictions					
Revenue:	TVC	South Livermore Valley Area Plan	Valley Trails Connections	Youth-In-Nature	Fish & Wildlife	South Livermore Valley Area Plan	**2021**	2020
Mitigation Income	$	$	$	$	$ 830,148	$	**$ 830,148**	$ 177,119
Contributions	86,427			5,638			**92,065**	82,242
Special Events (Net of Direct Expenses **$47,651 in 2021** and $6,885 in 2020)		3,374					**3,374**	8,115
Grants	82,050			13,200			**95,250**	177,743
Stewardship Income		6,105			5,000	4,477	**15,582**	510,226
Investment Return, Net	266,925	934,238		22,244	180,214	1,000,970	**2,404,591**	3,519,588
In-Kind Revenue	165	9,964					**10,129**	210
Other Revenue	248						**248**	504
Net Assets Released from Restrictions	31,938	313,362	(531)	(9,556)	(18,584)	(316,629)		
Total Revenues	$ 467,753	$ 1,267,043	($ 531)	$ 31,526	$ 996,778	$ 688,818	**$ 3,451,387**	$ 4,475,747
Expenses:								
Program Services	$ 297,526	$ 493,203	$	$	$	$	**$ 790,729**	$ 762,043
Management and General Expenses	44,729	38,321					**83,050**	41,952
Fundraising Expenses	12,128	21,206					**33,334**	20,038
Total Expenses	$ 354,383	$ 552,730	$	$	$	$	**$ 907,113**	$ 824,033
Change in Net Assets	$ 113,370	$ 714,313	($ 531)	$ 31,526	$ 996,778	$ 688,818	**$ 2,544,274**	$ 3,651,714
Net Assets, Beginning of Year	2,602,347	3,091,033	19,483	161,816	1,171,272	17,424,504	**24,470,455**	20,818,741
Net Assets, End of Year	$ 2,715,717	$ 3,805,346	$ 18,952	$ 193,342	$ 2,168,050	$ 18,113,322	**$ 27,014,729**	$ 24,470,455

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

Tri-Valley Conservancy

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021
With Comparative Totals for 2020

	Program Services	Supporting Activities: Management and General Expenses	Supporting Activities: Fundraising Expenses	Supporting Activities: Supporting Activities Subtotal	**2021**	2020
Salaries and Wages	$ 268,268	$ 14,904	$ 14,904	$ 29,808	**$ 298,076**	$ 356,184
Payroll Taxes and Related Costs	25,210	1,401	1,401	2,802	**28,012**	28,096
Employee Benefits	24,231	773	773	1,546	**25,777**	30,637
Total Salaries and Related Costs	$ 317,709	$ 17,078	$ 17,078	$ 34,156	**$ 351,865**	$ 414,917
Accounting	$ 9,706	$ 22,325	$ 324	$ 22,649	**$ 32,355**	$ 33,530
Acquisition Expenses	8,219				**8,219**	25,388
Automobile Expense	693	7		7	**700**	733
Business Promotions and Advertising	26,743		3,043	3,043	**29,786**	11,160
Conferences, Seminars, Workshops, and Meetings	2,881				**2,881**	6,515
Dues and Subscriptions	12,957	401		401	**13,358**	10,609
Fees, Licenses and Permits	4,228	131		131	**4,359**	6,905
Fundraising			11,370	11,370	**11,370**	4,940
Insurance	14,325	443		443	**14,768**	15,222
Legal	38,368	21,582		21,582	**59,950**	8,949
Occupancy	53,588	1,657		1,657	**55,245**	53,664
Office Equipment	8,064	249		249	**8,313**	8,925
Office Expense	4,855	150		150	**5,005**	11,690
Printing and Postage	550	17		17	**567**	1,017
Professional Fees	22,850	18,551		18,551	**41,401**	40,146
Special Projects	241,548				**241,548**	153,602
Utilities	7,906	245		245	**8,151**	
Stewardship Expenses						9,068
Informational Services	6,829	211		211	**7,040**	6,528
In-Kind Expenses	8,610		1,519	1,519	**10,129**	210
	$ 472,920	$ 65,969	$ 16,256	$ 82,225	**$ 555,145**	$ 408,801
Total Expenses Before Depreciation	$ 790,629	$ 83,047	$ 33,334	$ 116,381	**$ 907,010**	$ 823,718
Depreciation	100	3		3	**103**	315
Total Functional Expenses	$ 790,729	$ 83,050	$ 33,334	$ 116,384	**$ 907,113**	$ 824,033

