SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

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HHC INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Joaquin River Parkway and Conservation Trust, Inc.

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of San Joaquin River Parkway and Conservation Trust, Inc. (the Trust), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of San Joaquin River Parkway and Conservation Trust, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As disclosed in Note 7 to the consolidated financial statements, the Trust acquired Sand and Gravel Rights (the Rights) during 2003 in the amount of $2,990,222. Generally accepted accounting principles require that such Rights be stated at the lower of its cost or impaired (fair) value. The Trust believes that the Rights are not impaired and that its carrying value is equal to, or less than, its actual current fair value. An asset impairment exists when the expected future cash flows from an asset are estimated to be less than the carrying value of that asset. However, since its acquisition, the Trust has not obtained a detailed geological assessment or current appraisal of its actual fair value. In conducting our audit, we were unable to obtain evidence that corroborated management's conclusion that the Rights are stated at the lesser of their cost or fair value.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Trust 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

7473 N. INGRAM AVE., SUITE 102 ♦ FRESNO, CA 93711

P (559) 475-8910 ♦ F (559) 475-8901 ♦ WWW.HHCCPAS.COM

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Trust'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust'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.

Other Matters

The consolidated financial statements of the Trust as of December 31, 2022, were audited by predecessor auditors, and they expressed a qualified opinion on those audited consolidated financial statements in their report dated April 25, 2023, but they have not performed any auditing procedures since that date.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

HHC, INC.

HHC, Inc.

Fresno, California
April 22, 2024

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.

CONSOLIDATED FINANCIAL STATEMENTS

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash in bank	$ 265,419	$ 650,580
Investments	5,690,526	3,655,164
Unconditional promises to give, due within one year, net	-	30,000
Grants receivable	270,419	84,976
Bequest receivable	-	1,000,000
Inventory	4,143	7,452
Prepaid expenses	11,831	10,522
Total current assets	6,242,338	5,438,694
Unconditional promises to give	39,908	30,000
Right of use assets	21,511	37,330
Property and equipment, net	8,868,428	9,075,796
Other assets	28,192	28,192
Sand and gravel rights	2,990,222	2,990,222
Total Assets	$ 18,190,599	$ 17,600,234
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 40,330	$ 31,207
Accrued expenses	16,416	16,423
Line of credit	50,000	50,250
Deferred revenue	41,251	66,988
Mortgage payable, due within one year	37,160	35,022
Lease liability, current portion	11,819	-
Total current liabilities	196,976	199,890
Long-term liabilities:		
Mortgage payable, long-term portion	194,483	231,876
Lease liability, long-term portion	9,692	37,330
Total liabilities	401,151	469,096
Net assets:		
With donor restrictions	3,475,963	4,231,062
Without donor restrictions	14,313,485	12,900,076
Total net assets	17,789,448	17,131,138
Total Liabilities and Net Assets	$ 18,190,599	$ 17,600,234

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants	$ 109,899	$ 88,757	$ 198,656
Special events, net of expenses of $41,701	19,906	-	19,906
Contributions:			
Cash and other financial assets	602,993	114,864	717,857
Governmental grant contributions	528,293	-	528,293
Program services	841,322	-	841,322
Investment income (loss), net	568,173	173,476	741,649
Merchandise sales, net	34,725	-	34,725
Fruit sales	99,779	-	99,779
Park operations	253,793	-	253,793
Rent revenue	54,435	-	54,435
Facility rental revenue	116,853	-	116,853
Other	19,145	-	19,145
Net assets released from restrictions			-
Satisfaction of purpose restrictions	1,132,196	(1,132,196)	-
Total revenues and support	4,381,512	(755,099)	3,626,413
COSTS AND EXPENSES			
Program services	2,395,749	-	2,395,749
General and administrative	296,864	-	296,864
Fundraising	275,490	-	275,490
Total costs and expenses	2,968,103	-	2,968,103
Changes in net assets	1,413,409	(755,099)	658,310
Net assets, beginning of year	12,900,076	4,231,062	17,131,138
Net assets, end of year	$ 14,313,485	$ 3,475,963	$ 17,789,448

