

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Years Ended  
June 30, 2007 and 2006**

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## INDEPENDENT AUDITOR'S REPORT

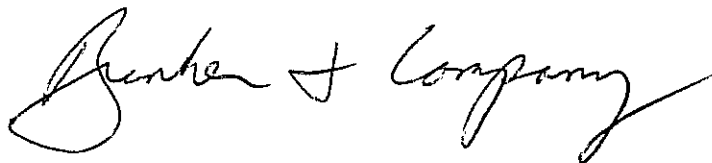
To the Board of Directors  
Yosemite National Institutes  
Sausalito, California

We have audited the accompanying combined statements of financial position of Yosemite National Institutes (a California nonprofit public benefit corporation) as of June 30, 2007 and 2006, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institutes' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yosemite National Institutes as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combined schedules of functional revenue and expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Yosemite National Institutes. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



March 20, 2008

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2007 and 2006**

	2007	2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 3,386,163	\$ 3,223,100
Inventory (Note 1)	83,592	75,665
Accounts receivable (Note 2)	165,447	202,543
Pledges receivable, current portion, net of allowance for doubtful accounts (Note 3)	339,000	359,796
Prepaid expenses	14,716	17,559
Total current assets	<u>3,988,918</u>	<u>3,878,663</u>
Pledges receivable, net of current portion and present value discount (Note 3)	296,609	35,085
Deposits	8,046	5,850
Investments (Note 5)	1,758,868	1,387,460
Property, equipment and improvements, net of accumulated depreciation of \$4,090,509 in 2007 and \$3,739,502 in 2006 (Notes 1 and 6)	<u>5,795,884</u>	<u>5,176,451</u>
Total assets	<u>\$ 11,848,325</u>	<u>\$ 10,483,509</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 574,466	\$ 659,438
Capital lease payable, current portion (Note 7)	8,938	8,675
Deferred revenue (Note 9)	1,094,020	965,670
Deposits	17,134	21,185
Total current liabilities	<u>1,694,558</u>	<u>1,654,968</u>
Capital lease payable, net of current portion (Note 7)	<u>24,702</u>	<u>31,238</u>
Total liabilities	<u>1,719,260</u>	<u>1,686,206</u>
Net assets (Note 10):		
Unrestricted net assets:		
Undesignated	5,265,497	5,143,612
Board-designated	70,565	70,565
Total unrestricted net assets	<u>5,336,062</u>	<u>5,214,177</u>
Temporarily restricted net assets	3,557,565	2,384,587
Permanently restricted net assets	1,235,438	1,198,539
Total net assets	<u>10,129,065</u>	<u>8,797,303</u>
Total liabilities and net assets	<u>\$ 11,848,325</u>	<u>\$ 10,483,509</u>

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

**YOSEMITE NATIONAL INSTITUTES**  
(A California Nonprofit Public Benefit Corporation)

**COMBINED STATEMENTS OF ACTIVITIES**  
For the year ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>				
Program revenue:				
Field science programs	\$ 6,935,994	\$ -	\$ -	\$ 6,935,994
Conferences and adult programs	933,852	-	-	933,852
Summer program revenue	<u>84,512</u>	<u>-</u>	<u>-</u>	<u>84,512</u>
Total program revenue	<u>7,954,358</u>	<u>-</u>	<u>-</u>	<u>7,954,358</u>
Other revenue:				
Retail sales, net (Note 11)	-	35,671	-	35,671
Investment income (Note 5)	66,164	182,780	-	248,944
Forfeited deposits	66,707	-	-	66,707
Scholarship fees	54,720	-	-	54,720
Miscellaneous income	<u>132,341</u>	<u>-</u>	<u>-</u>	<u>132,341</u>
Total other revenue	<u>319,932</u>	<u>218,451</u>	<u>-</u>	<u>538,383</u>
Public support:				
Donations and grants	-	2,651,578	36,899	2,688,477
In-kind donations	<u>1,950</u>	<u>-</u>	<u>-</u>	<u>1,950</u>
Total public support	<u>1,950</u>	<u>2,651,578</u>	<u>36,899</u>	<u>2,690,427</u>
Net assets released from restriction (Note 12)	<u>1,697,051</u>	<u>(1,697,051)</u>	<u>-</u>	<u>-</u>
Total program revenue, other revenue, support and transfers	<u>9,973,291</u>	<u>1,172,978</u>	<u>36,899</u>	<u>11,183,168</u>
<b>EXPENSES</b>				
Program services	8,140,873	-	-	8,140,873
Administrative	1,229,890	-	-	1,229,890
Fundraising	<u>480,643</u>	<u>-</u>	<u>-</u>	<u>480,643</u>
Total operating expenses	<u>9,851,406</u>	<u>-</u>	<u>-</u>	<u>9,851,406</u>
Change in net assets	121,885	1,172,978	36,899	1,331,762
Net assets, beginning of year	<u>5,214,177</u>	<u>2,384,587</u>	<u>1,198,539</u>	<u>8,797,303</u>
Net assets, end of year	<u>\$ 5,336,062</u>	<u>\$ 3,557,565</u>	<u>\$ 1,235,438</u>	<u>\$10,129,065</u>