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

Tri-Valley Conservancy

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Increase in Net Assets	**$ 2,544,274**	$ 3,651,714
Adjustments to Reconcile Increase (Decrease) in		
Net Assets to Cash provided by Operating Activities:		
Depreciation	**103**	314
Net Unrealized Gain on Investments	**(2,530,760)**	(3,329,954)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	**(8,100)**	1,429
Pledge Receivable	**75,583**	4,993
Accrued Investment Income	**5,914**	(15,583)
Prepaid Expenses and Deposits	**25,976**	(16,709)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	**(71,961)**	79,957
Deferred Revenues	**(1,000)**	2,500
Accrued Vacation	**(7,573)**	4,005
Net Cash Provided by Operating Activities	**$ 32,456**	$ 382,666
Cash Flows from Investing Activities:		
Purchase of Investments	**($ 15,629,504)**	($ 8,526,282)
Proceeds from Sales/Maturities of Investments	**14,099,914**	9,428,725
Purchase of Deed of Land Easements		(1)
Net Cash (Used)/Provided by Investing Activities	**($ 1,529,590)**	$ 902,442
Net (Decrease)/Increase in Cash and Cash Equivalents	**($ 1,497,134)**	$ 1,285,108
Beginning Cash and Cash Equivalents	**3,245,877**	1,960,769
Ending Cash and Cash Equivalents	**$ 1,748,743**	$ 3,245,877

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization - Tri-Valley Conservancy (TVC) is a California nonprofit, public benefit corporation organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. The specific and primary purpose of this corporation is to engage in charitable activities within the meaning of Section 501(c)(3) of the Internal Revenue Code for the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, or open-space condition or use for the conservation purposes specified in Section 170(h)(4)(A) of the Internal Revenue Code.

B. Nature of Activities - Through its years of operation, TVC has acquired 66 deeds of perpetual agricultural, mitigation, or open space easements in the South Livermore Valley Area Plan (SLVAP), North Livermore, and South Pleasanton totaling 5,111 acres. These acres come from mitigation (4,366 acres), SLVAP Bonus Density (233 acres) and acquisitions (512 acres). TVC has expended $8,518,128 for these easements, and has received $2,588,333 from grants, thus resulting in a net cost to TVC of $5,959,795. In 2020, TVC executed the G3 Byron California Department of Fish and Wildlife (CDFW) Mitigation Easement. This 350-acre deed of land easement was recorded on July 8, 2020. The second easement is the Lund Ranch II, U. S. Fish and Wildlife Mitigation Easement. This 75.6-acre deed of land easement was recorded July 9, 2020. These easements have no financial value since the development rights associated with the properties have been permanently "extinguished." Therefore, the easements are valued nominally at $1 each, for a total of $66 in these financial statements.

Ruby Hill and Vineyard Avenue Specific Plan developments within the boundary of the Plan area are required to pay TVC mitigation fees at the time individual building permits are pulled or in other cases at the time of final map approval. Such fees have been collected by the City of Pleasanton, and TVC anticipates revenues from the remaining seven plus residential lots still available in the Ruby Hill development. All monies received from Ruby Hill and Vineyard Avenue Specific Plan are restricted for use within the South Livermore Valley Area Plan. TVC uses the developer mitigation fees it receives from these developments to purchase deeds of land easements, to steward the portfolio of easements under its care, and to cover its general and administrative operations.