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants	$ 657,950	$ 10,000	$ 667,950
Special events, net of expenses of $35,409	1,784	-	1,784
Contributions:			
Cash and other financial assets	389,009	1,464,896	1,853,905
Nonfinancial assets	8,877	-	8,877
Governmental grant contributions	202,864	-	202,864
Program services	548,884	-	548,884
Investment income (loss), net	(649,156)	(114,293)	(763,449)
Merchandise sales, net	13,256	-	13,256
Fruit sales	109,995	-	109,995
Park operations	120,019	-	120,019
Rent revenue	51,653	-	51,653
Facility rental revenue	123,435	-	123,435
Other	45,954	-	45,954
Net assets released from restrictions			
Satisfaction of purpose restrictions	185,573	(185,573)	-
Total revenues and support	1,810,097	1,175,030	2,985,127
COSTS AND EXPENSES			
Program services	1,916,212	-	1,916,212
General and administrative	295,710	-	295,710
Fundraising	232,927	-	232,927
Total costs and expenses	2,444,849	-	2,444,849
Changes in net assets	(634,752)	1,175,030	540,278
Net assets, beginning of year	13,534,828	3,056,032	16,590,860
Net assets, end of year	$ 12,900,076	$ 4,231,062	$ 17,131,138

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES		SUPPORTING SERVICES		
	Land Management	Ag Land Conservation	General and Administrative	Fundraising	Total
Personnel costs:					
Salaries and wages	$ 1,094,524	$ 58,039	$ 151,293	$ 154,821	$ 1,458,677
Payroll taxes	100,820	3,205	13,460	12,103	129,588
Employee benefits	101,254	9,371	8,669	14,504	133,798
Total personnel costs	1,296,598	70,615	173,422	181,428	1,722,063
Other costs and expenses:					
Accounting and legal	7,765	-	34,938	-	42,703
Advertising	2,712	-	173	3,342	6,227
Bank and credit card fees	25,440	195	20	2,393	28,048
Contract labor	59,148	-	10,491	-	69,639
Dues and subscriptions	24,907	-	99	-	25,006
Equipment rental	78,201	9,563	8,662	-	96,426
Insurance	46,634	8,927	15,789	1,148	72,498
Interest expense	13,379	-	7,119	-	20,498
Outside services	29,179	-	-	-	29,179
Miscellaneous	5,717	-	-	101	5,818
Postage and delivery	2,225	-	1,027	8,134	11,386
Printing and copying	1,270	-	-	27,901	29,171
Professional fees	143,797	7,472	11,197	44,101	206,567
Property taxes	2,744	-	-	-	2,744
Rent	9,683	-	-	-	9,683
Repairs and maintenance	68,266	17,131	1,605	5,889	92,891
Security	19,090	13,288	-	-	32,378
Supplies	145,776	28,056	4,140	1,053	179,025
Taxes and licenses	1,517	-	200	-	1,717
Travel and conferences	5,643	-	142	-	5,785
Utilities	16,921	17,035	27,840	-	61,796
Total other costs and expenses	710,014	101,667	123,442	94,062	1,029,185
Subtotal	2,006,612	172,282	296,864	275,490	2,751,248
Depreciation	208,933	7,922	-	-	216,855
Total costs and expenses	$ 2,215,545	$ 180,204	$ 296,864	$ 275,490	$ 2,968,103
Percentage results	75%	6%	10%	9%	100%

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES		SUPPORTING SERVICES		
	Land Management	Ag Land Conservation	General and Administrative	Fundraising	Total
Personnel costs:					
Salaries and wages	$ 806,703	$ 52,051	$ 157,607	$ 142,583	$ 1,158,944
Payroll taxes	72,425	4,220	13,556	12,428	102,629
Employee benefits	160,848	15,512	37,761	26,418	240,539
Total personnel costs	1,039,976	71,783	208,924	181,429	1,502,112
Other costs and expenses:					
Accounting and legal	5,841	2,789	21,500	-	30,130
Advertising	2,552	-	1,668	1,219	5,439
Bank and credit card fees	26,297	282	738	2,755	30,072
Contract labor	-	31,486	1,865	-	33,351
Dues and subscriptions	13,924	139	-	-	14,063
Equipment rental	36,939	17,278	7,882	-	62,099
Insurance	31,223	6,154	18,061	930	56,368
Interest expense	15,055	-	2,908	-	17,963
Outside services	21,886	-	-	-	21,886
Miscellaneous	1,939	-	20	-	1,959
Postage and delivery	432	-	235	8,819	9,486
Printing and copying	1,570	-	1,374	22,286	25,230
Professional fees	129,424	-	21,627	12,502	163,553
Property taxes	1,836	-	81	-	1,917
Rent	9,274	-	-	-	9,274
Repairs and maintenance	60,927	10,729	2,451	-	74,107
Security	20,531	3,076	-	-	23,607
Supplies	59,241	15,639	4,121	907	79,908
Taxes and licenses	-	-	292	-	292
Travel and conferences	2,583	-	131	-	2,714
Utilities	39,744	20,574	1,494	1,862	63,674
Total other costs and expenses	481,218	108,146	86,448	51,280	727,092
Subtotal	1,521,194	179,929	295,372	232,709	2,229,204
Depreciation	182,056	33,033	338	218	215,645
Total costs and expenses	$ 1,703,250	$ 212,962	$ 295,710	$ 232,927	$ 2,444,849
Percentage results	70%	9%	12%	10%	100%