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

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENTS OF ACTIVITIES (Continued)**  
**For the year ended June 30, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>				
Program revenue:				
Field science programs	\$ 6,309,147	\$ -	\$ -	\$ 6,309,147
Conferences and adult programs	851,337	-	-	851,337
Field seminars and summer program revenue	<u>640,142</u>	<u>-</u>	<u>-</u>	<u>640,142</u>
Total program revenue	<u>7,800,626</u>	<u>-</u>	<u>-</u>	<u>7,800,626</u>
Other revenue:				
Retail sales, net (Note 11)	-	44,721	-	44,721
Investment income (Note 5)	72,027	142,552	-	214,579
Forfeited deposits	58,081	-	-	58,081
Scholarship fees	52,574	-	-	52,574
Miscellaneous income	<u>21,617</u>	<u>-</u>	<u>-</u>	<u>21,617</u>
Total other revenue	<u>204,299</u>	<u>187,273</u>	<u>-</u>	<u>391,572</u>
Public support:				
Donations and grants	<u>-</u>	<u>1,017,910</u>	<u>6,625</u>	<u>1,024,535</u>
Net assets released from restriction (Note 12)	<u>2,148,180</u>	<u>(2,148,180)</u>	<u>-</u>	<u>-</u>
Total program revenue, other revenue, support and transfers	<u>10,153,105</u>	<u>(942,997)</u>	<u>6,625</u>	<u>9,216,733</u>
<b>EXPENSES</b>				
Program services	7,686,976	-	-	7,686,976
Administrative	1,851,233	-	-	1,851,233
Fundraising	<u>403,931</u>	<u>-</u>	<u>-</u>	<u>403,931</u>
Total operating expenses	<u>9,942,140</u>	<u>-</u>	<u>-</u>	<u>9,942,140</u>
Change in net assets	210,965	(942,997)	6,625	(725,407)
Net assets, beginning of year	<u>5,003,212</u>	<u>3,327,584</u>	<u>1,191,914</u>	<u>9,522,710</u>
Net assets, end of year	<u>\$ 5,214,177</u>	<u>\$ 2,384,587</u>	<u>\$ 1,198,539</u>	<u>\$ 8,797,303</u>

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

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ 1,331,762</u>	<u>\$ (725,407)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	351,007	294,565
Unrealized gain on investments	(135,271)	(99,316)
Realized gain on investments	(2,641)	(442)
Changes in assets and liabilities:		
Inventory	(7,927)	6
Accounts receivable	37,096	(69,879)
Pledges receivable	(240,728)	643,743
Prepaid expenses	2,843	(17,559)
Deposits	(2,196)	(850)
Accounts payable and accrued expenses	(84,972)	195,187
Capital lease payable	(6,273)	-
Deposits liability	(4,051)	3,335
Deferred revenue	<u>128,350</u>	<u>(343,352)</u>
Total adjustments	<u>35,237</u>	<u>605,438</u>
Net cash provided (used) by operating activities	<u>1,366,999</u>	<u>(119,969)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in investments	(233,496)	399,177
Purchase of property, equipment and improvements	<u>(970,440)</u>	<u>(1,161,223)</u>
Net cash used by investing activities	<u>(1,203,936)</u>	<u>(762,046)</u>
Net increase (decrease) in cash and cash equivalents	163,063	(882,015)
Cash and cash equivalents, beginning of year	<u>3,223,100</u>	<u>4,105,115</u>
Cash and cash equivalents, end of year	<u>\$ 3,386,163</u>	<u>\$ 3,223,100</u>
Supplementary information:		
Cash paid for interest	<u>\$ 5,751</u>	<u>\$ 2,955</u>

A capital lease obligation of \$47,843 was incurred in 2006 when the Corporation entered into a lease for a phone system.