TVC accepts and holds deeds of land easements committing to annual stewardship in perpetuity, to enforce their terms and to building positive landowner and community relationships to support its conservation programs and enforcement actions. For every easement, TVC has a baseline

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Nature of Activities (Continued):

documentation report prepared prior to closing which is signed by the landowner at closing. The report documents the important conservation values protected by the easements and the relevant conditions of the property as necessary to monitor and enforce the easements. The easement properties are monitored regularly, at least annually, and documentation is kept of each monitoring activity. TVC maintains regular contact with owners of easement properties. Changes in land ownership are traced and recorded in the Annual Stewardship Report and TVC database. TVC strives to promptly build a positive working relationship with new owners of easement properties and informs them about the easement's existence and restrictions, and TVC's stewardship effort requires TVC to take necessary and consistent steps to see the violations are resolved utilizing legal resources for enforcement and defense when necessary.

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

Net Assets without Donor Restrictions - Net assets that are not subjected to donor-imposed stipulations. The TVC net assets without donor restrictions are derived from donations and special events, in addition to mitigation income from the Vineyard corridor project. SLVAP net assets without donor restrictions are derived from income (Livermore mitigation income and stewardship income) that can be used for other purposes as designated by the Board, as long as it furthers the mission of TVC. The balance of net assets without donor restrictions for the years ended December 31, 2021 and 2020 was **$6,521,063** and $5,693,380, respectively.

Net Assets with Donor Restrictions - The donor restricted net assets of TVC are restricted by purpose and are temporary in nature. When a restriction expires, the restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Mitigation Income from the Ruby Hill development is restricted for purchases of land and/or easements within the SLVAP, the administration of those purchases and operations supporting the SLVAP. Contributions from the City of Livermore to the Conservancy are restricted for the long-term monitoring and stewardship of TVC's habitat easement in North Livermore. The balance of net assets

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Basis of Reporting (Continued):

Net Assets with Donor Restrictions (Continued) - with donor restrictions for the years ended December 31, 2021 and 2020 was **$20,493,666** and $18,777,075, respectively.

D. Cash and Cash Equivalents - For purposes of the statements of cash flows, TVC considers all highly liquid investments available for current use with an initial maturity of less than three months to be cash equivalents.

E. Accounts and Pledges Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Conservancy is also the recipient of a pledge receivable due in less than one year relating to the Valley Trail Connection project. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2021.

F. Investments - Investments primarily consist of fixed income and equity securities that are carried at estimated fair value based on quoted market prices in active markets for identical investments as of the reporting date (Level 1 investments). Investments received through donations are recorded at their estimated fair value as of the date of donation. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities as investment return. Investment return is presented net of investment fees. During the years ended December 31, 2021 and 2020, TVC incurred investment fees of **$97,593** and $99,424, respectively.

G. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Office Furniture, Equipment, and Fixtures - This category consists of office equipment, software, and furniture and fixtures. The Conservancy follows the practice of capitalizing all expenditures more than $2,500 for office furniture, equipment, and fixtures and is reported at cost. Depreciation is provided using the straight-line method over estimated useful lives of the related assets, which range from two to ten years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

I. In-Kind Revenue and Expenses – In-kind revenue and expenses consist of contributed materials and property which are recorded at estimated fair value at the date of donation. During the years ended December 31, 2021 and 2020, contributed materials and property were **$10,129** and $210, respectively.

J. Revenue Recognition – Special events and program revenues are recognized during the fiscal year in which the event and activity occurs. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are donor restricted are then reclassified to net assets without donor restrictions upon satisfaction of the restrictions.