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	$ 658,310	$ 540,278
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	216,855	215,645
Investment (gains) losses	(637,515)	841,458
Reduction in the carrying amount of right-of-use assets	15,819	17,297
Forgiveness of loans	-	(200,752)
Changes in operating assets and liabilities:		
Unconditional promises to give, bequests and grants receivable	834,649	(947,321)
Inventory	3,309	(1,981)
Prepaid and other assets	(1,309)	3,817
Accounts payable and accrued expenses	9,116	(106,200)
Lease liabilities	(15,819)	(17,297)
Deferred revenue	(25,737)	15,014
Net cash provided by operating activities	1,057,678	359,958
Cash Flows from Investing Activities:		
Purchase of equipment	(9,487)	(208,631)
Purchase of marketable securities	(1,397,847)	(180,836)
Proceeds from sale of marketable securities	-	74,443
Net cash used in investing activities	(1,407,334)	(315,024)
Cash Flows from Financing Activities:		
Principal payments on note payable	(35,255)	(37,250)
Advances on line-of-credit	125,000	91,250
Principal payments on line of credit	(125,250)	(41,000)
Net cash provided by (used in) financing activities	(35,505)	13,000
Increase (decrease) in cash and cash equivalents	(385,161)	57,934
Cash and Cash Equivalents, Beginning of Year	650,580	592,646
Cash and Cash Equivalents, End of Year	$ 265,419	$ 650,580
Supplemental disclosures of cash flow information:		
Interest paid	$ 2,714	$ 17,963
Taxes paid	$ 800	$ 800

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

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

The San Joaquin River Parkway and Conservation Trust, Inc. (the Trust) is a California 501(c)(3) non-profit corporation formed in 1988 to preserve and restore San Joaquin River lands having ecological, scenic or historic significance, to educate the public on the need for stewardship, to research issues affecting the river, and to promote educational, recreational and agricultural uses consistent with the protection of the river's resources. The Trust carries out its mission through land acquisition, education and recreation programs, and projects designed to enhance wildlife habitat or public access. The Trust's primary sources of revenue are contributions from the general public, program services, federal, state and private foundation grants, and investment earnings.

In connection with the acquisition of certain Sand and Gravel Rights (see Note 7), the Trust also received at nominal cost, options to acquire up to three remnant parcels of real estate contiguous with property acquired by the San Joaquin River Conservancy (the Conservancy). In 2008, the Trust elected to exercise its options. The Trust formed the SJ Running River, Limited Liability Company (the LLC) to hold title to these remnant parcels to protect itself from any claims related to them. The ultimate use and disposition of the parcels have yet to be determined by the Trust. In 2009, the LLC received title to one of the three remnant parcels. The Trust chose not to acquire the two other parcels which are former landfill parcels with long-term management obligations related to the closed landfill. The two parcels were later acquired by a recently formed nonprofit called the San Joaquin River Access Corporation that has no connection or association with the Trust.

These consolidated financial statements include the account balances and financial activities of the Trust and its wholly owned LLC. All significant inter-entity accounts and balances have been eliminated.

The Trust is managed by its Board of Directors who are elected in accordance with its by-laws. While the Trust solicits "members" on an annual basis, it is not managed by such members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation: The Trust's consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Classification of Net Assets: The consolidated financial statements of the Trust have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Trust to report information regarding its financial position and activities according to the following net asset classifications:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trust. These net assets may be used at the discretion of the Trust's management and the Board of Directors.
>
> Certain net assets without donor restrictions have been specifically designated by the Board of Directors to be separately maintained for various projects and operating funds. Such funds are identified as Board Designated Net Assets.
>
> *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents: Cash and cash equivalents consist of various demand and interest-bearing accounts on deposit with insured financial and brokerage institutions. The Trust considers all investments with an original maturity of three months or less to be cash equivalents.

Investments: All of the Trust's investments are available for sale. Investments are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Statements of Activities as they are incurred.

Fair Value of Certain Financial Instruments: The Trust considers its cash and cash equivalents, unconditional promises to give, grants receivable, bequest receivable, prepaid expenses, accounts payable, accrued expenses, and deferred revenue to be short-term in nature, and therefore their fair values approximate their carrying values.

Allowance for Doubtful Accounts: The Trust provides an allowance for doubtful accounts based upon management's review and analysis of specific grants, pledges or grants receivable and considers the age of past due amounts. Receivables are written-off when deemed uncollectible. Recoveries, if any, of receivables previously written-off are recorded as income when received.