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

**YOSEMITE NATIONAL INSTITUTES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - Yosemite National Institutes (YNI) is a nonprofit, group exempt public benefit corporation which provides and creates field science/environmental education programs at its subsidiary institutes: Yosemite Institute (YI) in Yosemite National Park, Headlands Institute (HI) at the Marin Headlands of the Golden Gate National Recreation Area in California, and Olympic Park Institute (OPI) in Olympic National Park in Washington. YNI works in partnership with the National Park Service and operates under Cooperative Agreements with the United States Department of Interior (See Note 16). Since 1971, hundreds of thousands of youth and adult students alike have participated in these experiential learning adventures in "Nature's Classroom" which offers a holistic perspective about the mechanics of an ecosystem, the dynamic equilibrium of our environment and the majesty of nature. YNI is governed by a Board of Directors who serve without benefit of compensation; its subsidiaries have separate boards who also serve without compensation and there is no common control. YNI's major sources of income are fees from learning adventure programs, grants, and donations.

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

*Unrestricted net assets* - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

*Temporarily restricted net assets* - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Corporation pursuant to those stipulations.

*Permanently restricted net assets* - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Method of Accounting - The financial statements of the Corporation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.



**YOSEMITE NATIONAL INSTITUTES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions - Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on contributions for capital projects over one million dollars are reclassified to unrestricted over the life of the capital asset.

Inventory - Costs of retail items held for sale as well as foodstuffs are included in inventory, which is stated at the lower of cost (determine on first-in, first-out basis) or market.

Property, Equipment and Improvements - The Corporation records property, equipment and improvements in excess of \$500 at historical cost or, if donated, at fair market value at the date of donation. Depreciation is determined on the straight-line method over the estimated useful lives of 2 to 10 years for equipment and vehicles and 2 to 27 years for leasehold improvements.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Income Taxes - The Corporation is exempt from federal and state taxes by a group exemption under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

In-kind Contribution of Rent - The Corporation does not estimate the value of the in-kind contribution of rent of its National Park and National Recreation Area facilities. The value of these contributions has no comparable fair market equivalent and was determined to be impracticable to estimate.

**NOTE 2 ACCOUNTS RECEIVABLE**

Accounts receivable consist primarily of amounts due from YNI's participant user groups and these amounts are expected to be received in the current year. The Corporation believes that all amounts are collectible, and the balance of accounts receivable as of June 30, 2007 and 2006, was \$165,447 and \$202,543, respectively.

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 3    PLEDGES RECEIVABLE**

Pledges receivable consist primarily of pledges for capital projects, education programs, and other projects. An allowance for doubtful accounts was established in the amount of \$200,000 at June 30, 2006. Uncollectible pledges in the amount of \$332,449 were written off during the year ended June 30, 2007, and at June 30, 2007, the allowance for doubtful accounts was reduced to \$7,850. These pledges are also discounted for present value and are receivable as follows at June 30, 2007:

<u>June 30.</u>	
2008	\$ 346,850
2009	104,000
2010	100,000
2011	100,000
Present value discount	(7,391)
Allowance for doubtful accounts	<u>(7,850)</u>
 Pledges receivable	 635,609
Less: current portion	<u>(339,000)</u>
 Long-term portion	 <u>\$ 296,609</u>

**NOTE 4    CONDITIONAL PROMISES**

The Corporation received a conditional promise to receive \$250,000 as follows:

<u>Year ending June 30.</u>	
2008	\$ 100,000
2009	<u>150,000</u>
	 <u>\$ 250,000</u>

The receipt of the funds is conditional upon the yearly progress of programs to provide scholarship assistance for low-income students participating in field science and youth leadership; therefore, this amount is not reflected in these financial statements.

**YOSEMITE NATIONAL INSTITUTES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

**NOTE 5 INVESTMENTS**

Investments, which are carried at market value and are subject to market risk, consist of the following:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Corporate stocks and bonds	\$ 1,182,323	\$ 1,305,021	\$ 954,661	\$ 955,534
Certificates of deposit	<u>453,847</u>	<u>453,847</u>	<u>431,926</u>	<u>431,926</u>
	<u>\$ 1,636,170</u>	<u>\$ 1,758,868</u>	<u>\$ 1,386,587</u>	<u>\$ 1,387,460</u>

The following summarizes the investment income for the years ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Realized gain on sale of stock	\$ 2,641	\$ 442
Unrealized gain	135,271	99,316
Interest and dividend income	<u>111,032</u>	<u>114,821</u>
	<u>\$ 248,944</u>	<u>\$ 214,579</u>

**NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS**

Property, equipment and improvements at June 30, 2007 and 2006, consist of the following:

<u>Property, Equipment and Improvements, at Cost</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Olympic Park Institute:				
Balance, June 30, 2005	\$ 1,634,938	\$ 281,605	\$ 99,300	\$ 2,015,843
Additions	<u>784,597</u>	<u>8,987</u>	<u>-</u>	<u>793,584</u>
Balance, June 30, 2006	2,419,535	290,592	99,300	2,809,427
Additions / Transfers	<u>138,593</u>	<u>5,245</u>	<u>11,257</u>	<u>155,095</u>
Balance, June 30, 2007	<u>2,558,128</u>	<u>295,837</u>	<u>110,557</u>	<u>2,964,522</u>
Yosemite Institute:				
Balance, June 30, 2005	2,900,546	376,080	87,765	3,364,391
Additions	<u>69,358</u>	<u>1,368</u>	<u>-</u>	<u>70,726</u>
Balance, June 30, 2006	2,969,904	377,448	87,765	3,435,117
Additions / Transfers	<u>296,782</u>	<u>58,043</u>	<u>47,235</u>	<u>402,060</u>
Balance, June 30, 2007	<u>3,266,686</u>	<u>435,491</u>	<u>135,000</u>	<u>3,837,177</u>

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS (Continued)

<u>Property, Equipment and Improvements, at Cost</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Headlands Institute:				
Balance, June 30, 2005	1,476,922	442,111	72,943	1,991,976
Additions	<u>171,494</u>	<u>8,133</u>	<u>-</u>	<u>179,627</u>
Balance, June 30, 2006	1,648,416	450,244	72,943	2,171,603
Additions / Transfers	<u>385,946</u>	<u>41,534</u>	<u>-</u>	<u>427,480</u>
Balance, June 30, 2007	<u>2,034,362</u>	<u>491,778</u>	<u>72,943</u>	<u>2,599,083</u>
Yosemite National Institutes:				
Balance, June 30, 2005	199,175	143,432	-	342,607
Additions	<u>27,843</u>	<u>129,356</u>	<u>-</u>	<u>157,199</u>
Balance, June 30, 2006	227,018	272,788	-	499,806
Additions	-	31,630	-	31,630
Transfers	<u>(45,825)</u>	<u>-</u>	<u>-</u>	<u>(45,825)</u>
Balance, June 30, 2007	<u>181,193</u>	<u>304,418</u>	<u>-</u>	<u>485,611</u>
Total property, equipment and improvements	<u>\$ 8,040,369</u>	<u>\$ 1,527,524</u>	<u>\$ 318,500</u>	<u>9,886,393</u>
<u>Accumulated Depreciation</u>				
Balance, June 30, 2005				3,444,937
Depreciation expense				<u>294,565</u>
Balance, June 30, 2006				3,739,502
Depreciation expense				<u>351,007</u>
Balance, June 30, 2007				<u>4,090,509</u>
Net property, equipment and improvements				<u>\$ 5,795,884</u>

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 7 CAPITAL LEASE**

The Corporation entered into a lease agreement for a wireless phone system with monthly payments of \$994 through October 1, 2010, and an interest rate of 9.03%, recorded as follows:

	<u>2007</u>	<u>2006</u>
Telephone system capitalized, at cost	\$ 47,843	\$ 47,843
Lease amortization	<u>(14,203)</u>	<u>(7,930)</u>
Lease obligation payable	<u>\$ 33,640</u>	<u>\$ 39,913</u>

Future minimum lease payments are as follows:

<u>June 30.</u>	
2008	\$ 8,938
2009	9,882
2010	10,927
2011	<u>3,893</u>
	<u>\$ 33,640</u>

Interest paid during the years ended June 30, 2007 and 2006, was \$3,491 and \$2,955, respectively.

**NOTE 8 ACCRUED VACATION**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Corporation. The value of accumulated vacation at June 30, 2007 and 2006, was \$238,062 and \$216,453, respectively.

**NOTE 9 DEFERRED REVENUE**

Deferred revenue, which is expected to be recognized as income in the following fiscal year, consisted of program deposits which totaled \$1,094,020 and \$965,670 for the years ended June 30, 2007 and 2006, respectively.

**NOTE 10 NET ASSETS**

Unrestricted Net Assets - The Corporation maintains certain investment and money market accounts as a Board-designated quasi-endowment. These amounts, which are unrestricted, are intended by the Board to be maintained intact, with only portions of the income to be used for operations. Total unrestricted net assets, including these Board-designated amounts, totaled \$5,336,062 and \$5,214,177 for the years ended June 30, 2007 and 2006, respectively.

The amount of the Board-designated quasi-endowment was \$70,565 for the years ended June 30, 2007 and 2006.

**YOSEMITE NATIONAL INSTITUTES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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NOTE 10   NET ASSETS (Continued)

Temporarily Restricted Net Assets - These are contributions which were received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Temporarily restricted net assets also include amounts of interest and gains or losses transferred from permanently restricted net assets, and were held for the following uses at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Diversity Initiative	\$ 90,000	\$ -
Capital Improvements	2,331,141	1,531,465
Other programs	<u>1,136,424</u>	<u>853,122</u>
	<u>\$ 3,557,565</u>	<u>\$ 2,384,587</u>

Permanently Restricted Net Assets - These funds are investments in perpetuity, the income from which is expendable to operations. Certain of the endowment funds of the Corporation are subject to donor restrictions requiring that the income be used only for specified purposes. While income from the remaining endowments may be used for the general purposes of the Corporation, management has elected to treat the income on all endowments as temporarily restricted.

Endowments at June 30, 2007 and 2006, were as follows:

	<u>2007</u>	<u>2006</u>
Joie Armstrong Memorial Fund	\$ 227,681	\$ 223,890
Menzter Memorial Fund	5,000	5,000
Duncan Environmental Education Ventures Fund	100,250	100,250
Avery Memorial Fund	9,000	9,000
Bishop/Marcus Memorial Fellowship Fund	241,798	241,798
Groff Memorial Scholarship Fund	7,850	7,750
Matt Baxter Memorial Fund	396,569	396,069
Kelly Memorial Endowment	4,000	4,000
Green Memorial Fund	6,861	6,761
Sharpe Memorial Fund	115,544	115,044
YNI Endowment	60,477	60,477
BFF Endowment	<u>60,408</u>	<u>28,500</u>
	<u>\$ 1,235,438</u>	<u>\$ 1,198,539</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

**NOTE 11 RETAIL SALES**

The Corporation sells gift and promotional items to the general public. The results of these sales were as follows:

	<u>2007</u>	<u>2006</u>
Retail sales	\$ 116,068	\$ 133,297
Less: cost of goods sold	<u>(80,397)</u>	<u>(88,576)</u>
Net retail sales	<u>\$ 35,671</u>	<u>\$ 44,721</u>

In accordance with the Cooperative Agreement with The National Park Service, the Corporation is required to restrict the proceeds from retail sales to its Scholarship Program. Thus, these proceeds are considered temporarily restricted.

**NOTE 12 NET ASSETS RELEASED FROM RESTRICTIONS**

The Corporation fulfilled the time and/or use restrictions of the following temporarily restricted items and they were released to unrestricted net assets:

	<u>2007</u>	<u>2006</u>
Diversity Initiative	\$ 740,274	\$ 900,847
Capital Projects	267,968	954,058
Other	<u>688,809</u>	<u>293,275</u>
Total temporarily restricted net assets released from restrictions	<u>\$ 1,697,051</u>	<u>\$ 2,148,180</u>

**NOTE 13 DONATION TO NGEF**

In December 2003, YNI and the Education Foundation Division of the National Geographic Society executed a Memorandum of Agreement to create the Yosemite National Institute Geography Education Fund, which is a permanently restricted endowment. YNI contributed \$615,000 which was matched by the National Geographic Society. The \$1,230,000 is invested by the National Geographic Society and any income generated will be used to support programs by YNI or of other charitable organizations similar to those of YNI to improve geography education at Yosemite National Park, Olympic National Park, the Golden Gate National Recreation Area, or such other locations as shall be mutually agreed upon. If any of the terms of the agreement are breached, the funds will be returned to YNI. At June 30, 2006, \$75,250 was receivable from this fund, included in pledges receivable, and received during the year ended June 30, 2007. In addition, \$80,202 was received during the year ended June 30, 2007.

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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 14 TAX-DEFERRED ANNUITY PLAN**

In 1994 the Corporation entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Corporation. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they choose to do so.

**NOTE 15 OPERATING LEASES**

YNI has several noncancellable operating leases for equipment that expire at various dates through November 2011. Rental expenses for these leases and other month-to-month rental agreements totaled \$21,489 and \$22,863 for the years ended June 30, 2007 and 2006, respectively.

During the year ended June 30, 2006, YNI entered into a lease for office space in Seattle for \$800 per month through August 30, 2008. A total of \$9,850 and \$8,800 was paid on the lease for the years ended June 30, 2007 and 2006, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2007, are as follows:

<u>Years ending June 30.</u>	
2008	\$ 22,652
2009	14,202
2010	12,502
2011	11,418
2012	<u>2,413</u>
	<u>\$ 63,187</u>

**NOTE 16 COOPERATIVE AGREEMENTS WITH THE U.S. DEPARTMENT OF INTERIOR**

Between 1984 and 1987 the Corporation executed cooperative agreements with the U.S. Department of Interior, National Park Service, Golden Gate National Recreation Area, Yosemite National Park and Olympic National Park. Under the terms of these agreements, the Corporation will occupy certain buildings and grounds until the years 2009 through 2031, and will forgo paying rent by performing the following obligations and duties: conducting environmental education programs as approved by the Park Service, providing capital improvements and maintenance of the facilities within prescribed time frames and standards, and by complying with other conditions stipulated by the use agreements.

Under the terms of the agreements, any improvements to the National Park Service facilities are the property of the government and the Corporation has waived the right to possessory interest in these improvements. As security for the faithful performance by the Corporation of all its obligations under these agreements, the government has first lien on certain fixed assets of the Corporation.



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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2007 and 2006**

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**NOTE 16 COOPERATIVE AGREEMENTS WITH THE U.S. DEPARTMENT OF INTERIOR (Continued)**

Any substantive changes in the cooperative agreements could have significant effect on the Corporation's ability to conduct its activities and services. Maintenance reserves are required by the National Park Service cooperative agreement to be used for specific purposes such as the maintenance, repair and improvement of the National Park Service facilities.

**NOTE 17 YOSEMITE INSTITUTE ENVIRONMENTAL EDUCATION CAMPUS DEVELOPMENT PLAN (FORMERLY CRANE FLAT DEVELOPMENT PLAN)**

The National Environmental Protection Act requires an Environmental Impact Statement (EIS) for the Environmental Education Campus (EEC) development in Yosemite National Park. Approval of the EIS will not occur until December 2008 at the earliest. There will be uncertainty as to the specific outcome of the EEC site plans, for which capital funds have been raised, until YNI receives a Record of Decision (ROD).

**NOTE 18 LINE OF CREDIT**

The Corporation obtained a line of credit up to an amount of \$500,000, which may be used through March 10, 2008, with an interest rate equal to the bank's prime rate plus 1%. As of June 30, 2007, no amounts had been drawn down.

**NOTE 19 CONTINGENCIES AND COMMITMENT**

As of June 30, 2007, the Corporation had exceeded the Federal Depository Insurance Corporation limit and the Securities Investor Protection Corporation cash limit of \$100,000 on its depository accounts. At June 30, 2007, the Corporation had approximately \$3,128,000 on deposit in excess of federally insured limits.

## SUPPLEMENTARY INFORMATION

**YOSEMITE NATIONAL INSTITUTES**  
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**COMBINED SCHEDULES OF FUNCTIONAL REVENUE AND EXPENSES**  
For the year ended June 30, 2007

	Programs					
	Yosemite Institute	Headlands Institute	Olympic Park Institute	Total Programs	General and Administration	Fundraising
						Total
<b>REVENUE AND SUPPORT</b>						
Field Science	\$ 4,533,172	\$ 2,092,154	\$ 1,006,273	\$ 7,631,599	\$ -	\$ 7,631,599
Conferences and adult programs	-	767,511	255,581	1,023,092	-	1,023,092
Field Seminars and camps	119,112	66,018	4,197	189,327	-	189,327
Other Program Revenue	86,787	91,642	13,911	192,340	-	192,340
Gross Program Revenue	4,739,071	3,017,325	1,279,962	9,036,358	-	9,036,358
Less: Discounts and Scholarships	(341,406)	(296,772)	(209,539)	(847,717)	-	(847,717)
Net Program Revenue	4,397,665	2,720,553	1,070,423	8,188,641	-	8,188,641
Non-Program Revenue						
Donations and Grants	886,343	405,494	281,580	1,573,417	1,042,010	2,690,427
Other Non-Program Revenue	1,566	659	57,191	59,416	244,684	304,100
Total revenue and support	5,285,574	3,126,706	1,409,194	9,821,474	1,286,694	11,183,168
<b>EXPENSES</b>						
Personnel	1,954,633	1,914,637	828,465	4,697,735	805,502	5,844,289
Food	152,112	259,516	78,778	490,406	-	490,406
Contracted services	1,489,494	31,882	46,644	1,568,020	-	1,568,020
Insurance	65,930	57,340	23,637	146,907	17,544	164,451
Interest and bank fees	2,727	8,693	3,943	15,363	8,236	23,627
Occupancy and supplies	174,544	256,132	162,491	593,167	72,494	697,292
Other expenses	106,047	125,758	67,894	299,699	210,028	617,659
Depreciation	66,117	114,597	121,802	302,516	48,491	351,007
Bad debt expense	10,762	16,298	-	27,060	67,595	94,655
Total expenses	4,022,366	2,784,853	1,333,654	8,140,873	1,229,890	9,851,406
Changes in net assets	\$ 1,263,208	\$ 341,853	\$ 75,540	\$ 1,680,601	\$ 56,804	\$ 1,331,762

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**COMBINED SCHEDULES OF FUNCTIONAL REVENUE AND EXPENSES (CONTINUED)**  
For the year ended June 30, 2006

	Programs					Total Programs	General and Administration	Fundraising	Total
	Yosemite Institute	Headlands Institute	Olympic Park Institute						
<b>REVENUE AND SUPPORT</b>									
Field Science	\$ 3,910,783	\$ 1,663,246	\$ 735,118	\$ 6,309,147	\$ -	\$ -	\$ -	\$ -	\$ 6,309,147
Conferences and adult programs	26,922	637,588	186,827	851,337	-	-	-	-	851,337
Field Seminars and camps	261,893	301,671	76,578	640,142	-	-	-	-	640,142
Other Revenues	50,615	75,417	6,239	132,271	259,301	-	-	-	391,572
Donations and Grants	1,100	76,300	24,820	102,220	922,315	-	-	-	1,024,535
Total revenue and support	4,251,313	2,754,222	1,029,582	8,035,117	1,181,616	-	-	-	9,216,733
<b>EXPENSES</b>									
Personnel	1,911,493	1,851,471	747,562	4,510,526	953,168	327,016	-	-	5,790,710
Food	165,045	235,461	79,065	479,571	-	-	-	-	479,571
Contracted services	1,327,660	34,820	29,235	1,391,715	-	-	-	-	1,391,715
Insurance	62,732	53,208	19,996	135,936	7,832	-	-	-	143,768
Interest and bank fees	3,735	3,230	4,349	11,314	5,609	-	-	-	16,923
Occupancy and supplies	214,382	208,588	103,256	526,226	59,778	29,130	-	-	615,134
Other expenses	104,499	98,865	78,220	281,584	387,272	47,785	-	-	716,641
Depreciation	78,819	109,820	85,852	274,491	20,074	-	-	-	294,565
Bad debt expense	-	-	-	-	417,500	-	-	-	417,500
Scholarships	4,340	52,004	19,269	75,613	-	-	-	-	75,613
Total expenses	3,872,705	2,647,467	1,166,804	7,686,976	1,851,233	403,931	-	-	9,942,140
Changes in net assets	\$ 378,608	\$ 106,755	\$ (137,222)	\$ 348,141	\$ (669,617)	\$ (403,931)	\$ -	\$ -	\$ (725,407)