K. Income Taxes - TVC is a California nonprofit public benefit corporation, exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and State income taxes under Section 23701(d) of the California Revenue and Taxation Code. Annual tax information returns are filed with federal and state governmental agencies, and the accounting methods used for such fillings are the same as those used for financial reporting. TVC has implemented the amended accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

L. Functional Expense Reporting - The costs of providing TVC's programs have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions. Program Services are identified as expenses related to fulfilling the mission of TVC whereas Management and General Expenses are related to supporting services. Priority for TVC staff and the organization in 2020 was the preservation of the South Livermore Valley Area Plan (SLVAP), South Livermore Valley Specific Plan (SLVSP), and California/United States Fish & Wildlife Mitigation projects located in North Livermore. Program Services includes stewardship of TVC's easements, acquisition of conservation assessments, maintaining the mitigation requirements for the SLVSP and ensuring the SLVAP intent remains in place. Fundraising expenses reflect the amount TVC spent to generate funds including amounts incurred to pay for annual appeals, renewal, and special events.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

M. Accounting Treatment Implemented in the Current Financial Statements for the Payroll Protection Program (PPP) Loan – In June 2020, TVC applied for and received a loan from the Small Business Administration's Paycheck Protection Program. A unique feature of the PPP loan is the ability of the recipient to request forgiveness of the debt upon expending the proceeds on qualified expenses including payroll and related benefits, rent, mortgage payments, and other occupancy costs. In accounting for the loan, the management of TVC has elected to follow its revenue recognition policy for conditional contributions as promulgated in ASU 958-605. Management identified this as the most appropriate treatment with not-for-profit reporting. See Note 13 for more information about the loan.

N. Newly Issued Accounting Pronouncement, But Not Yet Effective – In February 2016, the FASB issued ASU 2016-02 – *Leases (Topic 842)*. The Update requires recognition of lease assets and liabilities on the balance sheet and additional disclosure of key information about the Company's leasing arrangements. This standard was to be effective for financial statements issued by non-public companies for the annual periods beginning after December 15, 2019. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities*, which deferred the required effective dates of ASU 2016-02 to years beginning after December 15, 2021. The Organization is currently in the process of evaluating the potential impact of this updated authoritative guidance on the financial statements.

O. Reclassifications - Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation.

P. Subsequent Events - Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued. See Note 14 for additional disclosure of events occurring after year end.

NOTE 2 CASH AND CASH EQUIVALENTS:

At December 31, 2021 and 2020, cash and cash equivalents consisted of the following:

NOTE 2 CASH AND CASH EQUIVALENTS (Continued):

	2021	2020
Cash and Cash Equivalents		
Cash - Operating Account	**$ 144,852**	$ 319,979
Cash - Investment Accounts	**1,603,821**	2,925,531
Cash - On Hand	**70**	367
Total Cash and Cash Equivalents	**$ 1,748,743**	$ 3,245,877

NOTE 3 CONCENTRATION OF CREDIT RISK:

Financial instruments that are exposed to concentrations of credit risk consist of cash and investments. TVC has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately **$1,234,171** and $2,622,250 at December 31, 2021 and 2020, respectively. TVC maintains its cash and investments with high quality institutions and companies with high credit ratings which TVC believes limits these risks.

NOTE 4 LIQUIDITY:

TVC's financial assets available within one year of the year ended December 31, 2021 for general expenditure are as follows:

	2021
Financial assets, at year end*	$ 27,003,660
Less those unavailable for general expenditure within one year, due to:	
Restricted by donor with purpose restrictions	(20,493,666)
Board Designations:	
Amounts set side for South Livermore Valley Area Plan	(3,805,346)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,704,648

*Total Assets, Less Nonfinancial Assets (e.g., Deeds of Land Easements, Deposits, PPE & Prepaid Assets)

TVC's financial assets, which includes all cash, investments, accounts receivable and accrued investment income as of December 31, 2021, has been reduced by amounts not available for general expenditure because of donor imposed restrictions and amounts designated by the Board for use within the South Livermore Valley Area Plan. TVC's investment policy is structured so that financial

NOTE 4 LIQUIDITY (Continued):

assets are available to fund general expenditures, liabilities, and other obligations come due. Additionally, TVC does not intend to spend from its board-designated funds other than amounts appropriated for expenditure, however, amounts could be made available if necessary.