At December 31, 2023 and 2022, based on its analysis and review, management believes that all receivables due will be collected in full and thus determined that an Allowance for Doubtful Accounts is not required at those dates.

Inventory: Inventory consists of merchandise held for sale at the Trust's River Store. Inventory is stated at the lower of cost (determined on the first-in, first-out basis) or market. Revenues from gift merchandise sold at the Trust's River Center store are recorded in the Statements of Activities, net of their costs.

Property and Equipment: Property and equipment are stated at cost or, if donated, at the asset's estimated fair value on the date of donation. All assets acquired by the Trust whose initial value or cost exceeds $2,500 are capitalized and depreciated over their estimated useful lives. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 3 to 40 years.

Revenue and Revenue Recognition: The Trust recognizes revenue from park operations, river camp, merchandise sales, fruit sales, rent revenue and facility rentals at a point in time. Membership dues, which are nonrefundable, are considered to be contributions since there is no significant exchange element with the amount provided and benefit received (other than very nominal discounts on future program events). As a result, the Trust has recognized membership dues as contributions.

The Trust recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met.

Contributions and Bequests: Contributions are generally recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Enforceable Unconditional Promises to Give in future periods, principally bequests or pledges, are recorded as they are made, at their estimated net present, realizable value and reported as net assets with donor restrictions. Conditional promises to make are recognized when the conditions on which they depend are substantially met.

Contributions of land, land interests and conservation easements and donations of other property are recorded when the donor makes an unconditional and enforceable promise to give and are considered unrestricted unless received with donor-imposed stipulations that limit their use. Such contributions are stated at the fair market value at the date of donation, generally based on independent appraisals obtained by the donor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Bequests (continued): Conservation easements are recorded as Program Service Expenses when acquired as, in the opinion of management, they represent contributions by the Trust to the Community.

Government Grants and Contracts: A portion of the Trust's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Trust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statements of Financial Position.

The Trust's costs incurred under its government grants and contracts may be subject to audit by the granting agency. Management believes that future disallowance of costs, if any, would not be material to the consolidated financial statements.

Contributed Nonfinancial Assets: Contributed nonfinancial assets consist of donated goods and services. Contributed nonfinancial assets are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. During the years ended December 31, 2023 and 2022, the Trust received and recognized approximately $0 and $8,877, respectively, of donated goods. Donated goods consist of farm supplies and rose bushes which were used for ag land crop maintenance at Sumner Peck Ranch and land and facilities management at the River Center.

Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a professional service that would otherwise have been purchased and whose values can be objectively measured. During the years ended December 31, 2023 and 2022, the Trust received and recognized approximately $0 and $0, respectively, of donated professional services.

Advertising: The Trust expenses all advertising costs as incurred. Total advertising expense for the years ended December 31, 2023 and 2022 was $6,227 and $5,439, respectively.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no impact on the Trust's net assets at December 31, 2022.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Functional Classification of Expenses: The costs of providing the Trust's various charitable and program services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, direct and indirect expenses are allocated by management to program services and other activities based on their specific identification or the personnel utilized in the function.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time Study
Payroll taxes	Time Study
Employee benefits	Time Study

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Exempt Status: The Trust has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes. The Trust is subject to federal and state income taxes for any activities that are unrelated to its exempt purpose. Unrelated business income tax, if any, is insignificant and no provision for income taxes has been made.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The tax positions would not have a material impact on the consolidated financial statements. The Trust's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Endowment Investment and Spending Policies: The Trust has adopted investment and spending polices for endowment assets (net assets with donor restrictions) that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowments' assets. The Trust's spending and investment policies work together to achieve this objective. The investment policy establishes the projected return objective through diversification of asset classes. The portfolio is designed to generate real rates of return in excess of inflation with regard to an appropriate balance of risk and reward for long-term capital growth.

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

The spending policy calculates the amount of money annually distributable from the Trust's various endowed funds for the operations and maintenance of trails, facilities and properties in addition to other donor restrictions. At December 31, 2023 and 2022, the general spending policy seeks to distribute an amount no greater than 90% of the earnings from the prior year. Distribution of the earnings should not decrease the total market value of the endowment fund below 110% of the donor-restricted original contribution balance. The Trust's spending policy allows for the designees of the Board of Directors to adjust the spending plan according to market conditions. Accordingly, over the long term, the Trust expects its current spending policy to allow its endowment assets to grow at an average rate of approximately 5.00% annually. At such time that the fund exceeds $500,000, the Trust can elect to change the distribution calculation to a Market-Value Oriented methodology of 5% of the fund based on a three-year rolling average of the market value of the fund. This is consistent with the Trust's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Operating Lease Right-to-Use Asset: The Trust has recorded an operating lease right-to-use lease asset as a result of implementing FASB ASU 2016-02, *Leases*. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The operating lease right-to-use asset is an intangible capital asset and is amortized over the life of the related lease.

