

2022

Performance and Accountability Report

**PRESIDIO
TRUST**

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The Performance and Accountability Report can be found on the Presidio Trust Website under www.presidio.gov

FY22 PERFORMANCE + ACCOUNTABILITY REPORT

Agency Head Letter

I'm delighted to report that the state of the Presidio Trust is strong and this report's performance and financial data are complete and accurate, providing a comprehensive representation of agency results.

We've rebounded from the economic shock of the COVID pandemic, completing our first decade of operating the park without an annual appropriation. We finished restoring 40 acres of open space along the Presidio's San Francisco Bay waterfront. And we opened two new public destinations that are reshaping how people visit and enjoy the Presidio.

As we mark twenty-five years since the Presidio Trust Board of Directors met for the very first time in July 1997, we are so proud that the Presidio has become among the most visited national park sites in America, and the only portion of the national park system that covers all its operating costs through revenue earned through profitable businesses.

In Fiscal Year 2022, our revenue beat expectations with our residential leasing, commercial leasing, and hospitality businesses turning in excellent performances. Occupancy in our homes and workspaces was over 95%, well above the rest of San Francisco. The Presidio's low-scale historic buildings set in the park's beautiful open spaces are just what people want in the post-COVID era. This year was truly remarkable because we completed restoration of the Presidio's waterfront, reversing the impact of the years of construction of the Presidio Parkway (the highway that leads to the Golden Gate Bridge), and taking advantage of the new roadway's innovative design to reclaim 20 acres from highway to park.

In April, we completed Battery Bluff atop the western set of highway tunnels, opening up historic gun batteries never before accessible to the public.

And in July, we unveiled Presidio Tunnel Tops. This 14-acre landscape built on the eastern set of highway tunnels delights visitors with views of the Golden Gate Bridge, Alcatraz, and the San Francisco skyline. Young visitors can't get enough of the Outpost, a playground made entirely of natural materials. Made possible with \$98 million in funds raised by the Golden Gate National Parks Conservancy for the Trust, and \$22 million from the Presidio Trust, Presidio Tunnel Tops had over 500,000 visits in the first two months it opened and is on track to exceed the initial estimates of 2,000,000 visits in its

first year. Presidio Tunnel Tops is a place where people of all ages, abilities, incomes, and backgrounds stroll, gather, and play. There's a lot of joy in the park these days.

There are still challenges for us to overcome. Like other national park sites, we have many old physical assets, especially utility systems inherited from the Army, that need to be replaced. The cost of replacing the park's aged assets is now estimated to be over \$500 million. While we are investing our profits into replacements, a significant deferred maintenance backlog remains. Finding a way to tackle this backlog remains a focus for the Trust.

And we need to continue our work to improve Trust operations so that our staff love working for the Trust as much as they love working in the park. In the coming year, we plan to use more digital tools to make getting our work done easier and faster. And like many other organizations, we are learning how to take advantage of the flexibility that telework gives many of our staff members without losing our connection to each other and the Presidio.

As we begin the new fiscal year, we join our partners at the National Park Service in celebrating the 50th anniversary of the founding of the Golden Gate National Recreation Area national park. The Presidio is within the boundary of the Golden Gate National Recreation Area even though the Trust is not a part of the National Park Service.

The creation of the Golden Gate National Recreation Area was the result of a desire by visionary activists and elected officials to bring national parks to urban areas so that even more people could have national park experiences. It's working! The Golden Gate National Recreation Area now gets more visits each year than almost any other national park in the country. We're proud to support this goal by operating the Presidio without entrance fees. The Presidio itself welcomes between seven and ten million visitors each year, with over 54% of our visits coming from low-income households.

We're grateful to the Golden Gate National Recreation Area and the Golden Gate National Parks Conservancy for a quarter century of partnership. And we're deeply appreciative of the local and national leaders whose past and current support ensures that these gorgeous lands and historic buildings belong to all of us forever.

Sincerely,



Jean Fraser
Chief Executive Officer
November 2022

Management Discussion + Analysis

Mission

The mission of the Presidio Trust is to steward and share the beauty, history, and wonder of the Presidio for everyone to enjoy forever.

Organizational Structure

The Presidio Trust was established by Congress as a wholly owned corporation of the federal government. The Presidio Trust Act gives the Presidio Trust the flexibility to operate in the marketplace, make real-time decisions, and retain revenues to reinvest in the Presidio.

Presidio Trust Board of Directors

Under the provisions of the Presidio Trust Act, six members of the Presidio Trust Board are appointed by the President of the United States (U.S.). The seventh member is the U.S. Secretary of the Interior or his/her designee (currently vacant). Presidentially appointed Board members serve a set term, then are either reappointed or replaced by the President when their terms expire.

Lynne Benioff, chair of the Presidio Trust board, is the co-chair of TIME and active on the boards of several organizations. She is a Distinguished Director of the Board of Overseers of the University of California San Francisco Foundation and serves on the board of directors of The Rise Fund, UCSF Benioff Children’s Hospitals, and the Benioff Ocean Initiative. Ms. Benioff co-chairs the Presidio Tunnel Tops Campaign Committee, which has successfully raised over \$100 million to create 14-acres of new parkland with a youth learning campus. In 2020, Ms. Benioff was honored by the AFP Golden Gate Chapter on National Philanthropy Day with an “Outstanding Fundraising Volunteer Award” for her work as the co-chair of the Presidio Tunnel Tops campaign. She formerly chaired the Presidio Trust board Governance Committee and served as a director of Common-Sense Media. In 2014, Ms. Benioff was honored by Mayor Ed Lee as one of San Francisco’s “Women of the Year.” In 2020, she and her husband, Marc, received a George H.W. Bush Points of Light Award for their civic engagement. Ms. Benioff received a B.S. from the University of Washington. She was appointed to the Presidio Trust board in 2015 and reappointed in 2019.

Mark W. Buell, vice chair of the Presidio Trust board, is a native San Franciscan who has spent 35 years in public and private real estate development. He served as San Francisco’s first Director of Economic Development and later as the first Director of the Emeryville Redevelopment Agency. Mr. Buell is a former board president of the Golden Gate National Parks Conservancy and currently co-chairs the Presidio Tunnel Tops Campaign Committee with Presidio Trust board chair Lynne Benioff. He has also served on the boards of the Bolinas Museum, the Chez Panisse Foundation, and the California Academy of Sciences. He is

president of the San Francisco Recreation and Park Commission and president of the Marin Community Foundation. A graduate of the University of San Francisco, he also sits on their Board of Trustees. Mr. Buell is a decorated Vietnam War veteran. He was appointed to the Presidio Trust board in June 2021.

Leni Eccles began her career in education in various roles including high school principal, counselor, and advisor for a university graduate school. She later served as director of a healthcare organization, working also with its national affiliates, and then for the U.S. Department of Health, Education and Welfare as a consultant for assessment and management development for federally funded health providers. Over the past two decades, her focus has been public service, working on governance, resource optimization, collaboration, and strategic planning. Ms. Eccles has served on the board of North Bay Summer Search, as chair of the Board of Trustees of a college preparatory high school, and most recently as chair of the Board of Trustees for the Belvedere Community Foundation. She was appointed to the Presidio Trust board in June 2021.

George M. Marcus is the co-founder and chairman of Marcus + Millichap, a publicly traded real estate brokerage firm in San Francisco. He is also the founder and chairman of Essex Property Trust. He has served on the boards of the Millennium Challenge Corporation, the UCSF Foundation, the Corporation of Fine Arts Museums that built San Francisco's de Young Museum and was a University of California regent for 12 years. He also established the George and Judy Marcus Funds for Excellence in the Liberal Arts at San Francisco State University, his alma mater, to support students and faculty in liberal and creative art programs. He was appointed to the Presidio Trust board in June 2021.

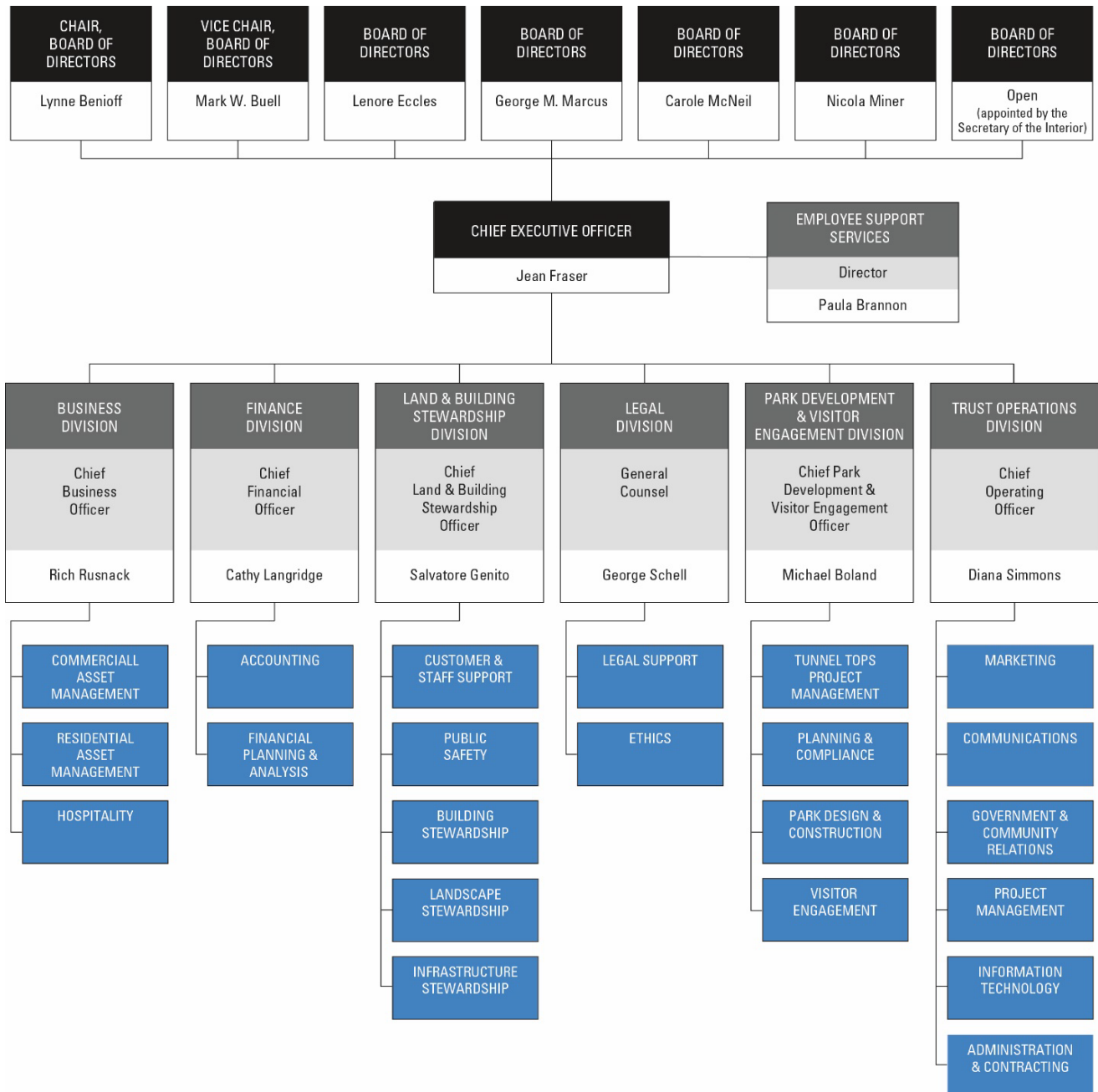
Carole McNeil, a San Francisco Bay Area native, is Chairman and Strategic Director of McNeil Capital, which invests in a wide range of real estate, venture capital, and biotech interests. She is also a member of the Policy Advisory Board at the Fisher Center for Real Estate and Urban Economics at the UC Berkeley Haas School of Business. Additionally, she endowed a joint chair between the Hoover Institution and the Economics Department at Stanford University, a first-ever creative association. She is also on the Overseers Board at the Hoover Institution. Ms. McNeil resides in San Francisco. She was appointed to the Presidio Trust board in 2019.

Nicola Miner is founder of the Miner Anderson Family Foundation, a non-profit organization that advances social justice and access to equal opportunity in San Francisco and throughout the U.S. She is an instructor of English composition at several Bay Area community colleges. Ms. Miner is also on the advisory panel for San Francisco's Grants for the Arts and is a member of Earthjustice Action's board of directors. She has a degree in History from Brown University, a master's degree in journalism from Columbia University and a master's degree in English literature from Mills College. She was appointed to the Presidio Trust board in June 2021.

Presidio Staff

A Chief Executive Officer (CEO) oversees the organization, which included the following divisions in Fiscal Year 2022: Park Development and Visitor Engagement, Business, Land and Building Stewardship, Finance, Legal, and Trust Operations. The Presidio Trust has 285 employees with a wide range of skills, including real estate management, ecological restoration, historic preservation, finance, communications, visitor engagement, and physical plant operations.

Organization Chart



Analysis of Financial Statements and Stewardship Information

Preparation of the financial statements, accompanying notes, and this discussion and analysis is the responsibility of Trust management. The financial statements and accompanying notes have been audited by the independent public accounting firm KPMG, LLP, and the Trust received an unmodified opinion.

Trust management is committed to sound financial management and is responsible for the integrity and objectivity of the information presented in the financial statements. The accompanying financial statements summarize the Trust's financial position, show the net cost of operations and changes in net position, provide information on budgetary resources and financing, and present the sources of revenues and expenditures during Fiscal Years 2022 and 2021.

Highlights of the financial information presented in the financial statements are shown below.

Balance Sheets

These statements are designed to show the Trust's financial position as of September 30, 2022, and to compare it to the Trust's financial position the previous year.

Assets

The Trust's total Assets increased by \$54.7 million for a total of \$831.1 million at the end of Fiscal Year 2022 compared to \$776.4 million at the end of Fiscal Year 2021. The net increase in Assets consists of fluctuations in various assets categories.

This increase is due to two primary factors, the growth in General Property, Plant, & Equipment related to capital projects, and the increase in Investments related to a \$40.0 million Treasury loan received in Fiscal Year 2022. The Treasury loan proceeds were invested in Treasury securities prior to the fiscal year-end.

General Property, Plant, & Equipment increased by \$35.0 million as the Trust continues to renovate and replace capital assets. Capitalized acquisitions are primarily related to three major park projects: completion of Tunnel Tops, completion of Doyle Drive Phase III (including Battery Bluffs), and the continued rehabilitation of the East Mason Warehouses.

Accounts Receivable, Net decreased by \$5.6 million largely due to a decrease in receivables from sponsored project funders, the largest being the Golden Gate National Parks Conservancy (GGNPC) for Tunnel Tops, due to the completion of several large park projects in Fiscal Year 2022.

Liabilities

Liabilities increased by \$26.8 million, ending at \$361.9 million in Liabilities for Fiscal Year 2022 compared to \$335.0 million at the end of Fiscal Year 2021. The increase is made up of fluctuations in several liabilities. Trust Liabilities include \$98.5 million in debt to the U.S. Treasury, an increase of \$36.8 million due to \$40 million in new borrowing minus the \$3.2 million required principal payment on existing debt. See Note 3 for more information on Investments and Note 8 for more information on Debt.

The non-friable asbestos cleanup liability increased by \$3.1 million, primarily due to an inflation adjustment to reflect higher costs for both in-house and contracted asbestos abatement work.

Accounts Payable decreased \$6.2 million due to substantial completion of large projects in Fiscal Year 2022, and the timing of payment of invoices.

Unearned Revenue decreased \$2.7 million, largely due to recognition of various deferred revenues, which ramped up in Fiscal Year 2022 due to the completion of the Doyle Drive Phase III (Battery Bluffs) project. Proceeds from the Caltrans settlement (see Note 22) are recognized over the life of the assets constructed with the funds. The decreases were offset by a net increase of \$2.3 million to unearned revenue related to funds raised by the Golden Gate National Parks Conservancy for the Tunnel Tops project (see Note 23).

Net Position

The Trust's Net Position increased by \$27.9 million, ending Fiscal Year 2022 at \$469.3 million compared to \$441.4 million at the end of Fiscal Year 2021. Beginning in Fiscal Year 2022, the Trust allocated a portion of the Net Position to its financial reserves.

Financial reserves are integral to the effective stewardship of the Trust's assets, and in Fiscal Year 2022 the Trust implemented a Board-approved policy for allocating funds to reserves to support the agency's mission. The Trust's financial reserves are available to reduce the impact on the Trust's operations in the event of significant decreases in revenue or increases in expenses; they also enable us to replace assets as they age. As of September 30, 2022, the Trust's financial reserves were \$48.8 million, comprised of a \$30.5 million operating reserve, and \$18.3 million in reserves for renewal of our assets.