NOTE 5 INVESTMENTS:

The TVC Board of Directors approved a new Investment Policy effective February 27, 2019. The new policy created the Investment Fund and three sub-allocations of funds: the Perpetuity Allocation, Operations Allocation, and the Project Allocation, by merging TVC's Endowment and Capital accounts. The policy's investment objectives were developed to support current and projected financial requirements to enable TVC to fulfill its mission statements. These objectives are to (1) emphasize the long-term growth of principal while avoiding excessive long-term risk, (2) earn 2% to 3% in excess of inflation with moderate risk tolerance, (3) provide sufficient liquidity for funding the Operations Allocation which should hold approximately one year's operating budget and be invested in government money market funds, (4) ensure proper stewardship of TVC's easements and property interests by funding the Perpetuity Allocation for the legal, operating, and monitoring activities in perpetuity, and (5) provide sufficient liquidity in lower risk assets to fund Project Allocation for projects that further TVC's mission. TVC has established asset allocation guidelines - asset class targets and style allocation guidelines for the Investment Fund and has developed investment objectives in conjunction with current and projected financial requirements for conservancy projects and to maintain deeds of land easements in perpetuity.

Investments consist of the following at December 31, 2021:

	Cost Basis	Fair Value	Unrealized Gains/(Losses)
Taxable Fixed Income	**$ 8,335,271**	**$ 8,468,867**	**$ 133,596**
Other Investments	**91,761**	**102,180**	**10,419**
Exchange-Traded Funds	**12,722,631**	**15,070,837**	**2,348,206**
Thornburg International Fund	**1,534,939**	**1,573,478**	**38,539**
Subtotal	**$ 22,684,602**	**$ 25,215,362**	**$ 2,530,760**
Cash and Cash Equivalents	**1,603,821**	**1,603,821**	
Total Investments	**$ 24,288,423**	**$ 26,819,183**	**$ 2,530,760**

NOTE 5 INVESTMENTS (Continued):

Investments consist of the following at December 31, 2020:

	Cost Basis	Fair Value	Unrealized Gains/(Losses)
Taxable Fixed Income	$ 6,516,866	$ 6,868,860	$ 351,994
Other Investments	50,726	56,685	5,959
Exchange-Traded Funds	8,282,752	12,780,132	4,497,380
Thornburg International Fund	1,335,561	1,449,332	113,771
Subtotal	$ 16,185,905	$ 21,155,009	$ 4,969,104
Cash and Cash Equivalents	2,925,531	2,925,531	
Total Investments	$ 19,111,436	$ 24,080,540	$ 4,969,104

NOTE 6 FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

		Fair Value Measurements at Reporting Date Using		
December 31, 2021	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Taxable Fixed Income	**$ 8,468,867**	**$ 8,468,867**	**$**	**$**
Other Investments	**102,180**	**102,180**		
Exchange-Traded Funds	**15,070,837**	**15,070,837**		
Thornburg International Fund	**1,573,478**	**1,573,478**		
Total	**$ 25,215,362**	**$ 25,215,362**	**$ 0**	**$ 0**

		Fair Value Measurements at Reporting Date Using		
December 31, 2020	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Taxable Fixed Income	$ 6,868,860	$ 6,868,860	$	$
Other Investments	56,685	56,685		
Exchange-Traded Funds	12,780,132	12,780,132		
Thornburg International Fund	1,449,332	1,449,332		
Total	$ 21,155,009	$ 21,155,009	$ 0	$ 0

NOTE 6 FAIR VALUE MEASUREMENTS (Continued):

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

TVC held no financial assets valued using level 2 or 3 inputs as of December 31, 2021 and 2020.

NOTE 7 LEASE COMMITMENTS:

TVC has executed an amendment to its office lease agreement for office space in Livermore, California. The amendment extends the current lease that was set to expire in June of 2023. The effective date of this "first amendment" is July 1, 2022. The new lease term shall be six (6) years commencing on July 1, 2022, and ending on June 30, 2028.

In October 2020, TVC entered into a 60-month copier lease at $239 per month.

For the years ended December 31, 2021 and 2020, total rent expense was **$54,557** and $53,664, respectively. Minimum future rental payments under operating leases having remaining terms in excess of one year as of December 31, 2021, for each of the next five years and in the aggregate are:

Year Ending December 31		
2022	$	55,622
2023		56,401
2024		56,400
2025		56,486
2026		55,965
Thereafter		86,892
Total minimum future rental payments	$	367,766

NOTE 8 OFFICE FURNITURE, EQUIPMENT, AND FIXTURES:

Office Furniture, Equipment and Fixtures consist of the following as of December 31, 2021 and 2020:

Description	**2021**	2020
Office Furniture and Equipment	**$ 14,458**	$ 14,458
Fixtures - Signage	**24,012**	24,012
Leasehold Improvements	**1,386**	1,386
Totals	**$ 39,856**	$ 39,856
Less: Accumulated Depreciation	**39,710**	39,604
Net Fixed Assets	**$ 146**	$ 252

NOTE 9 EMPLOYEE BENEFIT PLAN:

TVC maintains a retirement plan under Section 403(b) of the Internal Revenue Code. The employer may contribute no more than 100% of the employee's allowable contribution for the year under its provisions. Total employer contributions were **$23,306** in 2021 and $13,333 in 2020. TVC also established a Cafeteria Plan under Internal Revenue Code Section 125. The plan permits the purchase of health insurance premiums on a pre-tax basis to employees of TVC. Under the plan, TVC designates a specific dollar amount for the employee to use for health and/or retirement benefits. The employee allocates the dollar amount to health and/or retirement benefits.

NOTE 10 ACCRUED BENEFITS:

Accumulated unpaid employee vacation benefits are recognized as a liability of TVC. The amounts of accumulated vacation benefits for the year were **$8,643** and $16,216 in 2021 and 2020, respectively.

The employees do not have a vested right to accumulated sick leave or compensatory pay. For this reason, TVC does not accrue a liability for accumulated sick leave or compensatory pay benefits. Sick leave and compensatory pay benefits are recorded as expenditures in the period of use.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS:

Donor restricted assets consist of contributions and income received to assist with the TVC mission. The amounts available for specific purposes at December 31, 2021 and 2020 were as follows:

	2021	2020
South Livermore Valley Area Plan	**$ 18,113,322**	$ 17,424,504
Fish and Wildlife Conservation	**2,168,050**	1,171,272
Youth in Nature Program	**193,342**	161,816
Valley Trail Connection Bridge	**18,952**	19,483
Net Assets with Donor Restrictions	**$ 20,493,666**	$ 18,777,075

NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS:

TVC's net assets without donor restrictions are designated at December 31, 2021 and 2020 were as follows:

	2021	2020
Designated by the Board for:		
South Livermore Valley Area Plan	**$ 3,805,346**	$ 3,091,033
Undesignated	**2,715,717**	2,602,347
Net Assets without Donor Restrictions	**$ 6,521,063**	$ 5,693,380

NOTE 13 PAYROLL PROTECTION PROGRAM (PPP) LOAN:

In June 2020, TVC applied for and received a PPP loan from the Small Business Administration's (SBA) Paycheck Protection Program. The total amount received was $73,600. Repayment terms will require monthly payments of principal sufficient to repay the loan over 60 months, and interest at 1% per annum. On June 28, 2021, TVC was notified by its lender that the full amount of the loan had been forgiven, and that the debt was canceled. As further described in Note 1. M., the accounting policy with respect to the loan and subsequent forgiveness was to record the amount received as a conditional contribution. The amount is recorded in the Statement of Activities as part of the Grant's balance.

NOTE 14 SUBSEQUENT EVENT:

After December 31, 2021, the stock market experienced a significant decline in value. As of the date of this report, March 10, 2023, the Dow Jones industrial average declined 14% since December 31, 2021, and the Nasdaq composite index has declined 28%. During the same period, it is estimated that TVC's investments declined by 6% or $1,577,000. TVC will continue to monitor its investments as it has successfully done in the past but has no immediate plans to change its investment portfolio.

Subsequent events were evaluated through March 10, 2023, which is the date the financial statements were available to be issued.