Lease Liability: The Trust's lease liability is measured at the present value of payments expected to be made by the Trust during the lease term. As lease payments are made, the Trust will reduce the liability and recognize lease expense.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk: As of December 31, 2023, the Federal Deposit Insurance Corporation (FDIC) insured balances of a depositor, per financial institution, up to $250,000, and the Securities Investor Protection Corporation (SIPC) insured balances of a depositor, per financial institution, up to $500,000. As of December 31, 2023 and 2022, the Trust's cash balances were fully guaranteed by the FDIC. As of December 31, 2023 and 2022, approximately $5,106,645 and $2,924,000 of the trust's investments were in excess of the amount guaranteed by the SIPC, respectively.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these consolidated financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through April 22, 2024, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – AVAILABILITY OF FINANCIAL ASSETS

The Trust's financial assets available within one year of the Statements of Financial Position date consist of the following at December 31:

	2023	2022
Cash and cash equivalents	$ 265,419	$ 650,580
Grants and other receivables	310,327	1,114,976
Investments	5,690,526	3,655,164
Total financial assets	6,266,272	5,420,720
Less amounts not available to be used within one year:		
Board-designated with liquidity horizons greater than one year	(935,660)	(629,067)
Donor-restricted with liquidity horizons greater than one year	(3,361,967)	(3,201,062)
Financial assets not available to be used within one year	(4,297,627)	(3,830,129)
Total financial assets available for general expenditures within one year	$ 1,968,645	$ 1,590,591

The Trust has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. The Trust has other assets limited to use for donor-restricted purposes. Additionally, certain other board-designated assets are designated for future use including a legal defense fund and stewardship projects. However, the board-designated amounts could be made available, if necessary.

Additionally, the Trust maintains a $100,000 line of credit, as discussed in more detail in Note 8. As of December 31, 2023, approximately $50,000 remained available on the Trust's line of credit.

As part of the Trust's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. Funds that have been Board designated may be undersigned by the Board for alternative use to meet any unexpected liquidity needs.

NOTE 4 – INVESTMENTS

Investment securities consisted of the following at December 31:

	2023	2022
Certificate of deposit	$ 7,050	$ 7,050
US equities	4,131,708	2,869,349
International equities	340,485	293,163
Investment pool Central Valley Community Fund	76,831	69,046
Fixed income	790,502	303,619
Bond mutual funds	-	112,937
Cash and cash alternatives	343,950	-
Total investments	$ 5,690,526	$ 3,655,164

The Trust's investment activities consisted of the following at December 31:

	2023	2022
Interest and dividends	$ 101,140	$ 74,053
Realized and unrealized gain (loss)	640,509	(837,502)
Total investment income (loss), net	$ 741,649	$ (763,449)

NOTE 5 – GRANTS RECEIVABLE

Grants Receivable consist of amounts billed to Grantors under contractual agreements for program related services. Grant contracts are typically billed in arrears as services are performed. Grants Receivable at December 31, 2023 and 2022 totaled $270,419 and $84,976 respectively, and are due from various grantors.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	2023	2022
Land	$ 4,386,187	$ 4,386,187
Buildings and improvements	6,424,911	6,424,911
Vehicles	134,276	129,211
Equipment	54,441	75,170
Furniture and fixtures	292,023	292,023
Total	11,291,838	11,307,502
Less accumulated depreciation	(2,423,410)	(2,231,706)
Property and equipment, net	$ 8,868,428	$ 9,075,796

Depreciation expense was $216,855 and $215,645 for the years ended December 31, 2023 and 2022, respectively.

NOTE 7 – SAND AND GRAVEL RIGHTS

The Trust acquired certain Sand and Gravel Rights (the Rights) on real property owned by the Conservancy. The Rights were purchased in 2003 in connection with the Conservancy's acquisition of the fee simple title to the Spano River Ranch. Funds to purchase the Rights were obtained from a contribution to the Trust by the Packard Foundation. Since the acquisition, the Trust has not sought, or obtained, a detailed geological assessment of the actual extent of the sand and gravel material that comprise the Rights. Such an assessment is a condition precedent to completing an appraisal of the current fair value of the Rights.