Statements of Net Cost

These statements are intended to report net costs of the Trust as a unit of the federal government and the net cost to the public. Costs reported on these statements – including depreciation, future funded expenses, adjustments to actuarial estimates, and all remediation activities – are stated on an accrual basis.

The Trust had a net surplus (net income) of \$1.1 million during Fiscal Year 2022 compared to net cost (net loss) of \$8.4 million in Fiscal Year 2021.

The increase in revenues in Fiscal Year 2022 of \$22.6 million is primarily related to a return to pre-COVID business activity in many of our business lines, including lodging, golf and parking, which saw increases in revenue of \$5.1 million, \$2.0 million and \$0.8 million, respectively. Commercial rental income increased \$4.0 million, due to an increase in rental rates, an increase in tenant occupancy from the Trust leasing two floors of Building 103 that had been used for Trust offices, and an increase in restaurant-related rental income. Residential rental income increased \$0.9 million. Construction activity on a reimbursable contract project for the National Park Service contributed to \$5.3 million of the increases in both revenues and operating costs in Fiscal Year 2022.

Operating costs increased \$13.0 million versus Fiscal Year 2021. Operating costs related to hospitality businesses increased \$3.4 million due to the uptick in activity in lodging and golf businesses. Depreciation expense increased \$3.2 million due to an increase in depreciable assets, including the Tunnel Tops and Battery Bluffs project assets placed in service in Fiscal Year 2022. Non-capitalizable costs of these projects contributed an additional \$3.0 million to the increase. Additional increases include \$1.2 million for purchased utilities, and \$1.1 million in labor costs. These increases were partially offset by a decrease of \$3.8 million in future funded expense related to asbestos liability adjustments. While the asbestos liability increased versus Fiscal Year 2021, the Fiscal Year 2022 adjustment was less than that of Fiscal Year 2021. Other decreases include a decrease in contingent liabilities at Fiscal Year 2022 year-end, as well as a decrease in the non-capitalizable costs of our street paving program.

Budgetary Resources

The Statements of Budgetary Resources provide information on the budgetary resources available to the Trust for the year and the status of those resources at the end of the fiscal year. Further, they are prepared using a budgetary basis of accounting, which differs from an accrual basis of accounting as transactions are recognized at different points in time. In Fiscal Year 2022, the Trust received the greatest portion of its funding from revenues earned, with the largest revenue streams being from residential and commercial leasing.

Budgetary Resources amounted to \$345.1 million for Fiscal Year 2022, compared to \$289.2 million in Fiscal Year 2021. Of this amount, the Trust obligated \$171.8 million in Fiscal Year 2022 and \$162.2 million in Fiscal Year 2021. Unobligated balances at the end of Fiscal Year 2022 and Fiscal Year 2021 were \$173.3 million and \$127.0 million, respectively.

This unobligated balance is due to holding funds to complete multi-year capital improvements including the rehabilitation projects funded from the loans received from the U.S. Treasury (see Note 8), sponsored projects including the Outpost Meadow, and tenant security deposits. In

addition, the Trust allocates funds to reserves to help us survive the impacts of future economic downturns and unexpected events and to fund the replacement of assets as they age.

Risks and Uncertainties

The Trust did not receive any appropriations or aid for the impacts of COVID on its businesses. In Fiscal Years 2021 and 2022 the Trust received a total of \$60 million in loans from the U.S. Treasury to invest in building rehabilitation projects to create additional revenue streams.

The Trust continues to maintain sound financial plans to ensure that Trust operations continue into the future and the park is preserved for the public. While Trust operating revenue is sufficient to cover current operating expenses and the reserves for future unexpected events, Trust operating revenues alone are not yet sufficient to fund past deferred maintenance and additional capital projects.

The Trust is responsible for rehabilitation and maintenance of the Presidio's fixed assets, including infrastructure. Many of the assets have exceeded their depreciable lives (the life spans of the assets), and the cost to replace them is estimated to be approximately \$500 million. Annual budgetary constraints are considered in evaluating the replacement of assets. Regular and ongoing maintenance of assets prolongs their useful life and reduces the likelihood of unexpected failures. Maintenance of 100 percent of the assets is not feasible, so the Trust evaluates deferred maintenance on an annual cycle and identifies the most important items for completion. Deferred maintenance and repairs data can be found in the required supplementary information (RSI) accompanying the financial statements.

Stewardship Investments

Stewardship assets are detailed in Note 6 to the financial statements as required by *Statement of Federal Financial Accounting Standards (SFFAS) 29, Heritage Assets and Stewardship Land*. The Trust's reported values for property, plant, & equipment exclude stewardship assets, which are primarily park open space, because these assets are considered "priceless" and therefore monetary amounts cannot be assigned.

Systems, Controls, and Legal Compliance

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to conduct an annual evaluation of their management controls and financial systems and report the results to the President and Congress. The Trust prepares an annual Statement of Assurance based on these internal evaluations.

Statement of Assurance on Internal Controls

Trust management is responsible for managing risks and maintaining effective internal controls to support programmatic operations, financial reporting, and compliance with applicable laws and regulations. The Trust conducted its assessment of risk and internal controls in accordance with Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

Based on the results of this evaluation, the Trust can provide reasonable assurance that the internal controls were operating effectively. No material weaknesses were found in the design or operation of the internal control.

The Trust continues to assess its risk through internal audits and is monitoring work related to risk mitigation.

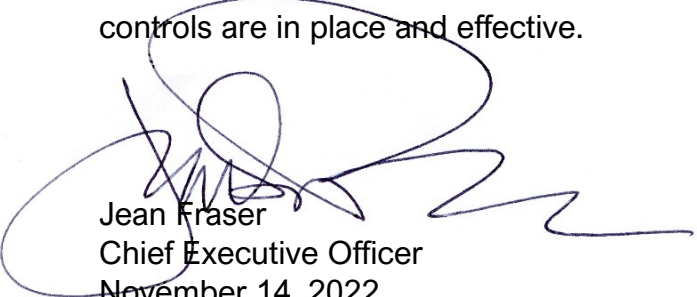
Statement of Assurance on Information Technology

The financial management systems of the Trust conform to federal financial system requirements, Federal Accounting Standards Advisory Board (FASAB) standards, and the U.S. Standard General Ledger at the transaction level.

While the Trust's systems are secure, the Trust continues to work on strengthening the controls related to security. In Fiscal Year 2022, the Trust continued its work on reaching full FISMA compliance.

Statement of Assurance on Other Legal Matters

Trust management is responsible for establishing and maintaining effective internal controls to assure compliance with provisions governing claims of the United States Government, including the Debt Collection Improvement Act of 1996. Management certifies that these controls are in place and effective.



Jean Fraser
Chief Executive Officer
November 14, 2022

Fiscal Year 2022 Performance

In 2018, the Presidio Trust Board of Directors adopted a triple bottom line: People, Planet, and Performance. This narrative highlights Fiscal Year 2022 progress against each strategic goal.

Performance Strategic Goal: The Presidio Trust will exemplify operational excellence in public service.

Earning Revenue to Operate and Maintain the Presidio

The Presidio Trust earns revenue to operate and maintain the park through successful businesses that leverage the Presidio's 1,400 homes, two million square feet of leasable commercial space, and a hospitality portfolio that includes a public golf course and two hotels.

This was the tenth fiscal year that the Presidio Trust operated without an annual appropriation. In Fiscal Year 2022, our total revenue was driven by residential leasing, commercial leasing, and hospitality programs, with additional revenue coming primarily from utility charges, parking revenue, and special events fees. By holding our costs down, we earned enough to set aside money to fund the replacement of our assets as they age. In Fiscal Year 2022, we set aside \$29.8 million into a reserve so we have the money in Fiscal Year 2023 to replace old assets.

Residential Leasing

Our housing program remained a key driver of income. We earned \$63 million from our residential leasing program in Fiscal Year 2022.

Given the park's beautiful natural environment, recreational spaces, and varied housing types, demand for Presidio homes remained strong. Average annualized rent growth was 3% year over year, significantly outperforming our goal of 1.5%. The turnover rate, which peaked at 27% at the height of COVID, returned to a typical pace of 16%, with our maintenance teams quickly returning 211 units to market. Our occupancy rate was 96%, surpassing that in surrounding San Francisco.

We continued to wind down our COVID rent deferral program, which helped residents remain in their homes through the economic downturn while eventually restoring income to the park. We reduced unpaid rent balances by \$306,000 in Fiscal Year 2022.

We also invested to keep the park's housing stock well maintained and competitive in the marketplace by performing extensive exterior repairs and repainting four neighborhoods in the eastern Presidio.

Commercial Leasing + Redevelopment

Demand for the Presidio's commercial space was also very strong in Fiscal Year 2022 because the park's low-density building types and open space match what organizations are now seeking. In total, we earned \$37 million from our commercial leasing program.

We signed renewals or new leases with 70 organizations totaling 300,000 square feet, generating \$13 million in annual revenue. This significantly outpaced last year's results of 46 leases and \$10 million in revenue. Our rents were 20% higher than rents for similar space in surrounding San Francisco.

We're delighted that we signed agreements to expand or create new space for a variety of schools in the Presidio. The Bay School of San Francisco, a high school that has been in the Presidio since 2004, expanded into an additional building, and Cow Hollow School, a preschool long based in the park, relocated to a larger space. We also signed a new lease with Brightworks, a K-12 school which created a campus in three historic Presidio buildings.

Overall, our commercial occupancy rate for Fiscal Year 2022 was 95%, comparing favorably with the 80% occupancy rate for downtown San Francisco.

We also focused on improving our operations by implementing new software that improved our leasing process, workflows, and analysis. With minimal investment and annual fees, we expect to save 20 hours of staff time each week.

To increase our inventory of rentable space, in Fiscal Year 2022 we began the rehabilitation of 84,000 square feet of space in seven historic warehouses in a prime location along San Francisco Bay. The U.S. Army built the Mason Street warehouses to support operations in World Wars I and II. The buildings will be available for lease in mid-2023.

Hospitality

In Fiscal Year 2022, our hospitality portfolio performed well, continuing its steady recovery from the COVID disruption and realizing benefits from strategy shifts set in motion the previous year. In total, in Fiscal Year 2022 our hospitality program earned \$21 million in revenue, with a net income of nearly \$5 million, increasing nearly five-fold from the prior year.

Presidio Golf Course had a standout performance. We sold a record 77,000 rounds of golf, far exceeding the historical average of 60,000 rounds. Food and beverage sales increased significantly, supporting total course revenue of \$10.6 million with nearly \$1.9 million in net income.

Two Trust operated hotels, Inn at the Presidio and Lodge at the Presidio, also saw increasing demand, with total occupancy over the full year of 81%. In total, revenue from both hotels in Fiscal Year 2022 was \$10.4 million, with a net income of \$3.3 million.

As part of a Fiscal Year 2021 strategic pivot from owning to leasing restaurants, in Fiscal Year 2022 we signed an agreement with the Presmex Group to operate two restaurants in the Presidio. The first opened in April 2022 in the Presidio Officers' Club, the park's most historic building; Colibri, as the restaurant is called, is now earning record revenues for that restaurant space. The second restaurant will open inside the Presidio Transit Center in 2023.

In Fiscal Year 2021, we also shifted our approach from directly operating a special events business to renting five historic venues to a nationally known operator, Wedgewood Weddings and Events. As special events returned to the park following eased COVID restrictions, in Fiscal Year 2022 we realized \$700,000 in rent. Wedgewood also invested its own capital to upgrade the historic Log Cabin.

Maintaining our Buildings, Landscapes, and Infrastructure

Keeping the Presidio in good working order as a safe and welcoming park is at the heart of our mission. The Trust manages more than 700 buildings; operates electrical, wastewater, drinking water, and telecom utilities; maintains many miles of roads, trails, and sidewalks; and sustains more than 900 acres of gardens, forest, lawns, and natural areas. While the Trust manages the interior 80% of Presidio lands, it is responsible for maintaining utilities for the entire park, including for the coastal portion of the Presidio managed by the National Park Service.

When the Presidio became a national park site more than two decades ago, the Trust inherited a large, deferred maintenance backlog. While the Trust has renovated about 80% of the Presidio's building space, a substantial deferred maintenance challenge remains. In 2019, we inventoried the buildings, landscapes, and infrastructure we're responsible for and estimated the cost to upgrade park assets to be well over \$400 million; that number grows each year with inflation, currently estimated at just over \$500 million.

As we plan for a long-term solution, we're investing our limited funds in the most critical upgrades, particularly to the park's electrical and water distribution systems.

In Fiscal Year 2022 we began replacing a central electrical substation that delivers electricity throughout the Presidio. The new substation will be up and running by early 2023. We also designed the replacements for three additional substations, which will be constructed over the next three years.

We also worked to extend the useful life of our existing electrical infrastructure. We replaced three aging transformers, repaired corroded overhead electrical equipment on a 2,000-foot

section of line, and moved 600 feet of overhead wires in a heavily wooded area underground to increase reliability.

The Trust is also responsible for providing safe drinking water to the park's customers and visitors. In Fiscal Year 2022, we delivered over 300 million gallons of drinking water to our customers and maintained our wastewater system with no reportable overflows, a result achieved by no neighboring jurisdiction.

To improve access and safety for our visitors and employees, we built 750 linear feet of new sidewalk in the northeast Presidio, added four bike share stations, and upgraded the Presidio Transit Center. We also began designing and planning our next transportation infrastructure project, which will repave roadways and parking lots and upgrade sidewalks. Construction will begin in late Fiscal Year 2023 or early 2024 and is 75% funded by the Federal Lands Transportation Program.

Our regular annual maintenance program placed continued emphasis on preventive maintenance so we can avoid disruptions to our visitors, customers and to our staff. As a result, we had a huge decrease in the time we had to spend reacting to problems – from 18% of our stewardship time in 2021 to only 5% of our time in 2022.

Ensuring Public and Worker Safety

Ensuring that park visitors, residents, and tenants have a safe and positive experience is a top priority. As Fiscal Year 2022 began, the Presidio, like the surrounding City of San Francisco, was experiencing an increase in vehicle break-ins. In 2021, we recorded about 440 incidents. To combat the problem, our Public Safety team began raising visitor awareness through signage, monitoring parking areas with video technology, and increasing collaboration with the U.S. Park Police, the Presidio's law enforcement agency. As a result, we cut the number of incidents by nearly 60% in Fiscal Year 2022.

We also completed a comprehensive safety framework to address worker and workplace safety, increased the effectiveness of our inspection program, and increased our capacity to support hazardous material handling and disposal.

Developing our Agency Equity Plan

The Trust made significant progress in developing our agency equity plan, as required by the White House's Executive Order on Diversity, Equity, and Inclusion in the Federal Workforce (EO13985).

In Fiscal Year 2022, we took several steps to ensure we have clear policies and a fair, inclusive, and equitable working environment. We improved our Equal Employment Opportunity training to educate staff on discrimination, harassment, and retaliation. We updated our Staff Member Guidebook and provided manager and staff training to ensure we have clear, well understood,

and consistently applied policies. We created a policy to provide additional compensation to staff members who are required to use multi-lingual skills to communicate with visitors, residents, media representatives, community leaders, and other key stakeholders. These skills are critical to welcoming and serving diverse audiences. And we began a management training program to ensure fairness and consistency.

We are very proud of our work to make sure the park is used by people of all races, incomes, and abilities (see Strategic Goal: Visited and Loved by All).

Planet Strategic Goal: The Presidio Trust will be a model of environmental stewardship.

Restoration Takes Hold at Quartermaster Reach Marsh

We continued restoration of a seven-acre wetland along the park's northern waterfront where Tennessee Hollow, the Presidio's largest watershed, drains into the San Francisco Bay. In Fiscal Year 2022, we continued bringing back the once plentiful native Olympia oysters by encouraging the natural recruitment of the oysters onto constructed fiberglass panels and concrete reef balls. Despite red tide impacts to shellfish throughout San Francisco Bay, oysters are increasing in abundance and size at Quartermaster Reach Marsh.

In Fiscal Year 2022, volunteers contributed 550 hours to assist Trust staff stewarding this site, including four Climate Corps AmeriCorps Ecological Restoration Fellows. Our work at Quartermaster Reach Marsh included removing 700 bags of invasive species and planting 1,000 native plants comprising 20 species. In 2022, we observed unexpected wildlife species at the site, including arboreal salamander and common merganser. In addition, thirty species of birds have been observed here, showing that the restoration of this site has increased biodiversity in the park.

In summer 2022, Quartermaster Reach Marsh received the Outstanding Sustainable Engineering Project award from the San Francisco section of the American Society of Civil Engineers.

Enhancing the Presidio's Biodiversity

The Presidio is among the most biologically diverse national park sites in America for its size. The Presidio features 900 acres of open space with more than 300 native plant species (including five that are endangered), 323 bird species, and 12 different native plant communities including dunes, wetlands, and grasslands. Many people visit the Presidio to experience nature and wildlife within easy reach of an urban area, so we are always pursuing ways to increase the size and the health of our natural areas.

To understand how the park's natural habitats are faring, in Fiscal Year 2018 we developed an Urban Biodiversity Inventory Framework (UBIF) in collaboration with other urban areas. The UBIF use measures the quantity and health of plant and animal species in the Presidio over time. We then use this data to guide our restoration efforts.

In Fiscal Year 2022, we completed the "Ecological Horticulture at the Presidio" guidelines prepared by San Francisco Estuary Institute. We refer to this document when we are designing for ecologically supportive urban landscaped areas. When we create plans, our efforts draw from and are inspired by the unique habitats that once thrived in the Presidio. Our goal is to have the Presidio model how to create habitat for many species even in the middle of a dense city.

Another strategy we pursue is reintroducing native wildlife back into the park. In 2022, the wildlife reintroduced throughout the Presidio over the past 15 years (including Pacific Chorus frogs, Western Pond turtles, Variable Checkerspot butterflies, and California floater mussels) all show good establishment and population increases. In Fiscal Year 2022, we made progress on several projects:

- We continued stewarding more than 40 acres within the Presidio's Native Plant Community Zone. Work included controlling invasive species, monitoring wildlife and vegetation change, and planting native, rare, and endangered plant species. We're gratified that our endangered species appear to be doing well despite drought conditions in California.
- We continued habitat restoration at the Presidio's Mountain Lake, one of San Francisco's last surviving natural lakes. We've been working with the National Park Service and Golden Gate National Parks Conservancy here for two decades to restore the lake's ecosystem. In 2015, freshwater California floater mussels were reintroduced; these mussels filter water and contribute to a more biodiverse environment and are now confirmed to be thriving in the lake. We also confirmed that Western Pond turtles, reintroduced in 2015, have bred and there is another generation of baby turtles in the lake.
- Over the last few years, we've focused on reintroducing rare native butterflies to the park. In Fiscal Year 2017, we reintroduced Checkerspot butterflies to the Presidio's El Polin Spring area; they continue to increase and migrate to other parts of the park. In Fiscal Year 2021, we reintroduced California Ringlet butterflies, and in Fiscal Year 2022 we released another 150 Ringlet butterflies back into the Presidio. The butterflies are showing excellent signs of establishment and spread with many individuals confirmed born and flying in the Presidio.
- In Fiscal Year 2021, we developed a native forest understory to create habitat for wildlife and increase biodiversity in the park. In Fiscal Year 2022, we transitioned three acres of forest to become part of the Presidio Native Plant Community Zone.
- In partnership with the San Francisco Estuary Institute, in Fiscal Year 2022 we completed the second phase of a feasibility study to reintroduce California quail to the Presidio, a species that has been absent in the park since 2008.
- In Fiscal Year 2016, in collaboration with the San Francisco Zoo, we reintroduced the San Francisco Forktail damselfly to the Presidio. Similar to a small dragonfly, this species is the rarest damselfly in North America. In Fiscal Year 2021, our surveys determined that the damselflies were reproducing on their own. In Fiscal Year 2022, we observed over 30 individuals flying at the west Crissy bluffs release site.

- This was the fourth year we hosted a “Presidio Raptor Cam” with a live camera placed over a raptor’s nest in the park. The Red Tail hawks were busy back at the nest and more than 81,000 viewers watched two hawk chicks hatch, eat, squabble, and fledge the nest.
- In Fiscal Year 2022, we began to participate in LifePlan, a worldwide project hosted by the California Academy of Sciences that uses innovative tools to track the health of the planet, from microbes to mammals to insects. A volunteer will use our tracking tools to monitor life forms in the park throughout 2022-2023.

Co-Existing with Coyotes

Coyotes returned to the Presidio in 2002 after a long absence. They are an important part of the ecosystem, helping to control populations of rodents, raccoons, and skunks. To reduce potential conflicts between coyotes, dogs, and people, the Presidio Trust has an active coyote management program. In 2016 we began humanely tagging coyotes and attaching temporary GPS collars.

Along with wildlife observation cameras, the tracking collars help us understand how coyotes move around the park, including where they place their dens during pupping season. We now seasonally close sections of trails to dog walking where coyotes with pups are frequently present. We educate visitors, residents, and neighbors about coyotes through media, social media, email, and signage. We confirmed three coyote pups were born in the Presidio in 2022 with two surviving.

Revitalizing the Presidio’s Historic Forest

The Presidio’s historic forest was planted by the U.S. Army in the 1880s to create wind barriers and to set the Presidio apart visually from the surrounding city. The forest is an important part of the park’s ecosystem, and it is the largest contributing feature to the Presidio’s National Historic Landmark District status.

The forest is made up of five dominant species: Cypress, Pine, Eucalyptus, Blackwood Acacia, and Redwood trees. The Cypress and Pine trees are at the end of their natural life span and in decline. In 2001 the Presidio Trust and the National Park Service developed the *Presidio Vegetation Management Plan*, which guides our work to create a safe and healthy forest. In 2003, we began a multi-decade program to rejuvenate the forest by removing declining and dying trees, then replacing them with healthy young trees.

In Fiscal Year 2022, we continued to maintain more than 50 acres of previously reforested sites, containing more than 6,500 trees. We prepared four new sites for tree removal and replacement that will occur in the fall and winter of 2022. We also transitioned three acres of forest to our Native Plant Management Zone to increase biodiversity.

We continued to mitigate risk by pruning and removing select trees guided by a risk assessment performed in 2021. We also trim and remove trees as needed to reduce the likelihood of fires spreading in the Presidio or damaging buildings. While our fuel moisture monitoring data shows the current risk of fire in the Presidio is low, we reduce that risk further by mitigating ladder fuels throughout our forest and by removing debris, leaves, and non-native species from around the park's infrastructure.

Conserving Water While Adding New Parklands

In Fiscal Year 2022, we added two new visitor destinations – six acres of parklands at Battery Bluff and 14 acres at Presidio Tunnel Tops (see Strategic Goal: Visited and Loved by All). The Battery Bluff landscape includes 100,000 native and ornamental plants, and Presidio Tunnel Tops features 200,000 plants, half of which are native. The landscapes at both areas are designed for low-water use with drought-tolerant plants and state-of-the art irrigation practices that maximize water conservation.

These new landscapes are estimated to require four to five million gallons of additional irrigation water annually. However, with the savings we realized in other parts of the park by adjusting watering frequencies and closely managing the existing system, we expect our overall water use to remain below our baseline.

Reducing Waste and Energy Usage

In Fiscal Year 2022, the Environmental Protection Agency (EPA) awarded the Trust the Federal Green Challenge Regional Award for Education + Outreach. We earned this honor by improving how we sort our waste in construction and demolition projects; our monthly diversion rate is now above 70%.

Our first battery-powered electric bus will be put into service in our “Presidio Go” Shuttle fleet in December 2022, and we expect to purchase a second bus in Fiscal Year 2023. We're also adding vehicle charging infrastructure by installing twenty “Level-2” chargers to help meet the growing demand for electric charging stations. This will more than double the number of Level 2 chargers in the Presidio. This work is funded by Federal Lands Transportation Program.

Leading the Way on “Green” Historic Building Rehabilitation

The Presidio is one of the largest and most ambitious historic preservation projects in the U.S. Reusing historic buildings both preserves their character and avoids greenhouse gas emissions from building new structures. The Trust is a leader in implementing “green” building rehabilitation in historic buildings. We adopted LEED standards for all large rehabilitation projects in 2010; since then, 28 projects have been LEED-certified, including a LEED-certified historic neighborhood.

Four projects are currently in process for LEED certification – Crissy Field Center, the Presidio Tunnel Tops Field Station, the Gorgas Warehouses, and the East Mason Warehouses – underscoring the Trust’s leadership in marrying environmental stewardship and historic preservation.

People Strategic Goal: As a national park, the Presidio will be visited and loved by all

Presidio Waterfront Restored with World Class New Visitor Destinations

In Fiscal Year 2022, we completed restoration of the park's northern waterfront following Presidio Parkway construction and opened two new destinations that are reshaping the visitor experience.

Background

In 1937, Doyle Drive, a highway that enabled motorists to reach the new Golden Gate Bridge by traveling through the Presidio Army post, was built. Constructed as an elevated roadway, it divided the Presidio in two, separating the waterfront from the rest of the post. By the 1990s, the Presidio was a national park site, and the seismically unsafe roadway was badly in need of replacement. After years of planning, in 2009 the California Transportation Agency (Caltrans) began constructing the new Presidio Parkway, designed to fit more seamlessly into the national park site by placing large sections of the roadway into two sets of tunnels. In 2015, the new Presidio Parkway was completed.

In the years since, the Presidio Trust has been working to restore huge areas of parkland damaged by construction and to create new visitor destinations made possible by the improved road design. In total, the Trust has restored 40 acres of parkland, including a seven-acre wetland known as Quartermaster Reach Marsh, which opened in December 2020 (see the Fiscal Year 2021 Performance and Accountability Report).

In Fiscal Year 2022, the Presidio Trust completed two additional projects that are now welcoming millions of visitors: Battery Bluff and Presidio Tunnel Tops.

Battery Bluff

Battery Bluff is a six-acre picnic site and vista point the Trust built atop the western set of Presidio Parkway tunnels near San Francisco National Cemetery in the Presidio.

Its name nods to the four historic coast artillery gun batteries located here – Blaney, Baldwin, Slaughter, and Sherwood. Built by the U.S. Army between 1899-1902, these gun batteries were intended to protect San Francisco Bay during the Spanish-American War. Over decades, the batteries became damaged due to weather, neglect, and graffiti, and were partially buried under settling soil. The Presidio Trust partnered with Caltrans, the National Park Service, and the San Francisco County Transportation Authority to uncover and repair the batteries, remove the graffiti, and install storytelling panels. The batteries are now available for the public to experience up close for the very first time.

Battery Bluff also features picnic tables and three scenic overlooks with dramatic bridge and bay views. The landscape includes 100,000 native and ornamental plants that bring seasonal color. A new multi-use section of the Presidio Promenade trail through the site allows walkers and bicyclists to travel safely to the Golden Gate Bridge, filling in the final gap in this off-road trail.

Battery Bluff opened to visitors in April 2022 and immediately became a popular park destination. Its completion was a major milestone in 30+ year, multi-agency effort to replace the outdated Doyle Drive freeway.

The project was recognized by the San Francisco section of the American Society of Civil Engineers as an Outstanding Historical Renovation Project for 2022.

Presidio Tunnel Tops

The innovative design of the Presidio Parkway provided an opportunity to create 14-acres of new parkland on and around the eastern set of highway tunnels, reconnecting the waterfront to the center of the Presidio for the first time in eight decades.

To make sure the new destination would be welcoming and accessible to people of all ethnicities, incomes, and abilities, in 2014 the Presidio Trust, the National Park Service, and the Golden Gate National Parks Conservancy began gathering ideas and feedback from the public. The Trust also launched an international competition to find a team to work with the community on design, selecting with James Corner Field Operations, the team behind New York's *High Line*. More than 10,000 people participated in the planning process.

Once the design was complete, our non-profit partner, the Golden Gate National Parks Conservancy, raised \$98 million for the Trust from generous donors to make the project possible.

Construction of "Presidio Tunnel Tops" began in 2018, led by an all-woman design and construction team. It would become the most technically complex construction project ever undertaken by the Presidio Trust.

To build excitement for the opening while COVID restrictions were in place, the Presidio Trust, the Golden Gate National Parks Conservancy, and the National Park Service, working with the non-profit Photoville, hosted a contest seeking photos from across the country of people of all kinds enjoying parks, from local picnic sites to America's greatest national parks. We received 7,000 submissions. In September 2021, we selected 400 images to display in a free outdoor photo show located around the Presidio Tunnel Tops construction site in the year prior to opening. This raised awareness about the Presidio Tunnel Tops and encouraged people from communities across the Bay Area, and from around the country, to visit the Presidio.

In July 2022, three years of construction ended with the opening of Presidio Tunnel Tops. Located next to the Presidio Visitor Center and the Transit Center, Presidio Tunnel Tops features picnic sites, gardens and meadows, and scenic overlooks with spectacular Golden Gate Bridge, Alcatraz, and downtown San Francisco views. It's designed to be approachable for first time visitors and an ideal jumping off point for other activities in the Presidio.

Presidio Tunnel Tops also connects youth to nature, history, and the outdoors. It features a two-acre outdoor playground – the Outpost – where kids connect to the natural and cultural history of the Presidio through play. A nearby indoor Field Station features objects, field specimens, tools, and reading resources that engage the senses and spark curiosity. And the youth development programs of the Golden Gate National Parks Conservancy and the National Park Service returned “home” to an expanded campus at Presidio Tunnel Tops with new classrooms, labs, and an outdoor courtyard.

We are in the midst of opening year, with activities co-curated with community leaders and community-based organizations. Special focus is being given to communities that have historically not felt welcome or safe in national parks. The Presidio Activator Council has engaged Bay Area artists and community leaders to make the park a more inclusive place. Their ideas have led to activities that incorporate art, culture, food, healing, wellness, and music. The Activator Council includes:

PRESIDIO ACTIVATOR	ORGANIZATION
Jessica Campos	San Francisco Office of Racial Equity
Mory Chhom	Center for Empowering Refugees and Immigrants
Meifeng Deng	Chinatown Community Development Center
Maurice Harper, Jr.	Educator
Metzi Henriquez	Fogo Na Roupa Grupo Carnavalesco
Khafre Jay	Hip Hop for Change Inc.
Lucas Tobin	San Francisco Recreation and Parks Department
Favianna Rodriguez	Center for Cultural Power
Maya Rodgers	San Francisco Parks Alliance
Kaushik Roy	Shanti Project
Mark Smith	San Francisco Veterans Affairs Healthcare System
Sharaya Souza	American Indian Cultural District

Opening season includes a temporary outdoor art exhibition – *Ancestral Futurism: Looking Back to Repair the Future* – designed by Presidio Activator Favianna Rodriguez. The installation honors the diversity and interconnectedness of all humans, land, flora, and fauna that have lived in this ecosystem for centuries and provides an engaging and colorful entry to the site. A new “Presidio Pop Up” program brings mobile food vendors to the Presidio serving food that celebrates the diverse cultures and cuisines of the Bay Area.

Opening season also includes public events and celebrations such as a new community-driven and co-curated series entitled *First Sunday Afternoons* featuring music, dance, and art. The program is co-curated with Hip Hop for Change and World Arts West, two community partners. The Presidio has hosted three major festivals during opening season: the Chuseok (Korean Harvest) Festival, Hip Hop for Change’s 6th Annual Environmental Justice Summit, and the San Francisco Ethnic Dance Festival’s auditions (World Arts West).

Additionally, Presidio Activator Lucas Tobin, an accessibility coordinator for the San Francisco Recreation and Park Department, partnered with a variety of organizations including the Special Olympics to bring Access to Adventure Day to Presidio Tunnel Tops. This event welcomed families with children with disabilities for an afternoon of games, food, and fun.

Presidio Activator Mory Chhom, Program Director for Youth and Families at the Center for Empowering Refugees and Immigrants, brought Pchum Ben, a traditional Cambodian celebration, to the park and engaged refugee and immigrant communities from San Francisco, San Jose, and Oakland.

Since opening, Presidio Tunnel Tops has welcomed many other community-driven activities including wellness hikes, youth adventure days, community picnics, art workshops, and other gatherings.

We anticipated Presidio Tunnel Tops would attract nearly two million visitors in its opening season. In just the first two months, we have already welcomed 500,000 visitors. Presidio Tunnel Tops is truly changing the Presidio experience, attracting many who have never experienced a national park before and offering new ways for repeat visitors to enjoy the park.

Presidio Tunnel Tops received both the Outstanding Parks and Recreation Project award and the Outstanding Urban or Land Development Project award from the San Francisco section of the American Society of Civil Engineers.

Park Visitation on the Rise

The Presidio is at the center of the Golden Gate National Recreation Area (GGNRA), created in October 1972 as part of a movement to bring national park experiences closer to where most Americans live – in cities. The GGNRA places special focus on serving people who have historically not felt welcome or safe in national parks, including people of color, people from

low to middle income households, and people with disabilities. Specifically, the Presidio Trust has set a target that the racial and income demographics of park visitors should mirror that of the surrounding Bay Area.

To measure how we're doing, each year the Trust conducts extensive research to understand the volume and demographics of visitors, and to determine if they are enjoying their experience. In 2020 during the pandemic, the park experienced a marked decline in national and international visitors while remaining a critical outdoor space providing recreation and open space for local residents. Our research for calendar year 2021, the most recent year for which data is available, indicates that park visitation is now recovering from the COVID downturn; the Presidio welcomed 7.4 million visits in 2021 compared with 6.3 million the year prior. While the numbers are still below the 10.1 million visits the park hosted pre-pandemic in 2019, the trend is moving quickly in a positive direction.

The diversity of Presidio visitors continued to map closely to Bay Area demographics in terms of ethnicity and income, though we still have work to do to expand and sustain outreach to the Latinx and Asian communities and to people with disabilities.

In calendar year 2021 visitors reported having a positive experience in the park. Our research revealed that 7.4 out of every 10 Bay Area residents who visited the Presidio within the last three years are likely to recommend visiting the Presidio to friends and families. They are motivated by scenic views, experiences of nature, a respite from the stresses of city life, and access to recreation.

It's not only local visitors who love the park. In January 2022, the Presidio was one of only ten parks worldwide to win a Green Flag International People's Choice Award for 2021-2022. Green Flag is a non-profit international accreditation program that recognizes well managed parks and green spaces.

Ensuring Convenient, Affordable, and Safe Transportation Access

Visitor research indicates that distance and transportation are the top barriers preventing more people from coming to the Presidio. We've developed programs to make it easier for people to get to and around the park.

In Fiscal Year 2022, we celebrated twenty years since we launched the "Presidio Go" Shuttle, which offers free transit service for visitors, residents, and employees to the Presidio from downtown San Francisco and within the park. While shuttle use dropped significantly during COVID, this past year it rebounded as workers and visitors returned to the park, especially to visit the new Presidio Tunnel Tops. In Fiscal Year 2022, we provided approximately 150,000 rides.

We were also gratified that San Francisco's public transit agency increased service to the park, extending a bus line into the Presidio along the waterfront, and restoring service on a bus line that goes to the Presidio Transit Center.

Bikeshare is another way people can get to the Presidio. In Fiscal Year 2022, we installed four Bay Wheels bike stations in the Presidio, including two recently added at Presidio Tunnel Tops. Dockless electric bikes are also available for rent, making the park's hills easier to manage. In Fiscal Year 2022, the public took more than 45,000 bike share trips in the Presidio.

It's also critical that people have safe space to walk, run and bike in the park. In 2020 during COVID, we implemented the Presidio Slow Streets program. It slows or limits vehicle traffic on some roads. As pandemic conditions diminished, we observed that people were still using the Slow Streets. So we began a study to determine if and how to keep the Slow Street network.

In November and December 2021, we surveyed visitors and residents and initiated in-person conversations seeking feedback and suggestions for improvement. We received more than 1,000 comments. We then designed changes to pavement markings, signage, and traffic calming approaches, and sought feedback on those designs in March and April of 2022. We are now implementing the final Slow Streets program.

Regrowing our Volunteer Programs

Since becoming a national park site, the Presidio has benefitted from dedicated volunteers who revitalize the park's natural areas and welcome the public.

Fiscal Year 2022 marked the first full year of volunteer programming since COVID restrictions eased. As a result, our program numbers rebounded over the previous fiscal year by more than 300%. In Fiscal Year 2022, 3,752 volunteers provided more than 10,574 hours of service, equating to a contribution of \$316,713.

For our stewardship volunteers, this year marked the return of beloved, annual volunteer events like Presidio Planting Day and Presidio Earth Day. We welcomed back corporate and community volunteering, scheduling 59 groups. In late July, we rebooted our independent litter pick-up program, Presidio Trail Stewards; in just two months, volunteers picked up more than 400 gallons of litter. To support the opening of Presidio Tunnel Tops, we recruited and trained our first cohort of 42 volunteers as ambassadors to welcome and assist visitors.

Providing National Park Camping Experiences

The Presidio is home to one of only two campsites in San Francisco. Rob Hill Campground is located near the Presidio's highest point overlooking the Pacific Ocean. It's open for camping from April to October.

In Fiscal Year 2022, 8,130 people enjoyed an overnight camping experience just minutes from the busy city. In March, we moved campground reservations to recreation.gov, which is much more convenient for visitors. Since the transition, average occupancy of the campground has increased from 78% in 2021 to 86% in 2022. Crissy Field Center, the park's environmental youth education hub, also hosted groups at Rob Hill this season including Urban Trailblazers, Linking Individuals to their Natural Community, and Inspiring Young Emerging Leaders.

Offering Space for Picnicking

Our research indicates that picnicking is one of visitors' favorite park activities. The Presidio offers nearly a dozen formal picnic areas or public lawns that are popular picnic destination. While most are free and available to all on a first come, first served basis, in Fiscal Year 2022 we added reservable picnic tables at the new Presidio Tunnel Tops; it's known as Picnic Place.

Like the park's campground, Picnic Place tables can be rented using recreation.gov. We've hosted 2,400 people in the one month that reservations have been available, indicating that our visitors appreciate the opportunity to plan their visit in advance. Income we earn from reservations helps to fund operations at Presidio Tunnel Tops.

Showcasing the Presidio's History

In Fiscal Year 2022, we offered numerous ways for park visitors to connect with the Presidio's history. Since September 2021 when we re-opened the Presidio Officers' Club one day a week, 5,000 people have visited the history exhibitions supported by our wonderful volunteers. We've also hosted visitors at the archaeology dig site at El Presidio, where Presidio archaeologists are working on a long-term project to excavate the buried Spanish-colonial original fort site. In addition, National Park Service rangers began offering regular weekend history talks at Presidio Tunnel Tops around the campfire.

Chief Financial Officer Letter

The Presidio Trust remains committed to ensuring transparency and accountability to the public while achieving our mission. This report's performance and financial data are complete and accurate, providing a comprehensive representation of agency results.

I assumed the role of Chief Financial Officer in May 2022 and want to acknowledge my predecessor, Carla Carvalho-Degraff, who was with the Trust for over 21 years and led the Finance and Administrative functions for over 7 years. She helped build and lead an extraordinary team, and I am grateful for her time and dedication to building a strong, sustainable organization.

The Presidio Trust received an unmodified audit opinion. While the Trust is a small agency, we have complex operations and multiple systems to support the financial transactions. As we evolve, we continue to refine policies, procedures, and controls. We also continue to improve the required supplementary information through systematizing the asset data for deferred maintenance to ensure better and more accurate data.

The Trust ends Fiscal Year 2022 in a sound financial position and with confidence in our resilience as we close the year. While we are optimistic about the pandemic recovery, we also understand the uncertainty of new variants. Additionally, the strain of inflation and energy market shocks continues to impact the overall economy. Managing through this uncertainty continues to require a prudent financial plan.

We have a strong and stable real estate portfolio as evidenced by high occupancy rates of 95%+ and strong residential rate growth of 9% on new leases. Our two hotels have rebounded to pre-COVID occupancy levels of 90%+ and enjoy a guest satisfaction rating over 95%. In addition, our golf course delivered a record high number of rounds played. With the opening of the new Battery Bluff and Tunnel Tops parks, visitorship is expected to increase in Fiscal Year 2023 and beyond, driving additional demand for our residential and commercial real estate, and our hotel and golf businesses. Finances are stable, though overcoming our deferred maintenance challenge requires more work.

The Trust remains in need of capital to invest in the renewal, rehabilitation, and development of buildings, landscape, and infrastructure. While operating on revenues earned, the park continues to align budgetary resources with its strategic plan and to look for innovative ways to operate without access to the traditional sources of funding available to either the private sector or traditional government agencies.

Operating as a federal agency with business lines, the need for financial innovation has necessitated growth in our financial tools. Fiscal Year 2022 builds on the financial improvements of prior years.

In Fiscal Year 2021, we developed a reserve policy that was approved by the Board. This policy includes an operating reserve, asset renewal reserve, and a capital project reserve that were included in the Fiscal Year 2022 budget. The Trust was able to fully fund all the reserves through its 2022 net income, positioning us to help the Trust replace assets as they age. In addition, an operating reserve will help us survive the impacts of a serious economic downturn. We learned how important having unobligated funds was during the COVID down-turn.

The Trust received an additional \$40 million loan from the U.S. Treasury to rehabilitate Buildings 2, 40 and 102 for future commercial leases. Obtaining the loan required a creditworthiness review by an independent firm of both the projects and the Trust. These capital investments will result in ongoing revenue to support the park in the future.

In Fiscal Year 2022, the Accounting team continued to refine processes and build tools, optimizing for accuracy and efficiency of our monthly and year-end close. As these tools and processes are improved, the changes are documented to ensure their sustainability into the future. We've implemented G-invoicing, one of the first agencies to do so, and will be testing with the Veteran's Administration in October 2022. And we made great progress in our early implementation efforts related to the *Statement of Federal Financial Accounting Standards (SFFAS) 54 Lease Accounting*, putting us on track to comply by the effective date of the standard.


The Financial Planning & Analysis team launched a five-year financial model that enables us to evaluate the financial effect of different strategies; with this model, we were able to develop targets for the budget development process. And continued improvements in monthly reports allowed for better decision making by leadership. In addition, the team was key to securing the \$40 million Treasury loan by partnering with the Business Division to present information for the Treasury credit-worthiness assessment.

Improvements across both Accounting and Financial Planning & Analysis include the first year of accounting for our operating and renewal reserves and providing transparency into the funding and use of funding in a systematic and reportable manner.

We have more to do. In Fiscal Year 2023, we will fully implement G-invoicing as more partners come online, continue to improve and document our policies and procedures, and implement software to make the budgeting process easier. We will also work on implementing the new lease accounting standard (SFFAS 54).

The Trust maintains the unmodified audit opinion first achieved in 2012.

I, along with our CEO and senior leadership, remain committed to providing the Trust with the highest levels of financial management services and ensuring the efficiency and effectiveness of Trust programs and activities.

A handwritten signature in black ink, appearing to read "Catherine Langridge". The signature is fluid and cursive, with a large initial "C" and a long, sweeping tail on the "g".

Catherine Langridge
Chief Financial Officer
November 14, 2022



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

The Board of Directors
Presidio Trust:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Presidio Trust (the Trust), which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the *Performance and Accountability Report*. The other information comprises the Table of Contents, Agency Head Letter, Fiscal Year 2022 Performance, Chief Financial Officer Letter, and Other Information sections but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2022, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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.



We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements as of and for the year ended September 30, 2022 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 financial statements. 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* or OMB Bulletin No. 22-01.

Purpose of the Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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 compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 14, 2022

THE PRESIDIO TRUST
BALANCE SHEETS
As of September 30, 2022 and 2021

	2022	2021
ASSETS		
Intragovernmental		
Fund Balance with Treasury [Note 2]	\$ 10,222,018	\$ 28,451,072
Investments, Net [Note 3]	192,479,723	152,696,000
Accounts Receivable, Net [Note 4]	366,608	1,216,819
Total Intragovernmental	203,068,349	182,363,891
Other than intragovernmental		
Cash and Other Monetary Assets	130,285	45,064
Accounts Receivable, Net [Note 4]	18,246,515	22,957,704
General Property, Plant, and Equipment, Net [Note 5]	568,356,235	533,359,300
Advances and Prepayments [Note 18]	4,205,726	3,935,852
Other Assets		
Deferred Rent Receivable, Net	36,222,944	33,550,304
Other Deferred Real Estate Costs	894,285	197,166
Total Other than Intragovernmental	628,055,990	594,045,390
TOTAL ASSETS	\$ 831,124,339	\$ 776,409,282
Stewardship PP&E [Note 6]		
LIABILITIES		
Intragovernmental		
Accounts Payable		
Accounts Payable	\$ 5,747,578	\$ 6,656,289
Debt [Note 8]	98,492,459	61,729,736
Advances from Others and Deferred Revenue	3,069,762	8,397,615
Other Liabilities		
Other Employment Benefits Payable [Note 11]	694,141	575,042
Total Intragovernmental	108,003,940	77,358,682
Other than intragovernmental		
Accounts Payable	32,105,884	37,418,239
Federal Employee Benefits Payable:		
FECA Actuarial Liability [Note 7]	5,666,401	5,295,528
Environmental and Disposal Liabilities:		
Environmental Remediation Liability [Notes 7 and 9]	4,156,734	4,201,176
Non-Friable Asbestos Cleanup Liability [Notes 7 and 10]	57,824,806	54,773,829
Advances from Others and Deferred Revenue:		
Security Deposits	10,726,157	9,332,123
Rent Credit Liability [Note 7]	3,786,185	4,338,492
Prepaid Rents & Services	3,279,284	2,764,053
Unearned Revenue	130,421,045	133,125,967
Other Liabilities:		
Payroll Payable [Note 11]	2,629,564	2,403,163
Annual Leave Liability [Notes 7 and 11]	2,950,130	2,964,039
Contingent Liabilities [Notes 7, 11 and 13]	310,000	1,025,000
Other Liabilities [Note 11]	-	45,064
Total Other than Intragovernmental	253,856,190	257,686,673
TOTAL LIABILITIES	361,860,130	335,045,355
Commitments and Contingencies [Note 13]		
Net Position		
Cumulative Results of Operations - Funds from Dedicated Collections [Note 14]	469,264,209	441,363,927
Total Net Position	469,264,209	441,363,927
Total Liabilities and Net Position	\$ 831,124,339	\$ 776,409,282

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

THE PRESIDIO TRUST
STATEMENTS OF NET COST
For the Years Ended September 30, 2022 and 2021

	2022	2021
PROGRAM COSTS		
Operating Costs	\$ 160,497,031	\$ 147,512,651
Less: Earned Revenues	161,643,543	139,089,894
Net Program Costs (Surplus)	(1,146,512)	8,422,757
NET COST (SURPLUS) OF OPERATIONS	\$ (1,146,512)	\$ 8,422,757

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

THE PRESIDIO TRUST
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2022 and 2021

	2022 Funds from Dedicated Collections [Note 14]	2021 Funds from Dedicated Collections [Note 14]
Cumulative Results from Operations:		
Net Position, Beginning Balance	\$ 441,363,927	\$ 403,302,416
Non-Federal Non-Exchange Revenue:		
Donations and Forfeitures of Cash and Cash Equivalents [Note 19]	23,375,542	29,952,559
Donations - Non-Financial Sources	58,800	10,300,585
Total Non-Federal Non-Exchange Revenue	23,434,342	40,253,143
Financing Sources		
Expenditure Transfers-in of Financing Sources	1,028,819	3,992,307
Imputed Financing Sources - Funds from Dedicated Collections	2,290,609	2,238,818
Total Financing Sources	3,319,428	6,231,125
Net Cost (Surplus) of Operations	(1,146,512)	8,422,757
Net Change in Net Position	27,900,282	38,061,511
Net Position, Ending Balance	\$ 469,264,209	\$ 441,363,927

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

THE PRESIDIO TRUST
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2022 and 2021

	2022	2021
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary)	\$ 127,015,344	\$ 137,615,000
Borrowing Authority (Discretionary)	36,762,723	16,938,095
Spending Authority from Offsetting Collections (Discretionary)	181,321,017	134,669,668
Total Budgetary Resources	\$ 345,099,084	\$ 289,222,763
Status of Budgetary Resources:		
New Obligations [Note 16]	\$ 171,784,145	\$ 162,207,419
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	173,314,939	127,015,344
Unobligated Balance, End of Year (Total)	173,314,939	127,015,344
Total Budgetary Resources	\$ 345,099,084	\$ 289,222,763
Outlays, Net		
Outlays, Net (Total) (Discretionary)	15,208,055	(466,069)
Agency Outlays, Net (Discretionary)	\$ 15,208,055	\$ (466,069)

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

NOTE 1 - THE PRESIDIO TRUST AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Presidio Trust (the "Trust"), an executive agency, is a wholly owned government corporation established by Congress in 1996 through enactment of the Presidio Trust Act (P.L. 104-333). The Presidio Trust is a component unit of the United States Government.

The mission of the Presidio Trust is to steward and share the beauty, history, and wonder of the Presidio for everyone to enjoy forever.

The United States acquired the Presidio by virtue of the Treaty of Guadalupe Hidalgo between the United States and Mexico that ended the Mexican-American War of 1846-1848. From 1846 to 1994, the Presidio was used as a U.S. military installation. In 1994, the National Park Service (NPS) assumed full control of the Presidio until 1998 when the Trust assumed responsibility for approximately 1,104 acres of non-coastal areas of the Presidio.

The Trust is guided by the Presidio Trust Act to operate in accordance with the purposes set forth in the Golden Gate National Recreation Area Act and the general objectives of the General Management Plan Amendment, as well as to be governed by the Government Corporation Control Act, among other legal requirements. The Trust primarily finances operations through real estate rental income, hospitality income, utility revenue, and other reimbursable agreements.

ORGANIZATION AND STRUCTURE

The Trust is governed by a seven-member board of directors. Six members are appointed by the President of the United States. The seventh is the U.S. Secretary of the Interior or his/her designee. The head of agency for the Trust is the Chief Executive Officer who reports to the board and oversees a staff with expertise including operations and maintenance, landscape design, planning, resource management, real estate and hospitality business operations and development, environmental science, historic preservation, communications, law, and finance.

BASIS OF ACCOUNTING AND PRESENTATION

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of the Trust as required by the Trust Act.

These financial statements were prepared from the Trust's accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP), and the *Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements revised June 3, 2022*. GAAP for Federal entities are the standards designated by the Federal Accounting Standards Advisory Board (FASAB), the official standards setting body for the federal government. Federal accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. Accordingly, modifications may have been made to certain presentations and disclosures.

The majority of the Trust's funds are considered Dedicated Collections. Dedicated Collections are specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. In addition to the revenue the Trust has collected from its operations, the Trust has received loans appropriated by Congress in 2022 and 2021.

The Balance Sheets, Statements of Net Cost, and Statements of Changes in Net Position are presented on an accrual basis. The Statements of Budgetary Resources are on a budgetary basis. Under the accrual basis, expenses are recognized when resources are consumed, and revenues are recognized when earned, without regard to the payment or receipt of cash. Budgetary accounting recognizes the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is required for compliance with legal constraints and controls over the use of Federal funds.

FUND BALANCE WITH TREASURY AND CASH

The Trust maintains all cash accounts with the U.S. Department of the Treasury (the Treasury). All banking activities are conducted in accordance with the directives issued by the Treasury – Bureau of the Fiscal Service.

The Treasury processes cash disbursements and receipts on behalf of the Trust, and the Trust's accounting records are reconciled monthly with those of the Treasury. The majority of the Trust's fund balance with the Treasury is from Dedicated Collections with the exception of funds related to the loans (Note 8).

INVESTMENTS, NET

As required by Public Law 104-333, Trust investments in non-marketable, market-based U.S. Treasury securities are traded through and held in book entry form at the Treasury – Bureau of the Fiscal Service. Non-marketable, market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms.

ACCOUNTS RECEIVABLE, NET

Accounts Receivable consists of amounts owed to the Trust by individuals, organizations, and other federal agencies. Receivables generally arise from required rent payments, service district charges, utility bills, reimbursable contracts, and other miscellaneous services.

An allowance for loss on accounts receivable is used to record the estimated amount of uncollectable accounts receivable. Each fiscal year end, the Trust, with the help of its business partners, performs a comprehensive collectability assessment for all accounts receivable. The Trust recognizes a bad debt expense and establishes an allowance for receivables that are estimated to be partially or entirely uncollectable.

Material receivables are assessed at the individual level, regardless of delinquency. Immaterial receivables that are more than 90 days past due are assessed individually or in the aggregate, depending on nature. For example, immaterial accounts receivable that have been transferred from one of our business line portfolios back to the Trust in preparation for referral to Treasury for servicing are assessed individually, whereas immaterial utilities accounts receivable that are more than 90 days past due are assessed in the aggregate.

Intragovernmental receivables are assessed on an individual basis for collectability. Intragovernmental receivables tend to be highly collectable, despite occasionally remaining outstanding for longer periods that would cause collectability concerns for receivables with the public.

As a federal agency, the Trust has the full force of the United States government to facilitate collecting past due amounts, via an interagency agreement with the Debt Management Services (DMS) branch of the Treasury. If a receivable is deemed uncollectable after the Trust has exhausted appropriate internal collection actions, the Trust issues formal notice of its intent to refer the debt to DMS, and if still unresolved 120 days thereafter, the Trust submits the debt to DMS for servicing. The Trust records an allowance for the entire balance of all accounts receivable referred to DMS but does not write off such debts until they have been with DMS for two years, or DMS notifies the Trust that the debt is uncollectable.

GENERAL PROPERTY, PLANT, AND EQUIPMENT (PP&E), NET

General PP&E consists of buildings, improvements to buildings, structures and facilities, land improvements, equipment, vehicles, capital leases, and construction in progress.

The Trust capitalizes fixed assets that are valued in excess of \$25,000 and that have a useful life of two or more years. All assets are assigned a useful life between three to ninety years dependent upon the asset category. The Trust depreciates each asset using straight-line amortization over the assigned useful life of the property. For financial statement purposes, a pro-rated share of depreciation expense for the asset is recorded in the year of acquisition or project completion depending on the month the asset is placed into service.

Additionally, the Trust capitalizes expenditures for improvements to infrastructure and buildings based upon the following criteria:

- The asset must be acquired (purchased, constructed, donated or otherwise received) for use in operations and not for investment or sale;
- The asset must have a useful life of at least two years; and
- The asset must meet the threshold of \$25,000 for buildings, building improvements, leasehold improvements, land improvements or personal property.

Land that is not classified as stewardship land is general PP&E. In accordance with *Statement of Federal Financial Accounting Standards (SFFAS) Accounting for Property Plant and Equipment 6*, the Trust must record the value of general PP&E land at cost. The Trust has not purchased any land; the only amounts recorded within the land category are roadbeds, which are considered a non-depreciable asset.

CONSTRUCTION IN PROGRESS

Construction in Progress (CIP) is used for the accumulation of the cost of construction or major renovation of fixed assets during the construction period. The assets are transferred out of CIP and into the appropriate asset category when the project is substantially complete.

STEWARDSHIP, MULTI-USE HERITAGE & HERITAGE ASSETS

Stewardship Assets consist of the public domain land of the Presidio. Heritage assets exist throughout the Presidio and consist of such items as historic buildings, monuments, and historic sites.

Stewardship, multi-use heritage, and heritage assets have been entrusted to the Trust to maintain in perpetuity for the benefit of current and future generations, and as such are considered priceless and irreplaceable. Except for multi-use heritage assets, no value is assigned to these assets. The General PP&E balance on the balance sheet excludes these

assets. See Required Supplementary Information for deferred maintenance and repairs related to stewardship and heritage assets.

ADVANCES AND PREPAYMENTS

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment, and they are recognized as expenses when the related goods and services are received.

OTHER ASSETS

Rental revenue is recognized using the straight-line method over the term of the lease. Any amounts deferred that are not payable by the lessee until future years are included in deferred rent receivable. Broker commissions and other direct costs associated with leasing revenue are placed into a deferred asset account and amortized over the term of the lease.

LIABILITIES

Liabilities represent the monies or other resources that are likely to be paid by the Trust as the result of a transaction or an event that has already occurred. No liability can be paid by the Trust absent spending authority (authority to spend revenues as granted by the Trust Act) or an appropriation granted by the Congress and OMB. Future liabilities for which current year spending authority will not be used are disclosed as liabilities not covered by budgetary resources or unfunded liabilities.

In addition, if other resources or advances that would allow for future spending authority to be designated for the liability are not available, the liability will be disclosed as not covered by budgetary resources or unfunded. The liquidation of liabilities not covered by budgetary or other resources is dependent on funding. The Trust estimates accounts payable based on a current assessment of services and goods received for which we have not yet paid.

Environmental Remediation Liabilities

The Army closed its base at the Presidio in September 1994 and transferred administrative jurisdiction of the Presidio to the NPS through the Department of the Interior (DOI) for incorporation into the Golden Gate National Recreation Area. Executive Order 12580 delegated the responsibility to conduct the environmental cleanup of the Presidio to the Army.

Under an interagency agreement with the DOI, the Army retained this responsibility as one of the terms of the jurisdictional transfer and initiated certain actions to address environmental conditions at the Presidio. When Congress created the Trust in 1996, it separated the administrative jurisdiction of the Presidio into two areas: Area A, over which the Department of Interior retained authority, and Area B, which was transferred to the Trust in July 1998.

The Army provided \$99 million to the Trust for the environmental cleanup of known contaminated sites in exchange for the Trust's assumption of such responsibilities. All the Army funds have been spent and any remaining liability for known sites is unfunded.

The Trust has a Pollution Legal Liability policy (PLL) that provides coverage for pre-existing pollution conditions discovered during the policy period, coverage for conditions that reopen at closed enumerated sites, and coverage for new pollution conditions caused by the Trust. The policy includes coverage of business interruption expenses. The self-insured retention under this policy is \$100,000 with a waiting period of three days for the business interruption.

Non-friable Asbestos Cleanup Liability

FASAB Technical Bulletin 2006-1, Recognition and Measurement of Asbestos Cleanup Costs requires that federal entities recognize a liability for remediating friable and non-friable asbestos that are probable and reasonably estimable. Cost estimates are calculated in current year dollars as prescribed by the accounting standards.

Almost all the asbestos in the Presidio accounted for in this liability is non-friable, meaning the material that contains the asbestos fibers is bonded by cement, vinyl, resin or other similar material and cannot be crumbled, pulverized, or reduced to powder by hand pressure.

Contingent Liabilities

Contingent Liabilities are liabilities where the existence or the amount of the liability cannot be determined with certainty pending the outcome of future events. The Trust recognizes contingent liabilities when the liability is probable and reasonably estimable. The Trust discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met and when the outcome of the future events is more than remote.

Other Liabilities

Other liabilities on the Trust's balance sheet arise largely from Trust payroll, normal leasing transactions, and monies received for projects throughout the park. Liabilities such as security deposits and rent credits are directly related to leases with both commercial and residential

tenants. Such monies generally would be refundable to the tenants and are therefore shown as a liability.

Unearned revenues are largely related to monies and assets received for projects, which are recognized over the life of the related completed assets or held for projects not yet completed.

REVENUES AND FINANCING SOURCES

The Trust Act allows the Trust to retain the funds it earns to be spent in or on the Presidio; those funds are considered spending authority. The Trust provides services to the public and other government entities which are priced at market value. In the earlier years of the Trust, Congress provided an appropriation from the general receipts of the Treasury.

The Trust last received appropriated funds in Fiscal Year 2012. The spending authority presented in the Statements of Budgetary Resources correlates to the revenue the Trust earns. Also included is the net increase in unfilled customer orders which are agreements and grants under which the Trust receives current funding or a commitment for future funding for park projects.

Exchange and Non-Exchange Revenue

All receipts and revenues of the Trust are classified as either exchange or non-exchange revenue. Exchange revenues are from Trust operations; these are transactions in which both the Trust and the other party receive value, such as rent, service district charges, payments for utilities, permit fees, lodging payments, and reimbursement for services performed for other federal agencies and the public. These are presented on the Trust's Statements of Net Cost as earned revenues.

In Fiscal Year 2021, the Trust recorded more expenses than earned revenue (or incurred a net loss). In Fiscal Year 2022, the Trust earned more revenue than recognized expenses, resulting in negative net cost (or net income).

The Trust retains all receipts and revenues to fund Trust operations. The Trust deposits all funds received in the Treasury General Account. These funds are designated for Trust use through the Treasury's accounting process. The Trust sets prices for goods and services at market value or at or above the Trust's cost.

Non-exchange revenues are transactions where the Trust does not provide a good or service in exchange for the revenue or asset. These are primarily donations from non-federal partners.

Non-exchange revenues do not fund the cost of operations and are reported on the Statements of Changes in Net Position. In Fiscal Year 2021, the Trust received assets from a lessor in conjunction with the termination of a lease and the Trust received a donation of services from a consultant. Both transactions were deemed donations of non-cash assets and are presented in the Statement of Changes in Net Position. In Fiscal Year 2022 there were minimal donations of non-cash assets.

Financing Sources

SFFAS 55, Amending Inter-entity Cost Provisions, provides guidance for the accounting treatment of imputed costs. The only imputed financing source the Trust is required to record is with the Office of Personnel Management (OPM) because the Trust participates in the federal retirement program. By law, the OPM pays certain portions of the costs of the Trust's retirement programs. The Trust recognizes this cost as an operating expense, and recognizes an imputed financing source, on the Statements of Changes in Net Position.

Other Non-Budgetary Financing Sources

Other Non-Budgetary Financing Sources are grants received by the Trust from the Federal Highway Administration (FHWA) and other federal partners for projects related to Trust-owned assets, which are recorded as "expenditure transfers-in of financing sources" on the Statement of Changes in Net Position.

PERSONNEL COMPENSATION AND BENEFITS

Annual and Sick Leave Program

Annual leave is accrued as it is earned by employees and expensed when employees use it or when they cash out their annual leave (allowed twice a year). An unfunded liability is recognized for accrued annual leave since employees have the right to be paid for any used annual leave when they leave Trust employment. The liability amount is based upon the current pay rates of the employees.

Sick leave is accrued as it is earned by employees and expensed when employees use it. However, no liability is recognized because employees have no right to be paid for unused sick leave.

Federal Employees Workers' Compensation Act (FECA) Program

FECA provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to work-related injuries or

occupational diseases. The FECA program is administered by the Department of Labor which pays valid claims and subsequently is reimbursed from the Trust for these claims.

Federal Employees Group Life Insurance (FEGLI) Program

Most Trust employees are entitled to participate in the FEGLI program. Participating employees can obtain “basic life” term insurance. Additional coverage is optional and must be paid fully by the employee.

The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government’s service costs for the post retirement portion of the basic life coverage.

The Trust’s contributions are fully allocated by OPM to the pre-retirement portion of coverage, so the Trust recognizes the entire cost of the post retirement portion of basic life coverage as an imputed cost and an imputed financing source as required by *SFFAS 55, Amending Inter-Entity Cost Provision*.

Retirement Plans

The Trust participates in the federal retirement systems for federal employees. There are two primary retirement systems for federal employees. Employees hired prior to January 1, 1984, may participate in the Civil Service Retirement System (CSRS); employees hired after that date are eligible to participate in the Federal Employee Retirement System (FERS).

Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. The Trust has no employees covered by CSRS. The Trust contributes a maximum of 17.3% of salary for employees hired after 1984 and a maximum of 15.5% for employees hired after 2013.

A primary feature of FERS is that it offers a savings plan to which the Trust contributes one percent of employees’ pay. In addition, the Trust matches any employee contribution up to five percent of pay, dollar-for-dollar on the first three percent and fifty cents per dollar thereafter. The Trust also contributes the employer’s share of Social Security.

The Trust does not report FERS assets, accumulated plan benefits, or unfunded liabilities applicable to its employees; OPM reports those amounts. The Trust reports the difference between its contributions for federal employee retirement benefits and the estimated

actuarial costs as computed by the OPM as a program expense and an imputed financing source.

FEDERAL GOVERNMENT TRANSACTIONS

The financial statements of the Trust do not include the costs of activities performed by federal agencies for the benefit of the entire government. For example, as a federal agency, the Trust receives public debt and cash management services from the Treasury, and the management of employee retirement, life insurance, and health benefits from OPM.

INCOME TAXES

As an agency of the federal government, the Trust is exempt from all income taxes imposed by any governing body, whether it is a Federal, State, commonwealth, local, or foreign government.

ESTIMATES

Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the value of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period.

Significant estimates in the financial statements include the Trust's environmental liabilities, non-friable asbestos remediation liabilities, allowances for doubtful accounts, the historical cost of assets acquired from the National Park Service, the fair market value of assets acquired in conjunction with the Doyle Drive project, the value for assets received in conjunction with the termination of a lease, and the useful lives of general PP&E. Actual results may differ from those estimates.

RECLASSIFICATION

The format of the Fiscal Year 2021 Budget to Accrual Reconciliation (BAR) has been modified to conform with the Fiscal Year 2022 presentation.

NOTE 2 - FUND BALANCE WITH TREASURY

The Trust's Fund Balance with the Treasury, which consists entirely of enterprise funds, was \$10,222,018 and \$28,451,072 as of September 30, 2022 and 2021, respectively. The status of the Fund Balance with Treasury for the associated periods is as follows:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Fund Balance with Treasury and Overnight Investments	\$ 169,457,741	\$ 147,903,072
Less: Invested Unpaid Obligated Balance	(86,413,782)	(111,971,521)
Less: Invested Unobligated Balance	(72,821,941)	(7,480,479)
TOTAL FUND BALANCE	\$ 10,222,018	\$ 28,451,072

NOTE 3 - INVESTMENTS

Investments as of September 30, 2022 - Intragovernmental Securities

CLASSIFICATION	CUSIP #	MATURITY DATE	INTEREST RATE	COST / PAR VALUE	UNAMORTIZED DISCOUNT	NET VALUE
Non-marketable / Market Based	9128-34D07	09/30/29	6.122%	\$ 30,266,000	\$ -	\$ 30,266,000
Non-marketable / Market Based	9128-34D06	09/30/29	5.515%	2,978,000	-	2,978,000
Non-marketable / Market Based	One-Day	10/01/22	2.680%	159,235,723	-	159,235,723
Total Intragovernmental Securities				192,235,723	-	192,479,723
Interest Receivable				-	-	-
TOTAL INVESTMENTS				\$ 192,479,723	\$ -	\$ 192,479,723

Investments as of September 30, 2021 - Intragovernmental Securities

CLASSIFICATION	CUSIP #	MATURITY DATE	INTEREST RATE	COST / PAR VALUE	UNAMORTIZED DISCOUNT	NET VALUE
Non-marketable / Market Based	9128-34D07	09/30/29	6.122%	\$ 30,266,000	\$ -	\$ 30,266,000
Non-marketable / Market Based	9128-34D06	09/30/29	5.515%	2,978,000	-	2,978,000
Non-marketable / Market Based	One-Day	10/01/21	0.050%	119,452,000	-	119,452,000
Total Intragovernmental Securities				152,696,000	-	152,696,000
Interest Receivable				-	-	-
TOTAL INVESTMENTS				\$ 152,696,000	\$ -	\$ 152,696,000

During Fiscal Years 2022 and 2021, respectively, the Trust earned interest in the amount of \$3,024,367 and \$2,017,121 on funds invested with the Treasury.

The two investments listed above with a September 30, 2029 maturity date are investments of the loans the Trust received from the Treasury in 2000 and 2001 (see Note 8). The Trust invested the funds from the loans with the agreement that the Trust's borrowing costs and the Trust's investment returns will be equal (and thus net to zero) until the Trust needs the cash.

The Treasury does not segregate the Trust's funds from other funds held by the Treasury. Instead, the Treasury issues Treasury securities to the Trust as evidence of the receipt of funds on behalf of the Trust. These Treasury securities are an asset to the Trust and a liability to the U.S. Treasury. Because the Trust and the U.S. Treasury are both parts of the federal

government, these assets and liabilities offset each other from the standpoint of the federal government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Trust with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the Trust requires redemption of these securities to make expenditures, the federal government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the federal government finances all other expenditures.

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2022 are comprised of the following:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Gross Accounts Receivable	\$ 366,608	\$ 19,263,570	\$ 19,630,178
Accrued Interest Receivable	–	27,786	27,786
Less: Allowance for Uncollectible Accounts	–	(1,044,841)	(1,044,841)
TOTAL ACCOUNTS RECEIVABLE, NET	\$ 366,608	\$ 18,246,515	\$ 18,613,123

Accounts receivable as of September 30, 2021 are comprised of the following:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Gross Accounts Receivable	\$ 1,216,819	\$ 24,300,818	\$ 25,517,637
Accrued Interest Receivable	–	21,043	21,043
Less: Allowance for Uncollectible Accounts	–	(1,364,157)	(1,364,157)
TOTAL ACCOUNTS RECEIVABLE, NET	\$ 1,216,819	\$ 22,957,704	\$ 24,174,523

NOTE 5 - GENERAL PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PP&E) as of September 30, 2022 consists of the following:

	COST	ACCUMULATED DEPRECIATION	NET BALANCE
Land and Land Rights	\$ 3,701,000	\$ –	\$ 3,701,000
Improvements to Land	167,158,297	64,277,524	102,880,773
Construction-in-Progress	19,020,079	–	19,020,079
Buildings, Improvements, Renovations & Rehabilitations	511,033,619	180,340,083	330,693,536
Other PP&E, including furnishings, equipment, and software	211,273,662	99,212,815	112,060,847
TOTAL GENERAL PP&E	\$ 912,186,657	\$ 343,830,422	\$ 568,356,235

	BALANCE, BEGINNING OF YEAR	CAPITALIZED ACQUISITIONS	DISPOSITIONS	DEPRECIATION EXPENSE	DONATIONS	BALANCE, END OF YEAR
Land and Land Rights	\$ 3,701,000	\$ –	\$ –	\$ –	\$ –	\$ 3,701,000
Improvements to Land	34,592,722	75,558,121	(42,052)	(7,228,018)	–	102,880,773
Construction-in-Progress	118,313,768	(99,293,689)	–	–	–	19,020,079
Buildings, Improvements, Renovations & Rehabilitations	310,906,362	35,732,554	(112,944)	(15,832,436)	–	330,693,536
Other PP&E, including furnishings, equipment, and software	65,845,448	54,820,914	–	(8,605,515)	–	112,060,847
TOTAL GENERAL PP&E	\$ 533,359,300	\$ 66,817,900	\$ (154,996)	\$ (31,665,969)	\$ –	\$ 568,356,235

PP&E as of September 30, 2021 consists of the following:

	COST	ACCUMULATED DEPRECIATION	NET BALANCE
Land and Land Rights	\$ 3,701,000	\$ –	\$ 3,701,000
Improvements to Land	92,042,146	57,449,424	34,592,722
Construction-in-Progress	118,313,768	–	118,313,768
Buildings, Improvements, Renovations & Rehabilitations	475,906,546	165,000,184	310,906,362
Other PP&E, including furnishings, equipment, and software	156,917,709	91,072,261	65,845,448
TOTAL GENERAL PP&E	\$ 846,881,169	\$ 313,521,869	\$ 533,359,300

	BALANCE, BEGINNING OF YEAR	CAPITALIZED ACQUISITIONS	DISPOSITIONS	DEPRECIATION EXPENSE	DONATIONS	BALANCE, END OF YEAR
Land and Land Rights	\$ 3,701,000	\$ –	\$ –	\$ –	\$ –	\$ 3,701,000
Improvements to Land	31,010,619	9,078,317	–	(5,496,214)	–	34,592,722
Construction-in-Progress	74,937,734	43,376,034	–	–	–	118,313,767
Buildings, Improvements, Renovations & Rehabilitations	311,579,196	6,374,182	(948,756)	(15,133,670)	9,035,410	310,906,363
Other PP&E, including furnishings, equipment, and software	55,978,792	17,621,863	(12,957)	(7,791,883)	49,633	65,845,448
TOTAL GENERAL PP&E	\$ 477,207,342	\$ 76,450,395	\$ (961,713)	\$ (28,421,767)	\$ 9,085,043	\$ 533,359,300

Land and land rights consist of the cost of roadbeds and are expected to last forever if proper maintenance is done on the road surface. Buildings, improvements and related renovations and rehabilitations are assigned useful lives of 40 years or less. Tenant improvements are amortized over the life of the tenant's lease. Other PP&E and land improvements are depreciated over their estimated useful lives ranging from three to ninety years.

NOTE 6 - STEWARDSHIP PROPERTY, PLANT & EQUIPMENT

The Trust’s mission is to steward and share the beauty, history, and wonder of the Presidio for everyone to enjoy forever.

The Presidio is a site with deep historical value. As such the Trust has an archeological collection related to the history of the park, as well as historic buildings which are either characterized as heritage or multi-use heritage assets. The Trust’s stewardship policies are outlined in several key documents including the Presidio Trust Management Plan and the Vegetation Management Plan (VMP).

A building can only be added to the heritage category if it is deemed that the building will not ever be occupied. Multi-use heritage assets, while historical in nature, are historic buildings that are leased to tenants. During Fiscal Year 2022, there were no changes to the number of heritage and multi-use heritage buildings.

The Presidio also has remarkable natural and cultural resources. Stewardship assets are the Presidio’s natural resources consisting of historic forest, of natural areas that have been restored by the Trust, and the Trust’s collection of artwork. The Presidio is home to North America’s largest collection of works by the artist Andy Goldsworthy, as four of his art installations are in the park.

As part of the Trust’s stewardship of the land, each year we harvest and replant trees in the park to maintain the forest. The Trust resumed its reforestation program in Fiscal Year 2022, after a hiatus in Fiscal Year 2021. The Trust harvested 2.8 acres of forest in Fiscal Year 2022. Replanting will begin in Fiscal Year 2023.

Additions/Withdrawals of Heritage, Multi-Use Heritage & Stewardship Assets in Fiscal Year 2022:

	FY22 BEGINNING BALANCE	ADDITIONS	WITHDRAWALS	FY22 ENDING BALANCE
Number of Buildings:				
Heritage	13.00	–	–	13.00
Multi-Use Heritage	411.00	–	–	411.00
TOTAL BUILDINGS	424.00	–	–	424.00
Number of Acres:				
Land Stewardship	870.28	169.12	–	1,039.40
TOTAL ACRES	870.28	169.12	–	1,039.40

Additions/Withdrawals of Heritage, Multi-Use Heritage & Stewardship Assets in Fiscal Year 2021:

	FY21 BEGINNING BALANCE	ADDITIONS	WITHDRAWALS	FY21 ENDING BALANCE
Number of Buildings:				
Heritage	9.00	4.00	–	13.00
Multi-Use Heritage	411.00	–	–	411.00
TOTAL BUILDINGS	420.00	4.00	–	424.00
Number of Acres:				
Land Stewardship	868.86	1.86	(0.44)	870.28
TOTAL ACRES	868.86	1.86	(0.44)	870.28

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

NOTE 7 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources are liabilities that will be funded in future years. Liabilities covered by budgetary resources are covered by funds already earned by the Trust.

As of September 30, 2022 and 2021, liabilities not covered by budgetary resources consist of the following:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Federal Employee Benefits Payable	\$ 5,666,401	\$ 5,295,528
Environmental and Disposal Liabilities (Notes 9 and 10)	61,981,541	58,975,005
Rent Credit Liability	3,786,185	4,338,492
Annual Leave and Contingent Liabilities	3,260,130	3,989,039
Liabilities Not Covered by Budgetary Resources	74,694,257	72,598,064
Liabilities Covered by Budgetary Resources	159,087,138	131,157,181
Liabilities Not Requiring Budgetary Resources	128,078,735	131,290,110
TOTAL	\$ 361,860,130	\$ 335,045,355

Liabilities not covered by budgetary resources require future spending authority (authority to spend revenues as granted by the Trust Act) or congressional action, whereas liabilities covered by budgetary resources are covered by spending authority already earned by the Trust. Liabilities not requiring budgetary resources are liabilities that have not required budgetary resources in the past and that will not require the use of existing or future budgetary

resources. Unearned revenues for various park projects, where funds would not be returned should the project not be completed, are Trust liabilities not requiring budgetary resources. The Trust has no intragovernmental liabilities that are not covered by budgetary resources.

NOTE 8 - DEBT

The Trust owes the following debt to Treasury as of September 30, 2022 and 2021:

	MATURITY DATE	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Note C (dated 09/28/00)	09/30/29	\$ 11,378,667	\$ 12,675,015
Note C (dated 09/29/00)	09/30/29	11,378,667	12,675,015
Note C (dated 09/29/01)	09/30/29	5,735,125	6,379,706
MOU (Amended 09/26/22)	09/30/52	70,000,000	30,000,000
TOTAL PRINCIPAL		\$ 98,492,459	\$ 61,729,736

SOURCE OF DEBT	FY21 BEGINNING BALANCE	FY21 NET BORROWING	FY21 ENDING BALANCE	FY22 NET BORROWING	FY22 ENDING BALANCE
Debt Owed to Treasury Other than to Federal Financing Bank (FFB)	\$ 44,791,641	\$ 16,938,095	\$ 61,729,736	\$ 36,762,723	\$ 98,492,459
TOTAL DEBT	\$ 44,791,641	\$ 16,938,095	\$ 61,729,736	\$ 36,762,723	\$ 98,492,459

The Presidio Trust Act granted the Trust the authority to borrow from the U.S. Treasury. The aggregate amount of outstanding obligations at any one time is limited to \$150 million. Congressional action is required to authorize the Treasury to grant a loan to the Trust. In 1999, the Trust and the Secretary of the Treasury established a written borrowing agreement to advance funds for capital improvement projects. The Trust signed a promissory note to the Treasury for the loan, including penalties for any late payments. The Trust was granted \$49,978,000 in borrowing authority. The Trust has made every required payment on the promissory note on time. The Trust was granted additional borrowing authority and advanced cash in the amounts of \$40,000,000, \$20,000,000, and \$10,000,000 in Fiscal Years 2022, 2021, and 2020 respectively. In Fiscal Year 2022, the Trust signed an updated Memorandum of Understanding (MOU) with the Treasury to reflect the entire \$70,000,000 loan.

A preliminary financial review performed by an independent financial advisor in Fiscal Year 2021 confirmed the creditworthiness of the East Mason Warehouse rehabilitation project to be funded by the \$30 million Fiscal Years 2020 and 2021 loans. To utilize the loans, the independent financial advisor must provide an updated, final report for Treasury review prior to the project going into construction. The final report was completed in Fiscal Year 2022. A preliminary financial review was underway at the end of Fiscal Year 2022 for the \$40 million loan for Buildings 102, 2, and 40 rehabilitations.

The Trust has issued the following promissory notes to the Treasury:

Note C (dated 9/28/00)

The current principal amount was \$11,378,667 as of September 30, 2022. The amount was used for capital improvement projects in, on, or in support of any Trust assets. The note includes a pledge by the Trust to the Treasury of all rents, revenues, income, and proceeds arising out of the Trust's administration, operation, and leasing of the Baker Beach Apartments, Building 220 and Building 36 if the note is not repaid by the Trust. The note carries an interest rate of 6.122% and requires principal payments starting in 2015 and ending on September 30, 2029.

Principal repayments of \$1,296,348 and \$1,226,905 were made as of September 30, 2022 and 2021, respectively.

Note C (dated 9/29/00)

The current principal amount was \$11,378,667 as of September 30, 2022. The loan was used for capital improvement projects at the Baker Beach Apartments, Building 220 and Building 36. The note includes a pledge by the Trust to the Treasury of all rents, revenues, income, and proceeds arising out of the Trust's administration, operation, and leasing of the Baker Beach Apartments, Building 220 and Building 36 if the note is not repaid by the Trust. The note carries an interest rate of 6.122% and requires principal payments starting in 2015 and ending on September 30, 2029.

Principal repayments of \$1,296,348 and \$1,226,905 were made as of September 30, 2022 and 2021, respectively.

Note C (dated 9/29/01)

The current principal amount was \$5,735,125 as of September 30, 2022. The loan was used for capital improvement projects in, on, or in support of any Trust assets. The note includes a pledge by the Trust to the Treasury of all rents, revenues, income, and proceeds arising out of the Trust's administration, operation, and leasing of the Baker Beach Apartments, Building 220 and Building 36 if the note is not repaid by the Trust. The note carries an interest rate of 5.515% and requires principal payments starting in 2015 and ending on September 30, 2029. Principal repayments of \$644,581 and \$608,095 were made as of September 30, 2022 and 2021, respectively.

Additional yearly principal payments for the three notes are scheduled as follows: \$3,422,699 in Fiscal Year 2023, \$3,618,747 in Fiscal Year 2024, \$3,826,030 in Fiscal Year 2025, \$4,045,194 in Fiscal Year 2026, and the remainder in years thereafter.

MOU (dated 09/16/2022)

The current principal amount was \$70,000,000 as of September 30, 2022. The loan will be used for the rehabilitation of seven buildings collectively called “the East Mason Warehouses”, and for the rehabilitation of Buildings 102, 40, and 2 for commercial use. The note carries an interest rate of 1.146% for the \$10,000,000 advance issued in Fiscal Year 2020, an interest rate of 1.194% for the \$20,000,000 advance issued in Fiscal Year 2021, and an interest rate of 3.762% for the \$40,000,000 advance issued in Fiscal Year 2022. Interest is paid semi-annually in March and September for the term of the loan.

Principal repayments start in Fiscal Year 2025 for the \$30 million East Mason Warehouse loans and in Fiscal Year 2027 for the \$40 million Building 102, 40, and 2 rehabilitations.

Interest Expense Related to Borrowing

The Trust incurred \$2,418,661 and \$2,202,128 of interest expense for the Fiscal Years ended September 30, 2022 and 2021, respectively, which was included in program costs reported on the Statements of Net Cost.

NOTE 9 - ENVIRONMENTAL AND DISPOSAL LIABILITIES – ENVIRONMENTAL REMEDIATION

Agency Responsibilities for Environmental Cleanup

As discussed in Note 1, Significant Accounting Policies, the Trust assumed responsibility for the environmental cleanup of “known” or enumerated sites at the Presidio. All enumerated sites have been remediated to the applicable standards protective of human health and the environment in accordance with future reuse plans for the Presidio. All enumerated sites were either closed by applicable regulatory bodies with no further action required or are governed by land use controls with regulatory oversight as appropriate. Costs for enumerated sites were funded through a combination of an advance from the Army, Trust funding, and reimbursement from insurance policies.

The Army retains sole responsibility to fund and/or to perform all environmental remediation of unknown contaminated sites as well as for the cleanup of radioactive materials, chemical and biological warfare agents, and any unexploded ordnance discovered in the Presidio. The liability remaining on the Trust’s balance sheet is related to land use controls and associated operations and maintenance required by state regulatory agencies for closed enumerated sites.

Operations and maintenance are estimated to extend from the point of discovery and identification for the period required by the regulatory land use controls or a minimum of thirty years.

The liability related to environmental remediation operations and maintenance is an ongoing and thus unfunded liability and is \$4,156,734 and \$4,201,176 as of September 30, 2022 and 2021, respectively. This represents the total estimated cost at completion less the expected Army and insurance reimbursements based on claims the Trust has filed. The actual cost at completion may vary from the estimated cost.

Annually, management updates the total estimated cost at completion and will periodically enlist third-party expertise to assist management in formulating detailed projections based on a thorough review of the remediation program.

The change in liability over the last two fiscal years was as follows:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Beginning Balance	\$ 4,201,176	\$ 4,031,173
Cost applied	(589,498)	(426,063)
Change in estimate to complete	545,056	596,066
TOTAL	\$ 4,156,734	\$ 4,201,176

NOTE 10 - ENVIRONMENTAL AND DISPOSAL LIABILITIES - NON-FRIABLE ASBESTOS CLEANUP

The Trust's financial statements reflect an asbestos cleanup cost estimate of \$57,824,806 and \$54,773,829 as of September 30, 2022 and 2021, respectively. This liability was first recorded in 2013 as required by *Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs*.

The liability will be adjusted annually to reflect the cleanup of asbestos during the year and revised estimated liability amounts based on updated costs.

Almost all the liability reflects non-friable asbestos, which is material that contains asbestos fibers that are bonded by cement, vinyl, resin or other similar material and cannot be crumbled, pulverized, or reduced to powder by hand pressure. As such, the Trust anticipates the removal of this asbestos will occur over time as facilities are renovated.

The Trust incurred clean-up costs associated with non-friable asbestos of \$678,831 and \$856,750 in Fiscal Years 2022 and 2021, respectively.

NOTE 11 - OTHER LIABILITIES

Other liabilities as of September 30, 2022 and 2021, respectively are comprised of the following:

	2022 NONCURRENT	2022 CURRENT	2021 NONCURRENT	2021 CURRENT
Intragovernmental Other Liabilities:				
Other Employment Benefits Payable	\$ -	\$ 694,141	\$ -	\$ 575,042
Total Intragovernmental Other Liabilities	-	694,141	-	575,042
Other than Intragovernmental other Liabilities				
Payroll Payable	-	2,629,564	-	2,403,163
Annual Leave Liability	-	2,950,130	-	2,964,039
Contingent Liabilities	-	310,000	500,000	525,000
Other Liabilities	-	-	-	45,064
Total Other than Intragovernmental Other Liabilities	-	5,889,694	500,000	5,937,266
TOTAL OTHER LIABILITIES	\$ -	\$ 6,583,835	\$ 500,000	\$ 6,512,308

Other Liabilities includes \$2,950,130 and \$2,964,039 in unfunded accrued annual leave at September 30, 2022 and 2021, respectively.

NOTE 12 - LEASES

Typically, operating leases are used for equipment. The Trust currently leases multiple copiers, which are under agreements that do not have a definitive lease period that exceed one year. The Trust also leases government vehicles from General Services Administration (GSA), and golf carts from a private vendor. All leases go through a thorough review to determine if they are operating leases or capital leases.

Trust as Lessor - Description of Lease Arrangements

The Trust's commercial buildings are leased for terms from one month up to 67 years. The Trust expects that these leases will be renewed or replaced by other leases in the normal course of business. In addition, fourteen leases are operated under contingent rental agreements wherein the monthly rental payment is either a percent of the lessees' monthly revenue or base rent plus additional rent based upon a percent of the lessees' monthly revenue.

The Trust provides housing at no or reduced cost to Trust employees who are required to live in the Presidio to be available to respond to emergencies. The Trust provides commercial space at no cost or at a reduced rate to the National Park Service and to the Golden Gate

National Park Conservancy. The Trust provides housing at a discounted rate to a limited number of U.S. Park Police officers and to a limited number of Presidio-based employees with household incomes at or below the Bay Area Median Income.

Minimum future lease payments to be received under non-cancelable operating leases are as follows:

FISCAL YEAR	FEDERAL	NON-FEDERAL	TOTAL
2023	\$ 44,250	\$ 35,371,852	\$ 35,416,102
2024	44,250	33,067,703	33,111,953
2025	44,250	27,499,336	27,543,586
2026	44,250	23,748,905	23,793,155
2027	44,563	21,690,203	21,730,766
Thereafter	–	447,473,782	447,473,782
TOTAL	\$ 217,563	\$ 588,851,781	\$ 589,069,344

NOTE 13 - COMMITMENTS AND CONTINGENCIES

From time to time, the Trust is involved in legal matters, including contract, tort and employment-related claims. As of September 30, 2022 and 2021, the Trust has contingent liabilities of \$310,000 and \$1,025,000, respectively.

NOTE 14 - FUNDS FROM DEDICATED COLLECTIONS

All of the funds earned by the Trust are considered funds from dedicated collection. The Trust is financed by specifically identified revenues and is required by statute to use the revenues it earns for the park.

NOTE 15 - EXCHANGE REVENUES

The Presidio Trust earns most of its revenue by leasing buildings. The real estate portfolio consists of approximately 5.6 million square feet of space and includes approximately 220 commercial tenants, and over 2,900 residents in the residential units. Approximately 725,000 square feet is vacant and in need of rehabilitation. Another 440,000 square feet of buildings are occupied by the Trust itself, the NPS and/or the U.S. Park Police. These spaces do not generate revenue for the Trust.

The Trust generally leases commercial real estate at fair market value. The fair market value is the amount which, in a competitive market, a well-informed and willing lessee would pay and which a well-informed and willing lessor would accept for the use of the premises. Tenants are

selected through a competitive process. This competitive process establishes a fair market value for the space. All commercial leasing is managed by Trust staff.

Market rate housing is available to qualifying applicants, with full-time Presidio-based employees having first preference before the general public. Residential rents are set at market rate upon vacancy of a unit. The market rate is established based on such factors as recent rental trends, potential lease term, location, and unit amenities. The Trust relies on the expertise of its third-party residential property manager, John Stewart Company, to lease residential units and to establish market rates.

In addition, the Trust operates a golf course and two hotels. Each is managed by a third-party management firm that specializes in that industry. The Trust relies on the expertise of the third-party managers to set the prices and manage the operations of these businesses.

NOTE 16 - APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS. REIMBURSABLE OBLIGATIONS

All obligations are under reimbursable authority; total obligations incurred as of September 30, 2022 and 2021 were \$171,784,145 and \$162,207,419, respectively.

NOTE 17 - PERMANENT INDEFINITE APPROPRIATIONS

An indefinite appropriation is one that does not have a specific amount but is determined from sources specified in the appropriations act. The Trust Act created an indefinite appropriation for the Trust by authorizing the Trust to retain the revenues it earns to fund Trust operations, maintenance, and capital improvements in Area B of the Presidio.

NOTE 18 - UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the remaining value of contracts or purchase orders signed by the Trust for goods or services where some portion of the goods or services have not yet been received by the Trust.

The balance of undelivered orders as of September 30, 2022 was as follows:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Undelivered Orders Obligations Unpaid	\$ 224,112	\$ 45,018,773	\$ 45,242,885
Undelivered Orders Obligations Paid	-	4,205,726	4,205,726
TOTAL	\$ 224,112	\$ 49,224,499	\$ 49,448,611

The balance of undelivered orders as of September 30, 2021 was as follows:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Undelivered Orders Obligations Unpaid	\$ 787,553	\$ 64,135,955	\$ 64,923,508
Undelivered Orders Obligations Paid	–	3,935,852	3,935,852
TOTAL	\$ 787,553	\$ 68,071,807	\$ 68,859,360

NOTE 19 - CONTRIBUTED CAPITAL

The Trust Act authorized the Trust to accept donations. The Trust received grants related to land improvements and historical renovations of \$23,375,542 and \$29,952,559 in Fiscal Years 2022 and 2021, respectively, primarily from the Golden Gate National Parks Conservancy for the Tunnel Tops project.

NOTE 20 - RECONCILIATION OF NET COST TO NET OUTLAYS

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities.

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Fiscal Year 2022

Depreciation of property, plant, and equipment and amortization of real estate direct costs increased from \$28,525,875 for Fiscal Year 2021 to \$31,665,969 for Fiscal Year 2022. In 2022, the Trust spent \$66,817,900 toward the development or rehabilitation of assets with the largest project being the Tunnel Tops project.

Accounts receivable decreased by \$5,561,400, largely due to the slowing down of construction activities for several large park projects including Tunnel Tops, which resulted in a decrease in reimbursable billings.

Liabilities decreased by \$12,896,883 for two reasons: a decrease in accounts payable related to completion of several large park construction projects, and a decrease in unearned revenue due to Fiscal Year 2022 recognition. The Trust had significant financing sources in the amount of \$24,463,161. These financing sources are primarily related to projects that are financed through other entities such as Tunnel Tops (Note 23).

The budget accrual reconciliation for Fiscal Year 2022 is as follows:

	TOTAL
NET COST (SURPLUS)	\$ (1,146,512)
Components of Net Cost That Are Not Part of Net Outlays:	
Depreciation of Property, Plant, and Equipment	(31,665,969)
Loss on Disposition/Revaluation of Property, Plant, and Equipment	(154,996)
Increase / (Decrease) In Assets:	
Accounts Receivable	(5,561,400)
Other Assets (Prepays, Deferred Rent Receivable, Deferred Broker Commissions, and Other)	3,724,854
(Increase) / Decrease In Liabilities:	
Liabilities (Accounts Payable, Unearned Revenue, Prepaid Rent, Security Deposits)	12,896,883
Salaries And Benefits	(345,500)
Environmental and Disposal Liabilities	(3,006,535)
Other Liabilities (Actuarial FECA, Unfunded Leave, Contingent Liabilities and Other)	403,100
Other Financing Sources:	
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(2,290,606)
Total Components of Net Cost That Are Not Part Of Net Outlays (-)	(26,000,172)
Components Of Net Outlays That Are Not Part of Net Cost:	
Acquisition of capital assets and direct real estate costs	66,817,900
Other - Financing Sources with Budgetary Advances, Donations, and other	(24,463,161)
Total Components of Net Outlays That Are Not Part of Net Cost	42,354,739
NET OUTLAYS	\$ 15,208,055

Fiscal Year 2021

The budget accrual reconciliation for Fiscal Year 2021 is as follows:

	TOTAL
NET COST (SURPLUS)	\$ 8,422,757
Components of Net Cost That Are Not Part of Net Outlays:	
Depreciation of Property, Plant, and Equipment	(28,421,767)
Loss on Disposition/Revaluation of Property, Plant, and Equipment	(961,713)
Increase / (Decrease) In Assets:	
Accounts Receivable	2,432,761
Other Assets (Prepays, Deferred Rent Receivable, Deferred Broker Commissions, and Other)	1,871,565
(Increase) / Decrease In Liabilities:	
Liabilities (Accounts Payable, Unearned Revenue, Prepaid Rent, Security Deposits)	(17,616,745)
Salaries And Benefits	537,712
Environmental and Disposal Liabilities	(6,075,743)
Other Liabilities (Actuarial FECA, Unfunded Leave, Contingent Liabilities and Other)	293,936
Other Financing Sources:	
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(2,238,818)
Total Components of Net Cost That Are Not Part Of Net Outlays (-)	(50,178,812)
Components Of Net Outlays That Are Not Part of Net Cost:	
Acquisition of capital assets and direct real estate costs	76,450,395
Other - Financing Sources with Budgetary Advances, Donations, and other	(35,160,409)
Total Components of Net Outlays That Are Not Part of Net Cost	41,289,986
NET OUTLAYS	\$ (466,069)

NOTE 21 - PUBLIC-PRIVATE PARTNERSHIPS [P3]

The Presidio Trust uses several types of public-private partnerships (P3) to leverage private sector expertise and resources in achieving the Trust's goals of being a model of operational excellence, a model of environmental stewardship, and having the Presidio be visited and loved by all.

Building Rehabilitations ("Master Developer" Commercial Real Estate Leases)

Due to the limitations getting approval for Treasury loans and the prohibition on getting loans from private sources, the Trust has never had the capital available to rehabilitate all of the potential income-producing Presidio buildings. Accordingly, the Trust leased some buildings in the Presidio to private developers using what are called "Master Developer" leases. Master Developer leases are long-term leases to private developers who put their own capital (or privately sourced loans) into rehabilitating the historic buildings in exchange for historic tax credits, a reduced rent and/or long-term (often multi-decade) leases. Typically, the Master Developer then sub-leases all or a portion of the building at a significant profit.

The positive aspect of Master Developer leases is that historic buildings are rehabilitated, and the Trust earns some income. The downside is that the majority of the profit from the rehabilitation is kept by the Master Developer.

The required rehabilitation work is set forth in detail in each Master Developer lease, and the Trust works closely with the tenant on the project. In some cases, a portion of the rehabilitation project is done by the Trust. In all cases, the rehabilitation plan is approved by the Trust, and the construction work is reviewed and approved by the Trust. These tenants have generally been accepted through a competitive request for proposal (RFP) process; in addition, before accepting a tenant for a Master Developer project, the Trust examines the creditworthiness of the tenant and the project to ensure that the tenant has the financial resources necessary to complete the project and be a financially stable tenant through the term of the lease. If a tenant were to abandon an incomplete rehabilitation project, the Trust could be at risk of incurring substantial costs to finish that project and find a replacement tenant. The Trust believes that its property management credit assessment procedures are effective, and therefore the risk of such losses are remote.

The expected lives of these public-private partnerships include all leased periods for a Master Developer tenant in that leased location and assume that all options to extend the current lease term will be exercised.

Other Significant Leases

In some cases, the Trust requires capital improvements from tenants in a form other than the Master Developer model. The Trust may require tenants to carry a capital reserve for improvements to Trust assets over the life of the lease.

Tenants in this category have been accepted through a competitive RFP process; in addition, before accepting a tenant, the Trust uses prudent credit practices to ensure that the tenant has the financial resources necessary to complete required projects and be a financially stable tenant through the term of the lease. If a tenant were to abandon an incomplete rehabilitation project, the Trust could be at risk of incurring substantial costs to finalize capital projects and find a replacement tenant. The Trust believes that its property management credit assessment procedures are effective, and therefore the risk of such losses are remote. The expected lives of these public-private partnerships include all leased periods for a tenant in that leased location and assume that all options to extend the current lease term will be exercised.

Philanthropic Projects

The Trust also works with private sector partners who reimburse the Trust for projects to improve the park, especially the Golden Gate National Parks Conservancy (Note 23). In these partnerships, the Trust and the private sector partner jointly develop the improvement plan. Generally, the Trust is responsible for executing some or all the improvement work, and the partner reimburses the Trust for the expenditures made for the project. The partner may also undertake work in accordance with the plan. An example of this type of partnership is the Golden Gate National Parks Conservancy sponsorship of the Tunnel Tops project (Note 23).

Since the Trust is reimbursed after the work is completed, the Trust would experience a loss if costs were not reimbursed as agreed. The Trust has assessed the financial strength of its partners and believes the risk of such losses is remote. Partners in this category are generally nonprofit entities, and funds for these projects typically are restricted for use on the project, thus reducing the risk of non-reimbursement to the Trust.

The expected lives of these projects are either the projected timeline to complete construction, if a construction project, or the term of the contract where the partnership involves ongoing operations.

Other Contracts

The Trust performs so many functions that we cannot be expert in all of them. Instead, we use private and non-profit partners to perform many functions such as lodging management, golf management, residential property management, commercial property management, shuttle operations, the collection of parking fees, design and construction services, plant nursery and basic landscape maintenance. Some of these public-private partnership arrangements include a working capital subsidy. The Trust's partners bring specialized expertise to meet the Trust's strategic goal of being a model of operational excellence. The expected lives of these partnerships are the terms of the contracts, including renewal options.

The Trust uses an RFP process for the selection of private sector partners and establishes operational review and approval controls over all functions. In addition, for the hospitality management, property management and parking fee collection functions, the Trust has included financial control measures to limit its risk of loss. If one of these partners were to abandon its contractual obligations, the Trust would be required to intervene and would probably incur significant costs to continue operations and transition to a contractor possessing the required level of specialized expertise.

Funding by all partners to the Trust's P3s over the expected life of the arrangement is estimated as follows:

CLASSIFICATION	BUILDING REHABILITATION	OTHER CONTRACTS	SPONSORED PROJECTS	TOTAL
Historic Tax Credits	Not Available	N/A	N/A	
Federal Funding:				
Tenant Improvement Allowance / Rent Credit	\$ 22,591,910	\$ -	\$ -	\$ 22,591,910
Funds Invested For Rehabilitation Project	48,149,013	-	403,855	48,552,868
Parking Passes & Other	1,000,000	-	-	1,000,000
Working Capital Funding & Operating Expense Reimbursement	-	151,018,364	-	151,018,364
Management Fees	-	78,787,774	-	78,787,774
Expenditures Required Under Sponsorship Or Grant Agreement	-	-	23,907,516	23,907,516
Subtotal - Federal Funding	71,440,923	229,806,138	24,311,371	325,858,432
Partner Funding:				
Funds Invested For Building Rehabilitation	294,426,139	-	98,552,212	392,978,351
Other Investment By Partner	-	-	3,506,784	3,506,784
Subtotal - Partner Funding	294,426,139	-	102,058,996	396,485,135
TOTAL FUNDING TO P3	\$ 366,167,062	\$ 229,806,138	\$ 126,370,367	\$ 722,343,567

Revenues and cash received by the Trust from its public-private arrangements during Fiscal Year 2022 were as follows:

P3 Type	Rents & Rent-Related Payments	Security Deposits	Reimbursement from Partner for Rehab Work	Other Rehab-Related	Payments from Managed Functions (Golf, Food, Hospitality)	Grants & Sponsorship Payments	Totals
Building Rehab	\$ 22,818,575	\$ 71,266	\$ -	\$ 186,000	\$ -	\$ -	\$ 23,075,841
Other Contracts	-	-	-	-	23,116,865	-	23,116,865
Sponsored Projects	-	-	-	-	-	30,464,454	30,464,454
TOTAL FY22 PAYMENTS RECEIVED	\$ 22,818,575	\$ 71,266	\$ -	\$ 186,000	\$ 23,116,865	\$ 30,464,454	\$ 76,657,160

Revenues and cash items expected to be received by the Trust from its public-private arrangements over the lives of those arrangements are as follows:

P3 Type	Rents & Rent-Related Payments	Security Deposits	Reimbursement from Partner for Rehab Work	Other Rehab-Related	Payments from Managed Functions (Golf, Food, Hospitality)	Grants & Sponsorship Payments	Totals
Building Rehab	\$ 1,851,805,280	\$ 2,670,919	\$ 8,550,892	\$ 16,183,368	\$ -	\$ -	\$ 1,879,210,459
Other Contracts	-	-	-	-	199,777,850	-	199,777,850
Sponsored Projects	-	-	-	-	-	100,600,778	100,600,778
TOTAL EXPECTED PAYMENTS REC'D OVER LIFE OF P3	\$ 1,851,805,280	\$ 2,670,919	\$ 8,550,892	\$ 16,183,368	\$ 199,777,850	\$ 100,600,778	\$ 2,179,589,087

Payments by the Trust to its P3 partners during Fiscal Year 2022 were as follows:

P3 Type	Tenant Improvement Allowances	Security Deposits Returned	Other Rehab-Related	Management Fees	Working Capital Funding & Operating	Totals
Building Rehab	\$ -	\$ -	\$ 61,250	\$ -	\$ -	\$ 61,250
Other Contracts	-	-	-	5,478,576	15,216,008	20,694,584
Sponsored Projects	-	-	234,320	-	-	234,320
TOTAL FY22 PAYMENTS PAID	\$ -	\$ -	\$ 295,570	\$ 5,478,576	\$ 15,216,008	\$ 20,990,154

Payments expected to be paid by the Trust to its P3 partners over the lives of those P3 arrangements are as follows:

P3 Type	Tenant Improvement Allowances Paid	Security Deposits Returned	Other Rehab-Related	Management Fees	Working Capital Funding & Operating Expense Reimbursement	Totals
Building Rehab	\$ 5,731,616	\$ 1,715,379	\$ 4,095,110	\$ -	\$ -	\$ 11,542,105
Other Contracts	-	-	-	78,787,774	151,018,364	229,806,138
Sponsored Projects	-	-	1,347,339	-	-	1,347,339
TOTAL EXPECTED PAYMENTS PAID OVER LIFE OF P3	\$ 5,731,616	\$ 1,715,379	\$ 5,442,449	\$ 78,787,774	\$ 151,018,364	\$ 242,695,582

Other amounts recognized in the financial statements for this period were as follows:

P3 Type	Fixed Assets Capitalized	Accounts Receivable	Unearned Revenue (Unapplied Receipts)	Accounts Payable	Advances to Program	Prepaid Rent	Deferred Rent Receivable	Other Deferred Revenue	Financing Source	Security Deposits
Building Rehab	\$ -	\$ 459,188	\$ -	\$ -	\$ -	\$ 237,465	\$ 33,279,254	\$ -	\$ -	\$ 1,459,619
Other Contracts	-	-	1,361,482	610,420	1,848,331	-	-	-	-	-
Sponsored Projects	115,630,808	5,491,296	395,716	-	-	-	-	19,851,560	23,165,565	-
TOTAL OTHER AMOUNTS RECOGNIZED IN FY22	\$ 115,630,808	\$ 5,950,484	\$ 1,757,198	\$ 610,420	\$ 1,848,331	\$ 237,465	\$ 33,279,254	\$ 19,851,560	\$ 23,165,565	\$ 1,459,619

NOTE 22 - DOYLE DRIVE [PRESIDIO PARKWAY PROJECT]

In October 2009, the Trust, the State of California (State) represented by its Transportation Department (Caltrans), and the San Francisco County Transportation Authority (SFCTA), finalized a Right of Entry Agreement related to the construction to replace the south access road to the Golden Gate Bridge known as Doyle Drive (Route 101).

The Trust received cash compensation under the Right of Entry agreement related to the use of a temporary construction easement, office space, and demolition of several buildings. The project also relocated, rebuilt, and restored Trust assets in order to build the parkway. The cash compensation and fair market value of assets are recognized as unearned revenue as they are received, and the revenue is earned over time in accordance with *Statement of Federal Financial Accounting Standards (SFFAS) 7, Accounting for Revenue and Other Financing Sources*.

Unearned Revenue related to the Right of Entry is as follows:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Beginning Balance	\$ 58,967,310	\$ 59,907,025
Revenue Recognized	(939,719)	(939,715)
TOTAL	\$ 58,027,591	\$ 58,967,310

When Caltrans and its contractor finalized work in early Fiscal Year 2020 and the temporary construction easement area was returned to the Trust, the parts of the park that were damaged during construction had not been repaired. The Trust and Caltrans reached agreement in 2018 and the Trust received \$54,325,000 to complete the remaining landscape work. The cash was recognized as unearned revenue when received, and the revenue is earned over the life of the assets that were repaired or constructed with the funds.

Unearned Revenue related to Reconstruction of the Park (Doyle Drive Phase III and Quartermaster Reach) is as follows:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
Beginning Balance	\$ 53,229,780	\$ 54,325,000
Revenue Recognized	(3,030,197)	(1,095,221)
TOTAL	\$ 50,199,583	\$ 53,229,780

NOTE 23 - PRESIDIO TUNNEL TOPS

The Presidio Tunnel Tops Project (Tunnel Tops), a \$117.9 million project, opened in July 2022 and added 14 acres of parklands to the Presidio. The Trust was responsible for the planning, design, construction, outreach, marketing, and communications of the project. The Golden Gate National Parks Conservancy, a non-profit organization that raises funds to support projects in the Golden Gate National Recreation Area (including the Presidio), was responsible for raising the majority of the funds for the project. The National Park Service manages the adjacent parklands at Crissy Field in Area A of the Presidio. All three agencies participate in decision-making about the project. Since opening just over eight weeks ago, the Tunnel Tops has welcomed over 500,000 visitors.

A three-acre Youth Campus is approximately 30% of the Tunnel Tops area. The Golden Gate National Parks Conservancy has signed a one-year lease to occupy the Youth Campus, with an option to renew for one year. The intent is to finalize a 30-year lease over the next 12-24 months. The additional time to finalize the 30-year lease allows the Golden Gate National Parks Conservancy to work together with the Trust and the National Park Service to craft a longer-term, 30-year (total) agreement to secure the facilities to act as the tri-agency hub, housing programs and staff that support the agencies' collective efforts for youth and community. The occupancy is considered an implicit lease agreement, and as such, the fair market value amount of the lease is deferred rent that will be recognized as income over the term of a 30-year tenancy. As of September 30, 2022 and 2021, the amount deferred was \$19,851,560 and \$17,533,018, respectively.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Deferred Maintenance & Repairs

The Trust owns and manages real property assets such as buildings, roads, utility systems and landscapes. Maintenance and repairs to these assets that were not performed when they should have been or were scheduled and then delayed until a future period, are considered Deferred Maintenance and Repairs (DM&R).

Prior to Fiscal Year 2021, the Trust did not have both a sufficiently comprehensive inventory of its assets and a sufficiently thorough assessment of the condition of the assets to comprehensively report the deferred maintenance.

After completing a comprehensive inventory of its assets in Fiscal Year 2019, the Trust then completed condition assessments of the assets over the course of Fiscal Years 2020 and 2021. The condition assessments validated inventory data, determined the current condition of our assets, and provided a cost estimate for necessary maintenance and repairs.

Additionally, in Fiscal Years 2021 and 2022, the Trust entered (and continues to enter) the inventory data and on-going condition assessments into an acquired capital planning software (VFA) so we can measure DM&R and the condition of our assets on an ongoing basis.

In addition, in Fiscal Year 2022, we established a Renewal Reserve Policy that commits the Trust to set aside money each year from our net income to fund the renewal of the Trust's physical assets on an ongoing basis. We will use this reserve to replace assets at or near the end of their expected useful life. We believe this is a best practice for organizations with significant physical assets.

In Fiscal Year 2023, we are focused on developing a clear, sustainable inventory update process as the final step to solidifying the VFA software for use in the future. Similar to last year, we used financial estimates for utilities and stewardship land as this VFA data is still in the final stages of being scrubbed.

The following is the Trust's Deferred Maintenance & Repairs as of September 30, 2022:

	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
General Property Plant & Equipment	\$ 328,361,318	\$ 313,458,311
Heritage Assets	40,409,469	34,413,469
Stewardship Land	134,045,353	121,673,255
TOTAL	\$ 502,816,140	\$ 469,545,035

Note that due to the location, age, and variety of the assets entrusted to the Trust, as well as the nature of DM&R itself, precise cost estimates for DM&R cannot be determined prior to developing the final design and specifications for the repairs. Until that time, estimates are conceptual in nature.

One way of looking at the overall condition of an asset is to use the Condition Index. The Condition Index is defined as:

$$(\text{Current Replacement Value (CRV)} - \text{DM\&R}) / \text{CRV}$$

For example, a Condition Index of .80 for an asset means that 80% of the assets in that category are within their assessed useful life.

At the end of Fiscal Year 2022, the Trust's Condition Index for all our physical assets was 65%. This means that 65% of the Trust's assets were within their assessed useful life. This breaks down as follows: 78% buildings, 68% stewardship land and forest, and 41% utilities are within their assessed useful life. Once the Trust has scrubbed the data and has ongoing procedures to ensure timely updates to the system, we will present DM&R as beginning and ending balances by categories of PP&E, in accordance with *SFFAS No. 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. Categories of PP&E include general PP&E, Heritage Assets, and Stewardship Land per SFFAS No. 6, *Accounting for Property, Plant, and Equipment*.

Government Land

In 1962 the entire Presidio was designated a national historic landmark, and in 1972, the site was included within the legislative boundary of the new Golden Gate National Recreation Area.

The Presidio's historical value includes an archeological collection related to the history of the park, as well as many historic landscapes and the 300-acre historic forest, all contributing to the site's landmark designation. The Presidio is a biodiversity "hot spot", sustaining remarkable natural resources. Presidio stewardship lands sustain both relic natural areas never developed by the US Army as well as new natural areas that have been restored by the Trust.

Finally, the Presidio landscape is home to important recreational sites – playing fields, sports courts, trails and bikeways, and North America's largest collection of works by the artist Andy Goldsworthy, with four of his art installations in the park.

The Trust's stewardship policies are outlined in several key documents including the Presidio Trust Management Plan, the Presidio Vegetation Management Plan, and the Presidio Trails and Bikeways Master Plan.

Geographic Information System (GIS) was used to map Presidio Area B and assign Stewardship Land acreage into three sub-categories based on predominant use. The three sub-categories are commercial use, conservation and preservation, and operational.

Information of Land Use by Sub-Category for Fiscal Year 2022:

ESTIMATED ACREAGE BY PREDOMINANT USE	COMMERCIAL USE LAND	CONSERVATION/ PRESERVATION LAND	OPERATIONAL USE LAND	TOTAL ESTIMATED ACREAGE
Stewardship Land	431.4	551.7	56.3	1,039.4
Land Held for Disposal or Exchange	-	-	-	-
TOTAL	431.4	551.7	56.3	1,039.4

Other Information:

Inspector General Summary

The Trust does not have an Inspector General (IG); therefore, this section of the Performance and Accountability Report (PAR) does not contain an IG narrative.

Improper Payments

As required under the Improper Payments Elimination and Recovery Act (IPERIA), the Trust is subject to reporting to the U.S. Treasury on payments that the Treasury suspects are improper. The Trust has had no improper payments to report and does not operate any programs that are susceptible to improper payments.

Summary of Financial Statement Audit and Management Assurances

Audit Opinion		Unmodified				
Restatement		No				
Effectiveness of Internal Control over Financial Reporting						
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated		Ending Balance
None	0	0	0	0		0
Statement of Assurance		Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Effectiveness of Internal Control over Operations						
Statement of Assurance		See Below				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Conformance with Financial Management System Requirements						
Statement of Assurance		See Below				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	N/A	N/A	N/A	N/A	N/A	N/A
Conformance with Federal Financial Management Improvement Act						
Statement of Assurance		Agency		Auditor		
Overall Substantial Compliance		Yes or No		N/A		
System Requirements		Yes		N/A		
Accounting Standards		Yes		N/A		
USSGL - Transaction Level		Yes		N/A		

Management certifies to the effectiveness of internal control over operations and conformance with management system requirements.

Grants Oversight and New Efficiency (GONE) Act

The Presidio Trust does not issue grants though we do issue cooperative agreements. Trust agreements are not subject to the GONE Act as our agreements are not for the principal purpose of support or stimulation.

Fraud Reduction Report

In Fiscal Year 2021, the Trust took some additional actions to reduce the risk of fraudulent activity though we were largely focused on mitigating impacts on the financials related to COVID-19. Controls put in place due to COVID-19 budget constraints also had the effect of reducing the risk of fraud. These controls remained throughout Fiscal Year 2022.

Glossary

BFS – Bureau of the Fiscal Service

CAP – Camping at the Presidio

Caltrans – California State Department of Transportation

CIP – Construction in Progress

CPI – Consumer Price Index

CSRS – Civil Service Retirement System

DMS – Debt Management Services

DOI – Department of the Interior

DOL – Department of Labor

ERM – Enterprise Risk Management

ENR - Engineering New Record Rates

FASAB – Federal Accounting Standards Advisory Board

FECA – Federal Employee Compensation Act (Worker’s Compensation)

FEGLI – Federal Employees Group Life Insurance

FERS – Federal Employees Retirement System

FMFIA – Federal Managers’ Financial Integrity Act

GAAP – Generally Accepted Accounting Principles

GGNPC – Golden Gate National Parks Conservancy

GONE Act – Grants Oversight and New Efficiency Act

GSA – General Service Administration

MOA – Memorandum of Agreement

MOU – Memorandum of Understanding

NPS – National Park Service

OMB – Office of Management and Budget
OPM – Office of Personnel Management
PP&E – Property, Plant, and Equipment
PTMP – Presidio Trust Management Plan
RSL – Remediation Stop Loss Insurance Policy
SFFAS – Statements of Federal Financial Accounting Standards
SFCTA – San Francisco County Transportation Authority
UBIF – Urban Biodiversity Inventory Framework
USSGL – United States Standard General Ledger
VMP – Vegetation Management Plan