The Trust expects that the Rights will ultimately be sold to an appropriate state or federal agency, which would utilize the sand and gravel in its various San Joaquin River restoration activities. In 2008, the Trust made an offer to the Conservancy to sell the Rights. Meetings and communications between representatives of the Trust, the Conservancy, and San Joaquin River Restoration Program (a Federal Agency) have taken place, and an appraisal is ultimately planned to further these discussions. Generally accepted accounting principles anticipate that management will annually review and evaluate the Trust's assets for impairment. An asset impairment exists when expected future cash flows from the asset are estimated to be less than the carrying value of that asset. When an asset impairment is indicated, an adjustment to the carrying value is made to reflect the difference between the carrying value and the fair value of the asset. Due to the unavailability of a detailed geological assessment and current appraisal of the fair value of the Rights, management is unable to conduct an impairment analysis of the Rights. Management of the Trust believes that the carrying value of the Rights are equal to or less than their actual fair value at December 31, 2023 and 2022, but has no objective basis for this conclusion since the appropriate geological analysis and appraisal have not been completed. Management expects that the detailed geological assessment and its appraisal will be completed at some future date. Management has not yet determined whether the Trust will advance the necessary funds to complete the geological assessment and appraisal and then seek reimbursement from the purchasing agency at the time the Rights are sold.

The eventual outcome of this matter cannot be determined at this time. At December 31, 2023 and 2022, Sand and Gravel Rights totaled $2,990,222 for each year.

NOTE 8 – NOTE PAYABLE AND BANK LINE-OF-CREDIT

California Bank and Trust: The Trust has a $500,000 permanent loan with California Bank and Trust payable over 15 years with approximate monthly principal and interest payments of $4,006, final payment is due July 2029. The total balance due on the permanent loan at December 31, 2023 and 2022 was $231,643 and $266,898, respectively. Interest on the line accrues at a fixed rate of 5.133% annually. The note is secured by certain of the Trust's property and land.

Total interest expense on the permanent loan was $12,045 and $14,821 during the years ended December 31, 2023 and 2022, respectively.

Year Ending December 31	Principal	Interest	Total
2024	$ 37,160	$ 10,911	$ 48,071
2025	39,113	8,958	48,071
2026	41,169	6,902	48,071
2027	43,333	4,739	48,072
2028	45,610	2,461	48,071
2029	25,258	317	25,575
Totals	$ 231,643	$ 34,288	$ 265,931

In addition to the permanent loan, the Trust entered into a working capital line-of-credit agreement with California Bank & Trust in the amount of $100,000 which expired on October 1, 2021. The Trust renewed the line-of-credit with similar terms which expired on October 1, 2022. In August 2022, the Trust extended the agreement through October 1, 2023. During the year ended December 31, 2023, the line of credit was extended through October 2024. Outstanding balances at December 31, 2023 and 2022 were $50,000 and $50,250, respectively. The line is unsecured and accrues variable interest. The interest rate at December 31, 2023 was 10.75%. During the year ended December 31, 2023 and 2022, the Trust incurred interest of $5,812 and $933 related to this line-of-credit.

NOTE 9 – RETIREMENT PLAN

The Trust provides for a 403(b) plan (the Plan) covering eligible employees who meet certain minimum service requirements. The Plan is administered by All Valley Administrators. The Plan provides for the Trust to make discretionary contributions to deferring employees. During the year ended December 31, 2013, the Trust provided a 2.5% increase in base salary to employees that qualify under the Plan allowing them to contribute to the 403(b). The employees had the ultimate discretion whether they elected to contribute to the 403(b). During the years ended December 31, 2023 and 2022, the Trust allotted $14,816 and $18,868 to employees for their discretionary use and/or contribution to the Plan.

NOTE 10 – CONTINGENCIES

Liquidity and Financial Resources: Payments received for grant program services from the State of California and Federal sources are not sufficient to support the Trust's present level of operations. The Trust's operating expenses are funded by a combination of community donations, program service fees, grants, fundraising activities, loans and income earned on cash balances and investments. The Trust received donations during the years ended December 31, 2023 and 2022 which included significant (in excess of $5,000), nonrecurring contributions from individual donors or bequests in the amount of approximately $1,465,788 and $513,000, respectively.

The ability of the Trust to maintain its present level of operations is dependent upon, among other things, governmental grants and the continuity of sufficient annual financial support from the San Joaquin Valley community.

NOTE 11 – LEASE LIABILITY

In September 2019, the Trust entered into a four-year operating lease which expired August 2023 and continued month-to-month thereafter, to lease a vehicle. Lease payments are $460 each month. Lease expense for the operating lease was $5,520 and $5,520 for the years ended December 31, 2023 and 2022, respectively.

In December 2020, the Trust entered into a five-year operating lease which expires December 2025 to lease a vehicle. Lease payments are $464 each month. Lease expense for the operating lease was $5,573 and $5,573 for the years ended December 31, 2023 and 2022, respectively.

In July 2020, the Trust entered into a five-year operating lease which expires June 2025 to lease a copier. Lease payments are $444 each month. Lease expense for the operating lease was $5,328 and $5,328 for the years ended December 31, 2023 and 2022, respectively.

In May 2021, the Trust entered into a 63-month operating lease which expires July 2026 to lease a postage machine. Lease payments are $77 each month. Lease expense for the operating lease was $924 and $924 for the years ended December 31, 2023 and 2022, respectively.

All leases were determined to be operating leases and the lease liability was calculated based on the total future lease payments over the lease terms. The Trust did not apply a discount rate to the lease liabilities as it was not determined to be material to the overall consolidated financial statements.

Activity related to the lease liability is as follows for the year ended December 31, 2023:

	Beginning Balance	Additions	Principle Payments	Ending Balance	Due Within One Year
Lease Liability	$ 37,330	$ -	$ (15,819)	$ 21,511	$ 11,819

Future undiscounted minimum payments under the operating lease agreements are as follows:

Year Ending December 31,	Amount
2024	$ 11,819
2025	8,691
2026	1,001
Total	$ 21,511

NOTE 12 – OPERATING LEASE RIGHT-TO-USE ASSETS

The Trust recorded operating lease right-to-use assets. The assets are for right-to-use vehicles, a copier, and a postage machine. The related leases are discussed in Note 11. Operating lease right-to-use activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Operating lease right-to-use Asset				
Right-to-use vehicles	$ 20,402	$ -	$ (9,256)	$ 11,146
Right-to-use copier	13,320	-	(5,328)	7,992
Right-to-use postage machine	3,608	-	(1,235)	2,373
	$ 37,330	$ -	$ (15,819)	$ 21,511

NOTE 13 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Trust would either receive upon selling an asset or pay to transfer a liability at the reporting date. Fair value utilizes and establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an 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 an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability as developed from the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies.

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the Trust's own assumptions in determining the fair value of assets or liabilities.

NOTE 13 – FAIR VALUE MEASUREMENTS (continued)

The following is a summary of the inputs used as of December 31, 2023 in valuing the Trust's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	$ 7,050	$ -	$ -	$ 7,050
US equities	4,131,708	-	-	4,131,708
International equities	340,485	-	-	340,485
Investment pool CVCF	-	76,831	-	76,831
Fixed income	790,502	-	-	790,502
Cash and cash alternatives	343,950	-	-	343,950
Assets measured at fair value	$ 5,613,695	$ 76,831	$ -	$ 5,690,526

The following is a summary of the inputs used as of December 31, 2022 in valuing the Trust's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	$ 7,050	$ -	$ -	$ 7,050
US equities	2,869,349	-	-	2,869,349
International equities	293,163	-	-	293,163
Investment pool CVCF	-	69,046	-	69,046
Fixed income	303,619	-	-	303,619
Bond mutual funds	112,937	-	-	112,937
Assets measured at fair value	$ 3,586,118	$ 69,046	$ -	$ 3,655,164

NOTE 14 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

	Fair Value	
	2023	2022
Beneficial interest in assets held by others	$ 76,831	$ 69,046
Total beneficial interest in assets held by others	$ 76,831	$ 69,046

The Trust holds certain of its investment funds with the Central Valley Community Foundation (CVCF) in order to utilize the professional investment advisory services administered by CVCF's Investment Committee. CVCF manages the investment securities in accordance with the Trust's Investment Policy. CVCF holds no variance power over the funds and the Trust reserves the right to withdraw any or all assets, including supplemental transfers, and all accumulated earnings, less any fees earned, but unpaid, from CVCF upon action by the Trust's Board of Directors. The Trust's investment securities, managed by CVCF, were $76,831 and $69,046, at December 31, 2023 and 2022 respectively.

NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS

Board designated net assets (Net Assets Without Donor Restrictions) consisted of the following at December 31:

	2023	2022
Legal defense fund	$ 72,500	$ 72,500
Community supported agriculture	34,879	34,879
Parkway trailblazers	28,281	28,281
Owl hollow stewardship	360,000	360,000
Owl hollow stewardship earnings	215,237	133,407
O&M endowment	800,000	-
Total board designated net assets	$ 1,510,897	$ 629,067

Net assets with donor restrictions classified between time and purpose restrictions were as follows at December 31:

	2023	2022
Time restrictions:		
Pledges receivable (donor)	$ 39,908	$ 60,000
Bequest receivable	-	1,000,000
Total time restrictions	39,908	1,060,000
Purpose restrictions:		
EK Martin Land Acquisition Fund	1,890,351	1,880,005
Harvest home	-	500
LTA Western Innovation	-	10,000
Eaton Bridge Feasability Project	119,298	119,298
Eaton Trail Improvements	23,789	23,789
Conservation easement monitoring fund	-	30,291
P4P Sponsor	-	11,500
River Camp Firebaugh	23,359	17,359
RC Scholarships	14,258	16,583
River Center Improvements	-	2,500
Patton Shade Arbor	25,000	25,000
Low Ropes Dyer	-	19,371
Restricted grants	88,757	-
Total program restrictions	2,184,812	2,156,196
Endowments:		
Operations and maintenance endowment fund	865,419	798,482
Operations and maintenance endowment fund earnings	283,925	110,449
Lundberg educational endowment	70,957	70,957
Land stewardship funds	30,942	34,978
Total endowments	1,251,243	1,014,866
Total net assets with donor restrictions	$ 3,475,963	$ 4,231,062

NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS (continued)

The Trust's endowment net assets by composition is as follows for the year ended December 31, 2023:

	Without Donor Restriction	Original Gift	Accumulated Gains (Losses)	Total	Total All Funds
Board-designated funds	$ -	$ -	$ -	$ -	$ -
Donor-restricted funds:					
Underwater	-	-	-	-	-
Other funds	-	967,318	283,925	1,251,243	1,251,243
Total endowment funds, December 31, 2023	$ -	$ 967,318	$ 283,925	$ 1,251,243	$ 1,251,243

The Trust's endowment net assets by composition is as follows for the year ended December 31, 2022:

	Without Donor Restriction	Original Gift	Accumulated Gains (Losses)	Total	Total All Funds
Board-designated funds	$ -	$ -	$ -	$ -	$ -
Donor-restricted funds:					
Underwater	-	-	-	-	-
Other funds	-	904,417	110,449	1,014,866	1,014,866
Total endowment funds, December 31, 2022	$ -	$ 904,417	$ 110,449	$ 1,014,866	$ 1,014,866

The changes in endowment net assets for the years ended December 31, 2023, and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2021	$ -	$ 865,692	$ 865,692
Investment return, net	-	(114,293)	(114,293)
Contributions and others	-	263,467	263,467
Appropriation of endowment assets for expenditure	-	-	-
Other changes and reclassications	-	-	-
Endowment net assets, December 31, 2022	-	1,014,866	1,014,866
Investment return, net	-	-	-
Contributions and others	-	236,377	236,377
Appropriation of endowment assets for expenditure	-	-	-
Other changes and reclassications	-	-	-
Endowment net assets, December 31, 2023	$ -	$ 1,251,243	$ 1,251,243

NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS (continued)

At any time, the fair value of assets associated with individual endowment funds may fall below the original level of the donor's original contributions. This deficit is usually the result of unfavorable market fluctuations that occur after the original contributions. Such deficits are reported as reductions to Net Assets With Donor Restrictions. At December 31, 2023 and 2022, the Trust had no endowment funds in which the value at year-end was below the original amount provided by the donor.

NOTE 16 – CONSERVATION EASEMENTS

During the years ended December 31, 2023, and 2022, the Trust did not acquire or fund any conservation easements.

NOTE 17 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the Statements of Activities consist of the following for the years ended December 31, 2023, and 2022:

	2023	2022
Services and discounts	$ -	$ -
Goods	-	8,877
	$ -	$ 8,877

NOTE 18 – LEASE INCOME

The Trust leases two buildings and three outbuildings to an entity on an eight-year lease which commenced on March 1, 2021 and expires on March 31, 2029. The monthly lease amount varies from $4,123 to $4,998 throughout the lease period. The following are the minimum lease payments expected to be received for the years ending December 31:

	Annual Lease Payments
2024	$ 52,958
2025	54,482
2026	56,116
2027	57,800
2028-2029	74,527
	$ 295,883

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
San Joaquin River Parkway and Conservation Trust, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of San Joaquin River Parkway and Conservation Trust, Inc. (the Trust), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 22, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

7473 N. INGRAM AVE., SUITE 102 ♦ FRESNO, CA 93711
P (559) 475-8910 ♦ F (559) 475-8901 ♦ WWW.HHCCPAS.COM

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HHC, INC.

HHC, Inc.

Fresno, California
April 22, 2024

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.

FINDINGS AND QUESTIONED COSTS

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Type of auditor's report issued:	Qualified	
Internal control over financial reporting: Material weaknessess identified?	______ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported in accordance with *Government Auditing Standards.*

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings.