2023

Performance and Accountability Report

PRESIDIO TRUST

Table of Contents

FY23 PERFORMANCE + ACCOUNTABILITY REPORT

Agency Head Letter

The Presidio continues to be a national park site where people love to play, live, and work.

Park visitation has nearly rebounded to pre-pandemic levels. The Presidio hosted 9.6 million visits in 2022, making the Presidio among the most popular national park sites in America. A great many were drawn to Presidio Tunnel Tops, 14-acres of parkland reclaimed from a highway that once divided the Presidio in two. This site alone hosted 2.1 million visits since opening day in July 2022.

In Fiscal Year 2023, our financial performance surpassed our budget projections for the year. As of September 2023, occupancy of our commercial and residential spaces was 95% and 97% respectively, reflecting the Presidio's powerful appeal.

We're also making progress toward modernizing the park's aged assets and infrastructure. We're gratified for the one-time funding from the Inflation Reduction Act that is helping us tackle the backlog of outdated utilities we inherited from the Army. By replacing our aged electrical system with a more efficient and powerful grid, we are on our way to reducing our contribution to climate change by gradually transitioning from gas to clean electric energy.

We achieve these great results with the support of so many people. It starts with our wonderful Board of Directors, who serve without pay as the overseers of this marvelous national park site. Other park volunteers gifted us more than 8,000 hours of their time, assisting us in taking care of the Presidio's fragile natural habitats and in welcoming the public. And our visitors and tenants help when they spend money in the Presidio, such as by playing golf or renting an apartment. This funding goes right back into preserving this place. It's a virtuous circle where everyone plays a part.

Above all, we're dependent on, and grateful to, our partners at the National Park Service and Golden Gate National Parks Conservancy, for the success of the Presidio as a national park site. Together, we are supporting a place that is visited and loved by all, that is a model of environmental stewardship, and that is operated professionally and with great pride. We are committed to making decisions that will make the Presidio thrive for generations to come, thereby ensuring a "forever park."

Jean S. Fraser
Chief Executive Officer
November 2023

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 U.S. 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. The seventh member is the U.S. Secretary of the Interior or his/her designee. Presidentially appointed Board members serve a set term, then are either reappointed or replaced by the President when their terms expire.

Mark W. Buell, 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 co-chaired the Presidio Tunnel Tops Campaign Committee with former 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 past 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 2021.

Nicola Miner, vice chair of the Presidio Trust board, 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 2021.

Lynne Benioff, is a former Presidio Trust board chair and current co-chair of TIME. 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-chaired the Presidio Tunnel Tops Campaign Committee, which 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.

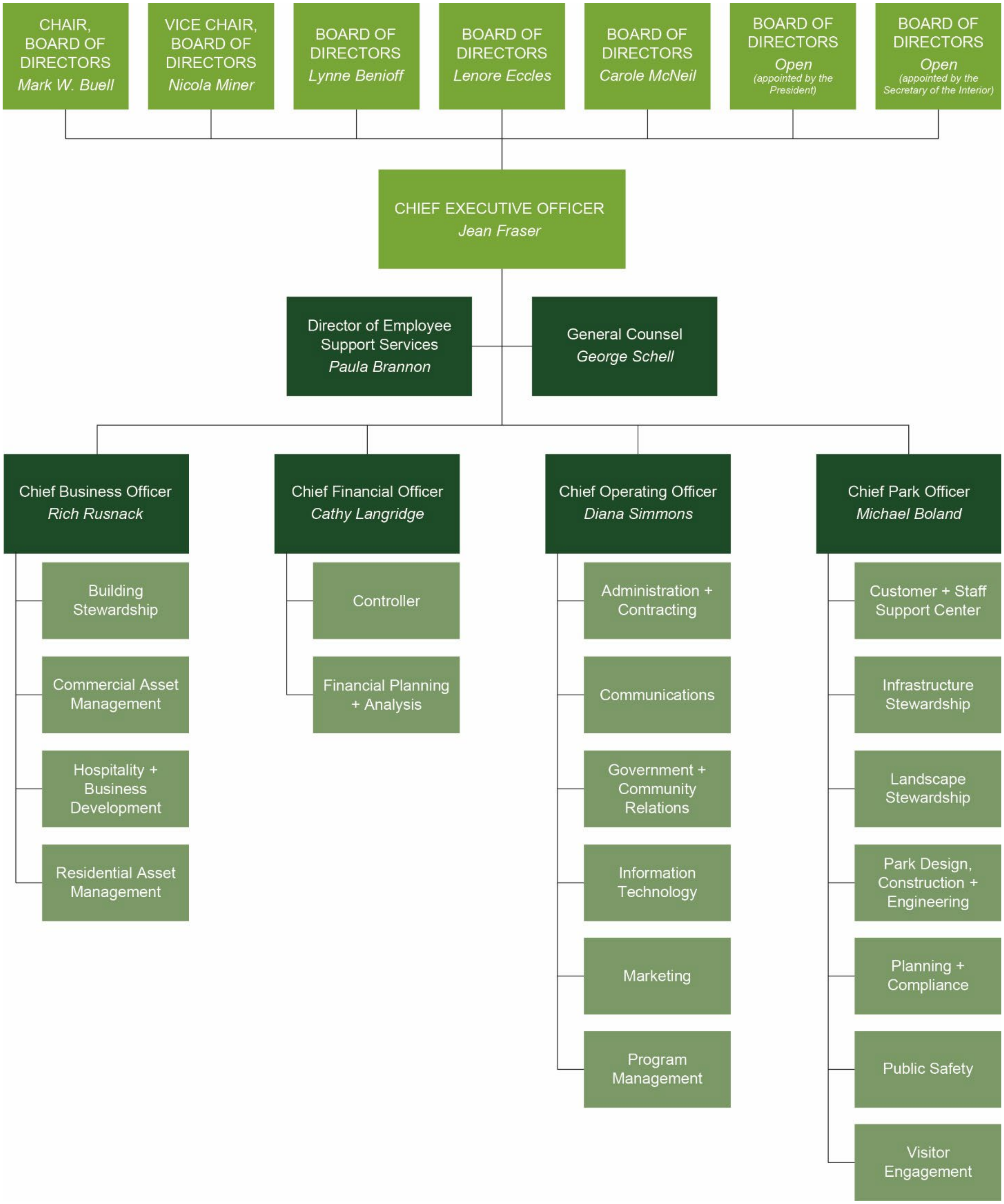
Leni Eccles began her career in education in various roles including high school principal, counselor, and advisor for a university graduate school. She later served as director of a healthcare organization, working also with its national affiliates, and then for the U.S. Department of Health, Education 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 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.

Presidio Staff

A Chief Executive Officer (CEO) oversees the organization, which included the following divisions in Fiscal Year 2023: Park, Business, Finance, Executive, and Trust Operations. The Presidio Trust has 290 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 (or surplus) 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 2023 and 2022.

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, 2023, and to compare it to the Trust's financial position the previous year.

Assets

The Trust's total Assets increased by $292.1 million for a total of $1.1 billion at the end of Fiscal Year 2023 compared to $831.1 million at the end of Fiscal Year 2022. The net increase in Assets consists of fluctuations in various assets categories.

The increase in total Assets is primarily due to an increase in Fund Balance with Treasury (FBwT) and an increase in Investments. The FBwT increase is primarily related to a one-time $200.0 million transfer of Fiscal Year 2022 Inflation Reduction Act appropriations from the U.S. Department of the Interior's (DOI) National Park System, transferred to the Trust in Fiscal Year 2023. The increase in Investments is primarily related to a $90.0 million U.S. Department of the Treasury (the Treasury) loan received in Fiscal Year 2023. The Treasury loan proceeds were invested in U.S. Treasury securities prior to the fiscal year-end.

Property, Plant, & Equipment increased by $10.0 million in Fiscal Year 2023, comprised of $50.3 million in capitalized acquisitions, offset by $39.2 million in depreciation and $1.1 million in net dispositions. Capitalized acquisitions are primarily related to the renovation and replacement of capital assets throughout the park, the most significant being the rehabilitation of the East Mason Warehouses, which accounted for $22.1 million of the total assets added, and renovations of residential housing units, which accounted for $7.0 million of the total assets added in Fiscal Year 2023.

Accounts Receivable, Net decreased by $12.1 million primarily due to a decrease in the amount receivable from the Golden Gate National Parks Conservancy (GGNPC) for the Tunnel Tops project. The project was completed in Fiscal Year 2022, and the majority of the funds raised by the GGNPC have been provided to the Trust.

Liabilities

Total Liabilities increased by $81.1 million, ending at $443.0 million in Liabilities for Fiscal Year 2023 compared to $361.9 million at the end of Fiscal Year 2022. The increase is made up of fluctuations in several liabilities. Trust Liabilities include $185.1 million in debt to the Treasury, an increase of $86.6 million due to $90.0 million in new borrowing minus the $3.4 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 $2.0 million, primarily due to an inflation adjustment to reflect higher costs for both in-house and contracted asbestos abatement work.

Accounts Payable decreased $15.0 million due to completion of large projects in Fiscal Year 2022, and the timing of payment of invoices.

Advances from Others and Deferred Revenue, Intragovernmental, increased $13.4 million, primarily due to advances received from the National Park Service (NPS) for a reimbursable contract project. Unearned Revenue from non-federal sources decreased $7.1 million, primarily due to recognition of various deferred revenues, which ramped up in Fiscal Year 2023 due to the Fiscal Year 2022 completion of the Doyle Drive Phase III (Battery Bluffs) and Tunnel Tops projects.

Net Position

The Trust's Net Position increased by $211.0 million, ending Fiscal Year 2023 at $680.3 million compared to $469.3 million at the end of Fiscal Year 2022 primarily due to the $200 million appropriation transferred to the Trust in Fiscal Year 2023. 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 sustain the Trust's financial operations in the event of significant unexpected increases in operating expenses or reductions in operating revenues, and to fund the replacement of existing assets at or near the end of their expected useful life. As of September 30, 2023, the Trust's financial reserves were $70.1 million, comprised of a $32.9 million operating reserve, and $28.2 million in reserves for renewal of our assets. 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 U.S. 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 $3.5 million during Fiscal Year 2023 compared to net income of $1.1 million in Fiscal Year 2022.

The increase in revenues in Fiscal Year 2023 of $23.2 million is primarily related to an increase in rental income from the real estate portfolio and in interest earned on funds invested in Treasury securities. Commercial rental income increased $5.1 million, due to an increase in tenant occupancy and the annual increase in rental rates. Residential rental income increased $3.0 million due to rental rates increases as tenant turnover occurred, in addition to annual rent and storage rate increases. Interest Revenue increased $7.0 million due to a material increase in the interest rate earned on investments and in the amount of funds invested in Treasury overnight securities. Construction activity on a reimbursable contract project for the National Park Service contributed to $1.6 million of the increases in both revenues and operating costs in Fiscal Year 2023. In addition, $1.5 million in revenue was received from the Army for environmental remediation work reimbursement.

Operating costs increased $20.9 million versus Fiscal Year 2022. Depreciation expense increased $7.6 million due to an increase in depreciable assets, including the Tunnel Tops and Battery Bluffs project assets placed in service in Fiscal Year 2022. Marketing, Communication and Visitor Engagement expenses increased $2.5 million due to the annualization of the Tunnel Tops events and activities and the update of the Trust website to a more visitor accessible version when the system platform had to be retired. Hospitality expenses increased $1.6 million primarily due to higher guest volume driving up variable costs. Additional increases include $1.3 million for interest expense related to an increase in Treasury borrowing, $1.5 million in non-capitalized building improvements due to tenant turnover, $1.4 million in labor costs, and $0.8 million related to increased utility costs.

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 2023, the Trust received the majority of its funding from revenues earned, with the largest revenue streams being from residential and commercial leasing, and from the Inflation Reduction Act funding for the replacement of aged physical assets.

Budgetary Resources amounted to $655.1 million for Fiscal Year 2023, compared to $345.1 million in Fiscal Year 2022. Of this amount, the Trust obligated $183.8 million in Fiscal Year 2023 and $171.8 million in Fiscal Year 2022. Unobligated balances at the end of Fiscal Year 2023 and Fiscal Year 2022 were $471.3 million and $173.3 million, respectively.

This unobligated balance is due to a multi-year capital improvement plan that utilizes the deferred maintenance funding from the Inflation Reduction Act, the loans received from the Treasury for rehabilitation projects (see Note 8), grants for sponsored projects including the Outpost Meadow, and tenant security deposits. In addition, the Trust allocates funds to reserves to sustain the Trust's financial operations in the event of significant unexpected increases in operating expenses or reductions in operating revenues, and to fund the replacement of existing assets at or near the end of their expected useful life.

Risks and Uncertainties

In Fiscal Years 2022 and 2023 the Trust received a total of $130.0 million in loans from the 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 we maintain some 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 $500.0 million. The $200.0 million Inflation Reduction Act funding will support the replacement of those assets, many of which are utilities in place since the Presidio was an U.S. Army post. 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 replacement. Annual budgetary constraints are considered in evaluating the replacement of assets. 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 evaluation of their management controls and financial systems and report the results to the President and Congress. The Trust continues to assess its risk through internal audits and is monitoring work related to risk mitigation.

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 2023, the Trust Information Security Program was established and regularly assesses our compliance with the Federal Information Security Modernization Act (FISMA) controls.

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 S. Fraser
Chief Executive Officer
November 14, 2023

Fiscal Year 2023 Performance

In 2018, the Presidio Trust Board of Directors adopted a triple bottom line relating to People, Planet, and Performance. This narrative highlights Fiscal Year 2023 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 is charged with earning revenue to operate and maintain all the lands, buildings, and infrastructure under our jurisdiction. We generate income by renting more than 1,400 housing units and more than 2,000,000 square feet of commercial space. We also operate a public golf course and two hotels. We earn additional revenue from utility charges, parking fees, and special event permit fees.

By maximizing income opportunities and controlling costs, we earned total revenue of $184.8 million improving on Fiscal Year 2022 results by 14%. This enabled us to cover our operating costs and to add an incremental $31.0 million to the reserve over the course of the fiscal year to assist with replacing outdated park assets. Below is a summary of key programs.

Commercial Leasing + Redevelopment

Our commercial leasing program remained strong in Fiscal Year 2023, generating $42.3 million in revenue. Demand for commercial space in the Presidio continued to outpace the surrounding city because the park offers low-density buildings surrounded by beautiful open space, a perfect match for what many business tenants are seeking in a post-COVID world.

We achieved a commercial occupancy rate of 95%. We renewed leases to keep 54 businesses in the park, for a total of 117,657 square feet. We also brought 30 new organizations to the Presidio, for a total of 97,065 square feet. New tenants included preschools, office tenants, and two new restaurants.

We also added new commercial space to our portfolio, which enables us to build a stronger economic engine to fund Presidio operations. In Fiscal Year 2023, we completed rehabilitation of 84,000 square feet of space in seven historic warehouses along San Francisco Bay using $30.0 million in loan funding from the Treasury. In Fiscal Year 2024, we expect to use an additional $40.0 million in funds borrowed from the Treasury to rehabilitate three additional historic buildings for office and educational uses.

Residential Leasing

Demand for housing in the Presidio was also strong. In Fiscal Year 2023, the residential leasing program earned $66.0 million. Rent growth was 3.8% in Fiscal Year 2023 compared with 3% in Fiscal Year 2022. The occupancy rate was 97%, higher than that of the surrounding city. Demand for housing in the Presidio from families was especially strong. The turnover rate for housing units stabilized at a pre-COVID level of 18%, down from a peak of 26% at the height of the pandemic.

Hospitality

Our Hospitality program earns revenue to fund the park and contributes to the visitor experience. In Fiscal Year 2023, the hospitality portfolio performed above budget expectations, earning $22.2 million, with a net income of $3.9 million.

Presidio Golf Course, an award-winning public course that also contributes to the park's National Historic Landmark District status, remained in high demand. More than 73,000 rounds of golf were sold, another record year. Cart rentals, food and beverage sales, merchandise sales, and the driving range all saw a year-over-year revenue increase. Total revenue for the course was $11.2 million.

Both Presidio Trust-operated hotels – Inn at the Presidio and Lodge at the Presidio – performed well and exceeded the performance of hotels in the surrounding city. The occupancy rate was 81%, and the combined revenue from both properties was $11.0 million.

The park offers indoor venue rentals through a tenant, Wedgewood Weddings and Events. As the special event business continued to recover following the pandemic, Wedgewood increased bookings, resulting in payment to the Trust of nearly $1.0 million in rent and capital improvements.

Earning the Green Flag Award for Operational Excellence

In Fiscal Year 2023, the Presidio again earned the prestigious Green Flag Award, given to those parks which meet the highest standards for visitor experience and management of parks and green spaces around the world. The Presidio first received Green Flag accreditation in 2019. In November 2022, an extensive re-evaluation was conducted by professional peer judges from the park sector who inspected the Presidio's facilities, reviewed management and marketing materials, and met with park managers.

The Presidio ranked in the highest scoring bracket for the award, with an increase in overall score. The Presidio is still the only park in the United States to have this status and is one of 2,400 parks and green spaces in 17 countries that fly the Green Flag.

Updating the Presidio's Infrastructure

Owing to its legacy as a U.S. Army post, the Presidio is much like a small city. The Presidio 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.

Keeping the Presidio in good working order as a safe and welcoming park is at the heart of our mission. For many years we had to concentrate our limited dollars on rehabilitating historic buildings so that we could then rent them to support park operations. Without access to additional capital, we had to defer work on our infrastructure, most of which dates from the Army era. In Fiscal Year 2022, we began taking major steps to upgrade the park's electrical system and wet utilities.

We developed plans to convert the park's electrical grid from an outdated 4kV system to a modern 12kV grid with enough capacity ultimately to support decarbonization of the Presidio. In Fiscal Year 2023 we substantially completed the replacement of a sub-station that delivers electricity to two-thirds of the Presidio. We also undergrounded 1,300 feet of electrical wires to reduce vulnerability during storms, with much more to come.

In Fiscal Year 2023, we also began planning for significant upgrades to the Presidio's Army-era water, sewer, and storm systems, parts of which date from the 19th and 20th centuries. This will include replacing water lines, improving drainage, and renewing parts of our recycled water system, with work getting underway next year.

Caring for Historic Resources

In Fiscal Year 2023, we substantially completed the historic rehabilitation of seven World War I-era warehouses, known as the East Mason Warehouses. We are excited to find tenants for these buildings, so that these lovely historic buildings on the doorstep of Crissy Field can come back to life.

Over the course of Fiscal Year 2023, we also renovated dozens of historic residential and commercial units in conjunction with our historic preservation program, making them available for tenants and supporting the Trust's finances.

During Fiscal Year 2023, we also planned and designed the rehabilitation of three buildings on the Main Post. When these are completed in 2025, we will have reached a major milestone in our historic preservation program --the adaptive re-use of the entire Main Post, the Presidio's oldest district.

Ensuring an Equitable Workplace

In Fiscal Year 2023, we continued to make progress on our agency equity plan, as required by the White House's Executive Order on Diversity, Equity, and Inclusion in the Federal Workforce (EO13985). We remain committed to fostering a diverse, equitable, and inclusive workplace that reflects the communities we serve. We track our progress in meeting diversity goals and have implemented several initiatives to improve our minority talent pool. In Fiscal Year 2023, we redesigned our job application process to ensure inclusivity and eliminate potential barriers, reworded application questions to make them more inclusive and avoid potential bias, and simplified the application process, making it more user-friendly and accessible. We also expanded outreach by adding several new job boards known for reaching underrepresented minority candidates and by establishing partnerships with two professional associations that serve diverse audiences. Additionally, we conducted training sessions for HR personnel and hiring managers on how to reduce unconscious bias in the hiring process. And we updated our jobs website with inclusive imagery and language.

Additionally, to help create an environment in which all staff members feel valued, included, and empowered to do their best work, we established a Staff Engagement and Inclusion Committee (SEIC). This body helps us understand the employee experience and recommends actions to drive us toward our goal that "Staff have a fair, equitable and inclusive experience with no significant difference based on race, gender, sexual orientation or ability."

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

Increasing the Presidio's Biodiversity

The Presidio features 900 acres of open space supporting 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. Despite U.S. Army use of the Presidio for more than a century, the land here was less intensely developed than in the surrounding city, leaving pockets of native habitat that the Trust, in collaboration with the National Park Service, the Golden Gate National Parks Conservancy, and many volunteers, has been restoring for nearly three decades.

Our goal is to increase biodiversity by reintroducing native plants and wildlife species. These healthy habitats are also a big draw for visitors seeking national park nature experiences, supporting our People goals (see the People section).

In Fiscal Year 2023, we started or continued several efforts to enhance Presidio open spaces. We began using ecological horticulture practices, which use native plants in more urban landscapes, like those surrounding homes and workplaces in the park. The result is a landscape that is visually pleasing and that supports an array of wildlife. The guidelines we use were authored by the San Francisco Estuary Institute with input from the Presidio Trust.

We also made progress on several other fronts:

- We continued stewarding more than 40 acres within the Presidio's Native Plant Community Zone. Work included ecological restoration at a 2.3-acre site, "Inspiration Point South Drainage", where invasive trees were removed in 2022 and native plants were installed in 2023. We'll continue work at this site in 2024. Other work includes controlling invasive species, monitoring wildlife and vegetation change, and planting native, rare, and endangered plant species in other parts of the park.
- 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.
- Over the last few years, we've focused on reintroducing native butterflies to the park, including variable Checkerspot butterflies and California Ringlet butterflies. As of Fiscal Year 2023, both species appear to be fully established in the park.
- In partnership with the San Francisco Estuary Institute, we continued a feasibility study to reintroduce California quail to the Presidio, a species that has been absent in the park since 2008. This work will continue in Fiscal Year 2024.
- In Fiscal Year 2022, we partnered with the California Academy of Sciences to participate in LifePlan, a worldwide project hosted by the University of Helsinki that uses innovative tools to track the health of the planet, from microbes to mammals to insects. Natural Resources staff used tracking tools to monitor life forms in the park in 2022-2023. The tools have now moved to California Academy of Sciences in Golden Gate Park, and we're comparing the biodiversity between the Presidio's national park setting and the more urban space there.
- In 2023, a long-tailed weasel was spotted in the Presidio, suggesting that our habitat restoration efforts make the Presidio a hospitable habitat for many species that once lived here.

Co-Existing with Coyotes

Coyotes returned to the Presidio in 2002 after a long absence. Because the Presidio welcomes millions of visitors and is a place where people live and work, the Presidio Trust has an active coyote management program that includes coyote monitoring, seasonal closure of some trails to dog walking, and public education. The goal is to reduce potential conflicts between coyotes, dogs, and people. We're gratified that harmonious co-existence of wildlife and people continued to occur in the park through the 2023 pupping season. There are currently seven coyotes in the Presidio: the alpha pair, one pup from the 2022 litter, and four pups born in 2023.

Creating a Sustainable Forest

The Presidio forest is human-made, planted by the U.S. Army starting 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 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 replacing declining groves with healthy young trees. Since then, we've replanted 53 acres with 9,000 young trees, many grown at the Presidio Nursery.

As we do this work, we're bringing back a diverse "understory" on the forest floor beneath the trees by planting coyote bush and dozens of other plants native to the park. This creates a colorful and vibrant landscape that attracts the birds and insects that support a diverse ecosystem.

In Fiscal Year 2023, we continued to maintain previously reforested sites, and conducted reforestation at three new sites. We also continued to mitigate risk by pruning and removing select trees guided by a risk assessment performed in 2021. In Fiscal Year 2024, we'll conduct a new assessment of the park's 8,000 trees that we monitor. We also worked to create a defensible space around buildings to reduce the likelihood of fires spreading in the Presidio.

Sustainably Caring for Landscapes at Presidio Tunnel Tops

In July 2022, we opened 14 new acres of parkland reclaimed from a highway – the Presidio Tunnel Tops (see the People section). After an initial establishment period, in Fiscal Year 2023 our team took over maintenance of the 100,000 diverse ornamental and 100,000 Presidio native plants that make the Presidio Tunnel Tops a unique botanical landscape.

We sustain the plants using state-of-the art irrigation practices that maximize water conservation. We're continuing to monitor our irrigation use closely to keep the total gallons used below our baseline.

We are also harnessing the thousands of individual native grasses and forbs throughout the site. Rather than discarding their seeds as green waste, our Park Guides collect them, clean them in a process that invites the public to participate, and then make them available for propagation elsewhere in the Presidio. This initiative extends the positive ecological impact of the Presidio Tunnel Tops project beyond its immediate boundary.

In 2023, Presidio Tunnel Tops was certified by ReScape, a local organization that "advocates for state and regional policies, permits, and ordinances that encourage and enable implementation of and compliance in regenerative land use." In addition to meeting all the required credits, Presidio Tunnel Tops received a final score of 109 points – a "very high score" according to ReScape, reflecting that this project "is an exemplary example of award-winning and regenerative design."

In Fiscal Year 2023, we also converted all equipment used to maintain the Presidio Tunnel Tops landscape, including lawn mowers and maintenance vehicles, to electric to reduce carbon emissions. This is a practice we are testing with the intent to roll it out to wider use in our landscape program.

Also in 2023, the Trust had its first full year of using a three-stream public container system which separates garbage from recyclables and compost. We diverted 30-40% of the material from the landfill in this highly visited area on a weekly basis, helping us support our sustainability and waste zero goals.

Moving Toward Zero Waste

Working toward our goal of reducing the impact of our own operations, in Fiscal Year 2023 we began or continued a variety of programs to divert waste from the landfill.

Growing our Compost Program:

In June 2023, the Trust built a second Aerated Static Pile compost system. By providing greater air circulation, the system allows us to double our production capacity while reducing the labor and water needed. In Fiscal Year 2023, we composted more than 600 tons of material on site for use in the park.

Helping Park Residents and Commercial Tenants Reduce Waste:

In spring 2023, we partnered for the first time with waste hauler Recology to provide on-site zero waste consultations to 16 Presidio commercial tenants. Tenants were advised on best practices to reduce waste and hauling costs and offered free interior recycling and compost bins, stickers, and signage.

In June 2023, the Trust partnered with Goodwill and waste hauler Recology to host the Presidio's 13th Annual Spring Cleaning Day for Presidio residents. Rather than tossing unwanted items in the trash, participants were able to donate useful items and send other materials for recycling or proper disposal. More than 125 households participated, filling two 22-foot Goodwill trucks with donations.

In spring 2023, the Trust's Zero Waste Team reviewed refuse services in the Baker Beach and South Baker Beach residential neighborhoods, home to well over 400 households. Based on this data, landfill services were cut that were no longer needed due to increased resident participation in recycling and compost programs. This effort led to savings of approximately $2,000 per month starting in June 2023.

Training:

In Fiscal Year 2023, the Trust's Zero Waste Team trained 81 staff members and contractors on the proper sorting of materials. We educated staff working at Presidio Tunnel Tops, offered online training to park residents, and trained our building stewardship crews on how to sort and recycle materials such as carpets pulled from homes and workplaces during rehabilitation.

Reducing our Greenhouse Gas Emissions

Working toward our goal of reducing the environmental impact of Trust operations, in Fiscal Year 2023 we focused on efforts to reduce the greenhouse gas produced from park operations.

Electric Bus Joins the Presidio GO Shuttle Fleet:

In January 2023, the Presidio's first battery-electric bus joined the Presidio GO Shuttle fleet, which provides free transit to and around the park to visitors, residents, and tenants. The bus is expected to reduce the shuttle fleet's carbon footprint by 12% or 50 metrics tons of CO2e per year. We're working to convert the entire fleet to electric in the next handful of years, funded by the Federal Lands Transportation Program.

Electric Vehicle Charging Stations:

As the number of electric vehicles driven by tenants, residents, and visitors grows, the demand for EV charging in the Presidio has risen. In September 2023, 19 electric vehicle (EV) charging ports were added to a public parking lot near Crissy Field. This installation has more than doubled the number of publicly available chargers in the park managed by the Presidio Trust. These "level 2" chargers were funded by the Federal Lands Transportation Program.

Setting a Baseline for Greenhouse Gas Emissions:

In Fiscal Year 2023, we developed a method to measure the amount of greenhouse gas emissions generated by Trust vehicles, Trust-occupied buildings, and Trust gas-operated equipment. We have a baseline from Fiscal Year 2023 of our monthly emissions; using this, we have set a target for reducing our greenhouse gas emissions by at least 5% in Fiscal Year 2024.

Joining the Reimagining San Francisco Alliance

In September 2023, the Presidio Trust joined Reimagining San Francisco, a citywide alliance of more than 30 organizations and individuals working collectively to improve the ecological health of San Francisco and equitably distribute the benefits of local nature to all. The group's goals include making 30% of San Francisco a biodiverse greenspace by 2030 and creating a comprehensive network of biodiverse corridors that allow wildlife and people to move freely. We're proud to be leaders in this initiative and look forward to sharing lessons we've learned at the Presidio with the broader community.

Leading the Way on "Green" Historic Building Rehabilitation

The Presidio is one of the largest and most ambitious historic preservation projects in the United States. 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, 31 projects have been LEED-certified, including a LEED-certified historic neighborhood.

Three projects related to the new Presidio Tunnel Tops (see the People section) received LEED Gold Certification in Fiscal Year 2023 – Crissy Field Center, Crissy Field Center's art and science building, and the Field Station. Five other projects are in process for LEED certification – the Gorgas Warehouses, and the East Mason Warehouses, and Buildings 2, 40, and 102 – 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

Celebrating a Successful First Year (and Then Some) at Presidio Tunnel Tops

After years of planning, outreach, and construction, the Trust and our partners at the National Park Service and Golden Gate National Parks Conservancy opened Presidio Tunnel Tops in July 2022. Built on top of the Presidio Parkway highway and located next to the Presidio Visitor Center, the 14-acre Presidio Tunnel Tops features trails and overlooks, picnic areas, gardens, and a huge nature-based playground, all with spectacular Golden Gate views. The Presidio Tunnel Tops was funded in large part through $98 million raised by the Golden Gate National Parks Conservancy.

Our intent has been to create a welcoming "front door" that makes it easy for the public – including first-time visitors and those from communities traditionally underrepresented in national parks – to discover and enjoy the Presidio.

We are gratified by the Presidio Tunnel Top's success in its first 14 months. From opening day through the end of Fiscal Year 2023, Presidio Tunnel Tops hosted more than 2.1 million visits. Here are some highlights.

Community Engagement

Prior to opening Presidio Tunnel Tops, we hosted preview events introducing leaders from underserved communities to the new site. Then we worked with more than 100 community partner organizations to welcome diverse communities to the Presidio. We provided 61 shuttle trips and/or planning support for groups to visit the park. We also chartered and partnered with a Presidio Activator Council, made up of a dozen Bay Area community leaders, to make the park a more inclusive place. Their ideas have led to activities in the park that incorporate art, culture, food, healing, wellness, and music.

Additionally, the marketing and outreach campaign for the Presidio Tunnel Tops, called "Free to Be," promoted the opening of Presidio Tunnel Tops with a focus on making it clear that the space was for everyone. The campaign was developed with input from leaders from partner community organizations and included bus wraps, pole banners, and video. In 2023, the campaign was recognized with a Gold Focus Category Award and Bronze Public Relations Category Award at the Adrian Awards.

Public Events

Since opening day, Presidio Tunnel Tops has hosted two summers of public programs co-curated with community organizations. In summer 2023, we hosted a popular series known as "Presidio Sunday Afternoons." Event themes included celebrating Pride month and honoring diverse cultures through dance performances. Additionally, the Presidio hosted *Dancing is our Medicine,* an intertribal dance gathering hosted with the Native American Health Center, *Music Makers: Bands Behind Barbed Wire,* hosted with the National Japanese American Historical Society, and the *5th Annual Chuseok Festival*, the Bay Area's largest celebration of Korean culture, cuisine, music, and art, hosted with the Korean Center Inc.

Art at Presidio Tunnel Tops

The Presidio Tunnel Tops opening season featured a temporary outdoor mural installation by artist and Presidio Activator Council member Favianna Rodriguez. *Ancestral Futurism: Looking Back to Repair the Future* honored the diversity and interconnectedness of all humans, land, flora, and fauna that have lived in this ecosystem throughout the centuries. Favianna was the first artist to be selected as part of the Presidio Public Art Mentorship program, an experimental pilot program for emerging and mid-career Black, Indigenous, and People of Color artists to develop temporary public art installations at Presidio Tunnel Tops.

In summer 2023, we launched year two of the program with fine arts painter Felicia Gabaldon. Her exhibition, entitled *Iconic Visions,* draws upon her identity as a Native American of the

Choctaw Tribe and includes large-scale ground murals of Presidio creatures like coyote, quail, and the Monarch butterfly. We've received positive feedback that the art program creates a sense of welcome and joy for park visitors.

Serving Youth at the Outpost Playground and Field Station

Presidio Tunnel Tops features a two-acre playground made of natural materials called the Outpost. Since opening day, approximately 450,000 young people and family members have enjoyed climbing, swinging, and crawling at the Outpost. The Outpost has proven to be one of the main draws for Presidio Tunnel Tops, delighting kids and families.

Adjoining the playground is an indoor "park curiosity lab" called the Field Station where people of all ages explore the Presidio's history and nature. Since opening day, it has hosted more than 194,000 visits, including visits from several hundred schools, summer camps, and community groups eager for the experience. Thousands of people have left postcards describing their enjoyment of the Field Station.

Collaboration with park-based scientists continues to ground the Field Station as an authentic research space. Another testimony to its success has been site visits from local, regional, national, and international parks and museums scouting for inspiration. And in the fall of 2022, the Field Station hosted a climate conference with the governors of Oregon, California, Washington and the premier of British Columbia.

Coming Next: Expanding Presidio Tunnel Tops with the New Outpost Meadow

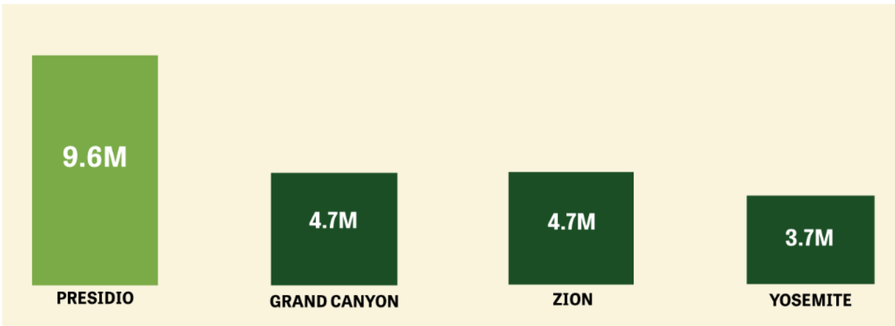
Presidio Tunnel Tops was such a success that at its one-year anniversary we announced we would expand it by creating an additional 1.5-acre picnic area and green gathering space next to the Outpost playground, funded with a State of California "Outdoors for All" grant. The new site will be known as the Outpost Meadow.

Additionally, Outpost Meadow will deliver critical environmental benefits and help the park be more climate resilient. The meadow will replace asphalt with coastal habitat for native plants and wildlife. The permeable surface will absorb water during heavy rains, reducing the potential for flooding. Outpost Meadow construction begins in early Fiscal Year 2024; the site opens in late 2025.

Park Visitation Rebounding to Near Pre-Pandemic Levels

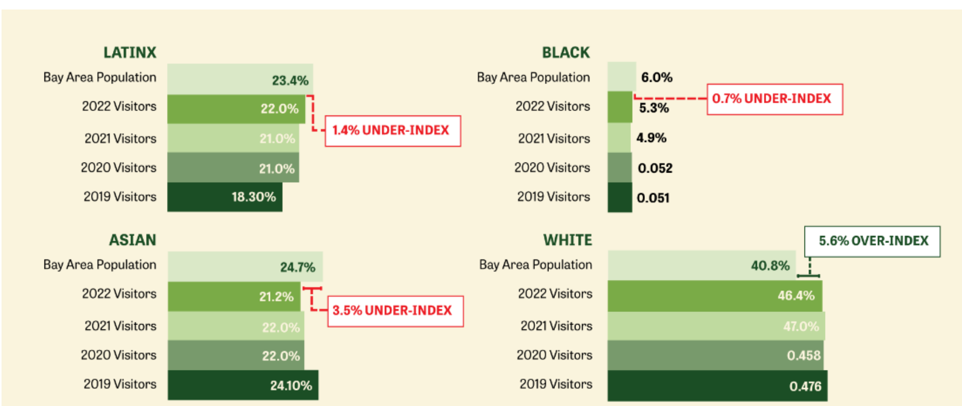
As a national park site in an urban area, a critical part of our mission is ensuring the Presidio is visited by a broad cross section of the community. We also want visitors to have such a great park experience that they are eager to share it with others. To gauge our progress against these goals, each year we conduct visitation research to understand how many people are coming, the demographic makeup of the visitor population, and how park guests are enjoying their time here.

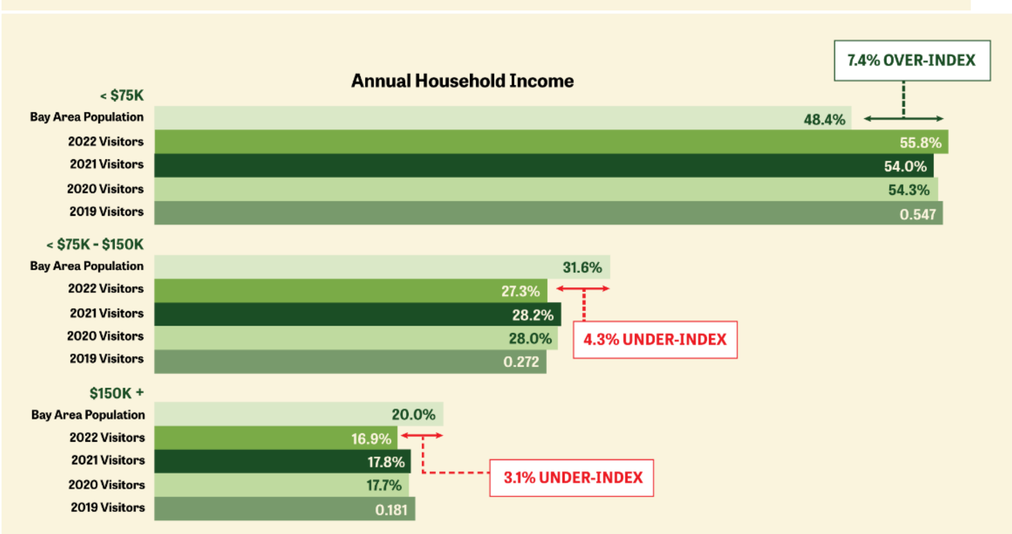
In 2022, the most recent calendar year for which data is available, visitation levels returned to 95% of pre-COVID levels, on par with what other national parks are experiencing. In total, the Presidio hosted 9.6 million visits, more visits than the Grand Canyon, Zion, and Yosemite.



Visitors are local, regional (California), national, and international; however, international visits have been the slowest to rebound.

We want to serve an audience reflective of our diverse community and seek especially to welcome those who have been historically underrepresented in national parks. We are gratified to see that park visitors are increasingly reflective of the Bay Area demographic in terms of race and income, though we have room to improve among LatinX and Asian populations.





The top motivators to visit the Presidio were scenic beauty and views, nature (such as native habitats, birds, wildlife, creeks and marshes), recreational opportunities (like hiking and biking trails and beaches), and finding an escape from the busy surrounding city. Visitors surveyed also pointed to the Presidio's unique community events and festivals as a key reason to come.

We were gratified to learn that 8.3 out of 10 visitors say they would recommend visiting the Presidio to a friend or family member, an increase from the previous year's score of 7.4.

We're so pleased that more and more people are discovering the park thanks to a quarter century of park-making, culminating in the opening of Presidio Tunnel Tops.

Ensuring Convenient, Affordable, and Safe Transportation Access

In Fiscal Year 2023, we continued working on projects to make it easier for people to get to and around the park.

Presidio GO Shuttle

For more than two decades, the Presidio Trust has operated the Presidio GO Shuttle, which provides free transit to and around the park for visitors, residents, and tenants. In Fiscal Year 2023, we doubled weekend service on the route that brings visitors to the park from regional transit hubs in downtown San Francisco. We also added an electric shuttle to the fleet (see the Planet section). In Fiscal Year 2023, we provided 230,000 rides. This represents a 48% year-over-year increase, reflecting that more visitors are coming to the Presidio and more tenants have returned to the Presidio for in-park work.

Extending Municipal Bus Service

In Fiscal Year 2023, we completed design on a new terminus at the Presidio's Crissy Field for the San Francisco Muni 30 bus line. This bus line provides service from many city neighborhoods such as Chinatown, Fisherman's Wharf, Union Square, and the Tenderloin. The new terminus will bring visitors farther west into the Presidio's popular northern waterfront. It will also include a new public restroom, providing a much-needed amenity in this part of the park. Construction will be complete in late 2024.

Expanding Bikeshare

Bikeshare is another affordable way people get to the park. In the Presidio, this service is offered by Bay Wheels. In Fiscal Year 2023, 49,343 bikeshare trips were taken to or from the Presidio. This is an increase of more than 3,000 trips compared to Fiscal Year 2022. Bay Wheels Bike Share offers both classic and electric bikes, making it easy to explore the park's hilly terrain. Four bike share stations are currently installed in the Presidio, and a fifth is being planned at West Crissy Field.

Presidio Slow Streets

We want to ensure people have ample, safe space to walk, run, and bike in the Presidio. In addition to our 24-mile trail network, we've implemented Presidio Slow Streets, a program to slow or limit traffic in some areas of the Presidio to provide more and safer space for people walking and biking in the park. The program was launched as a pilot during the pandemic. Following the conclusion of a robust public input process which garnered comments from more than 1,000 participants, we made the program permanent in Fiscal Year 2023. In Fiscal Year 2024, some of the Presidio Slow Streets are scheduled to be repaved. This provides an opportunity to evaluate the Presidio Slow Streets measures on these streets and make additional improvements as necessary.

More Space for Picnicking with Family and Friends

Our research indicates that picnicking is one of visitors' favorite park activities. The Presidio offers nearly a dozen formal picnic areas or public lawns for this purpose. Most are free and available on a first-come, first-served basis. When we launched Presidio Tunnel Tops in July 2023, we added a new picnic area that can be reserved in advance at recreation.gov, prompted by feedback that it is more comfortable for some to have a guaranteed space during their visit. Since opening day, the tables at "Picnic Place" have hosted 14,000 people and earned $80,000 in revenue.

Offering Diverse Cultural Cuisine with Presidio Pop Up

Fiscal Year 2023 saw the continuation of "Presidio Pop Up," a program that brings mobile vendors to the Presidio serving food that celebrates the diverse cultures and cuisines of the Bay Area. Presidio Pop Up creates opportunities for regional small businesses, many of which are family-run or women-owned. In its opening year, Presidio Pop Up hosted 48 vendors. The program earned vendors $3.7 million in gross sales and generated $597,000 in permit revenue to the Trust.

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 2023 marked the second full year of volunteer programming since COVID restrictions eased. Volunteers provided more than 8,195 hours of service, equating to a contribution of $295,959 to the park. We also welcomed 38 corporate and community groups for volunteering and hosted our annual Presidio Planting Day.

Providing National Park Camping Experiences

The Presidio is home to one of only two campsites in San Francisco. The park's 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 2023, 8,900 people enjoyed overnight camping just minutes from the busy city, an increase over 2022. Nearly 300 of those campers came from Crissy Field Youth Center programs and 913 came through the Monarch Week Pilot, a new program that reserves the last week of each month for eligible underrepresented community groups and organizations. Since its launch in March Fiscal Year 2023, the Monarch Week program has received 23 applications and granted fee waivers for 11 organizations.

Sharing Park History at the Presidio Officers' Club

We offer a public exhibition showcasing the long history of the Presidio in the park's oldest building, the Presidio Officers' Club. In Fiscal Year 2023, we welcomed approximately 44,000 visitors. The exhibition is currently open on Saturdays, and we plan to expand to three days a week in Fiscal Year 2024.

Launching a New Presidio Website

In September 2023, the Presidio Trust launched a new public website to help visitors discover and enjoy the Presidio. The platform is easy for visitors to navigate from any device and provides a "how to" guide for discovering the many locations, offerings, and programs in the nearly 1,500-acre park. The new website also showcases opportunities to rent an apartment, a historic home, or an office suite and makes it easy to find historic venues and lawns for weddings, parties, and corporate events. The site meets federal security and accessibility requirements.

Chief Financial Officer Letter

As I reflect on my first full year at the Presidio Trust, I am proud of the agility, flexibility and commitment demonstrated every day by the Trust staff. They are the reason millions of people enjoy this beautiful national park. While the Trust is a small agency, we have complex operations and multiple systems to support our myriad financial transactions. This report represents the culmination of our financial management community's effort to accurately track and disclose the Trust financial status.

The Presidio Trust received an unmodified audit opinion and remains committed to ensuring transparency and accountability to the public while achieving our mission. As we evolve, we continue to refine policies, procedures, and controls.

The Trust ends Fiscal Year 2023 in a sound financial position and with visitation nearing pre-pandemic levels. Increased visitation provides a halo effect on businesses within the park, making the Presidio a coveted location, which in turn attracts more activity like new restaurants and events, continuing the cycle of growth. With that said, the Trust continues to require a prudent financial plan given the uncertain macroeconomic environment, the strain of inflation, and the large amount of deferred maintenance.

With the primary source of on-going park revenue coming from the real estate portfolio, we continue to have a strong and stable performance as evidenced by occupancy rates of 95%+ and solid residential rent rate growth of 3.8% on new leases. Our two hotels have a total occupancy level well above the competition at 82%+ and enjoy a guest satisfaction rating of over 94%. In addition, our golf course delivered a record high number of rounds played with guest satisfaction at 89%. Available for the full year, Battery Bluff and Tunnel Tops drove visitorship increases in Fiscal Year 2023, leading to additional demand for our residential and commercial real estate, our hotel and golf businesses, and increased demand for restaurant leases. Finances are stable, though overcoming our accumulated deferred maintenance requires more work.

The Trust remains in need of capital to invest in the rehabilitation and development of buildings, landscape, and infrastructure. Our operations are funded from revenues earned, and the Trust continues to align budgetary resources with our strategic plan.

As mentioned last year, the Trust established a reserve policy in Fiscal Year 2021 and has fully funded the reserves per the policy in Fiscal Years 2022 and 2023. The asset renewal reserve positions us to replace assets as they age. We believe this is a best practice for organizations like the Trust with significant physical assets. In addition, a three-month operating reserve will help us survive the impacts of a serious economic downturn should one occur.

In Fiscal Year 2023 the Trust received a one-time $200 million appropriation transfer from the Department of the Interior as part of the Inflation Reduction Act, available through September 30,

2026. This funding is for deferred maintenance within the Presidio and will help reduce the outstanding deferred maintenance of over $500 million over the next five years.

The Trust received an additional $90M loan from the Treasury for residential building investment. Accessing the loan requires a creditworthiness review by an independent firm of the project and the Trust. This analysis is currently underway. Once complete, this capital investment will provide ongoing future revenue to support the park.

In Fiscal Year 2023, 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 also made great progress implementing the new *Statement of Federal Financial Accounting Standards (SFFAS) 54 Lease Accounting*, putting us on track to comply in fiscal year 2024.

The Financial Planning & Analysis team refined the 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 make better-informed project investment plans. Continued improvements in monthly reports allowed for better decision making by leadership.

New in Fiscal Year 2023 across both Accounting and Financial Planning & Analysis was accounting, tracking, and reporting on appropriation funding; re-instated at the Trust for the first time in over a decade with the transfer of the Inflation Reduction Act funding. And, of course, the team continues to be relentlessly focused on supporting our Trust divisions in their financial decisions.

We have more to do. In Fiscal Year 2024, we will continue to improve and document our policies and procedures, assess our current financial system for a potential move to the cloud, and implement the new lease accounting standard (SFFAS 54).

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

I, along with our entire finance and accounting team, remain committed to providing the Trust with the highest levels of financial management services and ensuring the agency continues to act as good stewards of public funds and public lands.

Catherine Langridge
Chief Financial Officer
November 15, 2023

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 Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Presidio Trust (the Trust), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as of September 30, 2023 and 2022, 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. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Consolidated Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-01 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 consolidated financial statements.

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KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

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 consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated 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 2023 Performance, Chief Financial Officer Letter, and Other Information sections but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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 consolidated financial statements as of and for the year ended September 30, 2023, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

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 consolidated financial statements as of and for the year ended September 30, 2023 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 consolidated 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. 24-01.

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, 2023

PRESIDIO TRUST
CONSOLIDATED BALANCE SHEETS
As of September 30, 2023 and 2022

	2023	2022
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury **[Note 2]**	$ 202,193,847	$ 10,222,018
Investments, Net **[Note 3]**	290,828,999	192,479,723
Accounts Receivable, Net **[Note 4]**	347,773	366,608
Total Intragovernmental Assets:	493,370,619	203,068,349
Other than intragovernmental		
Cash and Other Monetary Assets	510,295	130,285
Accounts Receivable, Net **[Note 4]**	6,163,386	18,246,515
Property, Plant, and Equipment, Net **[Note 5]**	578,309,350	568,356,235
Advances and Prepayments	4,469,957	4,205,726
Other Assets		
Deferred Rent Receivable, Net	39,333,324	36,222,944
Other Deferred Real Estate Costs	1,074,052	894,285
Total Other than Intragovernmental Assets	629,860,364	628,055,990
TOTAL ASSETS	**$ 1,123,230,983**	**$ 831,124,339**
Stewardship PP&E **[Note 6]**		
LIABILITIES		
Intragovernmental Liabilities		
Accounts Payable	$ 862,395	$ 5,747,578
Debt **[Note 8]**	185,069,760	98,492,459
Advances from Others and Deferred Revenue	16,474,691	3,069,762
Other Liabilities		
Other Employment Benefits Payable	481,935	694,141
Total Intragovernmental Liabilities	202,888,781	108,003,940
Other than intragovernmental Liabilities:		
Accounts Payable	21,971,470	32,105,884
Federal Employee Benefits Payable **[Note 7]**		
Unfunded Annual Leave Liability	2,908,259	2,950,130
FECA Actuarial Liability	5,326,302	5,666,401
Environmental and Disposal Liabilities **[Note 7]**		
Environmental Remediation Liability **[Note 9]**	4,117,383	4,156,734
Non-Friable Asbestos Cleanup Liability **[Notes 10]**	59,835,835	57,824,806
Advances from Others and Deferred Revenue:		
Security Deposits	12,324,369	10,726,157
Rent Credit Liability **[Note 7]**	3,507,055	3,786,185
Prepaid Rents & Services	3,097,690	3,279,284
Unearned Revenue	123,350,015	130,421,045
Other Liabilities:		
Payroll Payable	2,749,739	2,629,564
Contingent Liabilities **[Notes 7, 11 and 13]**	900,000	310,000
Total Other than Intragovernmental Liabilities	240,088,117	253,856,190
TOTAL LIABILITIES	**$ 442,976,898**	**$ 361,860,130**
Commitments and Contingencies **[Note 13]**		
Net Position:		
Unexpended Appropriations – Funds from Other than Dedicated Collections	197,270,395	–
Total Unexpended Appropriations (Consolidated)	197,270,395	–
Cumulative Results of Operations - Funds from Dedicated Collections **[Note 14]**	480,751,625	469,264,209
Cumulative Results of Operations - Funds from Other than Dedicated Collections	2,232,065	–
Total Cumulative Results of Operations (Consolidated)	482,983,690	469,264,209
Total Net Position	**$ 680,254,085**	**$ 469,264,209**
Total Liabilities and Net Position	**$ 1,123,230,983**	**$ 831,124,339**

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

PRESIDIO TRUST
CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2023 and 2022

	2023	2022
PROGRAM COSTS		
Operating Costs	$ 181,386,043	$ 160,497,031
Less: Earned Revenues	184,838,245	161,643,543
Net Program Cost (Surplus)	(3,452,202)	(1,146,512)
NET COST (SURPLUS) OF OPERATIONS	**$ (3,452,202)**	**$ (1,146,512)**

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

PRESIDIO TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Funds from Dedicated Collections [Consolidated]	**Funds from Other than Dedicated Collections [Consolidated]**	**Consolidated Total**	**Funds from Dedicated Collections [Consolidated]**	**Funds from Other than Dedicated Collections [Consolidated]**	**Consolidated Total**
Unexpended Appropriations						
Beginning Balance	$ –	$ –	$ –	$ –	$ –	$ –
Appropriations Transferred In/Out	–	200,000,000	200,000,000	–	–	–
Appropriations Used	–	(2,729,605)	(2,729,605)	–	–	–
Net Change in Unexpended Appropriations	–	197,270,395	197,270,395	–	–	–
Total Unexpended Appropriations	**$ –**	**$ 197,270,395**	**$ 197,270,395**	**$ –**	**$ –**	**$ –**
Cumulative Results from Operations:						
Beginning Balance	**$ 469,264,209**	**$ –**	**$ 469,264,209**	**$ 441,363,927**	**$ –**	**$ 441,363,927**
Non-Federal Non-Exchange Revenue:						
Donations and Forfeitures of Cash and Cash Equivalents **[Note 19]**	1,870,523	–	1,870,523	23,375,542	–	23,375,542
Donations - Non-Financial Sources	745,000	–	745,000	58,800	–	58,800
Total Non-Federal Non-Exchange Revenue	2,615,523	–	2,615,523	23,434,342	–	23,434,342
Financing Sources						
Appropriations Used	–	2,729,605	2,729,605	–	–	–
Expenditure Financing Sources Transferred In/Out	2,209,378	–	2,209,378	1,028,819	–	1,028,819
Non-Expenditure Financing Sources Transferred In/Out	(627,006)	627,006	(627,006)	–	–	–
Imputed Financing Sources	3,339,779	–	3,339,779	2,290,609	–	2,290,609
Other	–	(627,006)	(627,006)	–	–	–
Total Financing Sources	4,922,151	2,729,605	7,651,756	3,319,428	–	3,319,428
Net Cost (Surplus) of Operations	(3,949,742)	497,540	(3,452,202)	(1,146,512)	–	(1,146,512)
Net Change in Cumulative Results of Operations	11,487,416	2,232,065	13,719,481	27,900,282	–	27,900,282
Total Cumulative Results of Operations	**480,751,625**	**2,232,065**	**482,983,690**	**469,284,209**	**$ –**	**469,284,209**
Net Position, Ending Balance	**$ 480,751,625**	**$ 199,502,460**	**$ 680,254,085**	**$ 469,264,209**	**$ –**	**$ 469,264,209**

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

PRESIDIO TRUST
CONSOLIDATED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2023 and 2022

	2023	2022
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary)	$ 173,314,939	$ 127,015,344
Appropriations (Discretionary)	200,000,000	–
Borrowing Authority (Discretionary)	86,577,301	36,762,723
Spending Authority from Offsetting Collections (Discretionary)	195,234,092	181,321,017
Total Budgetary Resources	**$ 655,126,332**	**$ 345,099,084**
Status of Budgetary Resources:		
New Obligations **[Note 16]**	$ 183,812,047	$ 171,784,145
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	471,314,285	173,314,939
Unobligated Balance, End of Year (Total)	471,314,285	173,314,939
Total Budgetary Resources	**$ 655,126,332**	**$ 345,099,084**
Outlays, Net		
Outlays, Net (Total) (Discretionary)	(2,315,358)	15,208,055
Agency Outlays, Net (Discretionary)	**$ (2,315,358)**	**$ 15,208,055**

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 U.S. 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 on 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 May 19, 2023*. GAAP for Federal entities are the standards designated by the Federal Accounting Standards Advisory Board (FASAB), the official standards setting body for the U.S. 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.

In Fiscal Year 2023, the Trust had two distinct funds.

The Trust's ongoing fund is considered Dedicated Collections. Dedicated Collections are specifically identified revenues, provided to the U.S. 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 2023 and 2022.

The second distinct fund was created to account for the transfer of Fiscal Year 2022 Inflation Reduction Act appropriations from the U.S Department of the Interior's (DOI) National Park System, transferred to the Trust in Fiscal Year 2023. These funds are required by statute to remain available through September 30, 2026 to carry out priority deferred maintenance projects. This fund is considered Other than Dedicated Collections.

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 (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. Over the course of Fiscal Year 2023, the Trust's fund balance with the Treasury included Dedicated Collections, funds related to the loans (Note 8) and funds related to the Inflation Reduction Act funding. The Trust's fund balance at fiscal year-end is primarily the appropriated funds transferred from the U.S. Department of the Interior (DOI) as these funds are not eligible for investment in Treasury overnight securities.

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 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.

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

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 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 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. With the exception of multi-use heritage assets, these assets are excluded from the PP&E balance on the balance sheet as no value is assigned. 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 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 U.S. Department of the Army (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 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 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.

Prior to the Inflation Reduction Act Funding received in Fiscal Year 2023, the Trust had 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 in the Trust's Statements of Net Cost as earned revenues.

In Fiscal Years 2023 and 2022, the Trust earned more revenue than the expenses recognized, 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 2023 the Trust received a donation of services from a consultant. The transaction was deemed a donation of non-cash assets and is presented in the Statement of Changes in Net Position. In Fiscal Year 2022 there were minimal donations of non-cash assets.

Appropriations

Appropriations in the Trust's financial statements are related to a one-time transfer of Fiscal Year 2022 Inflation Reduction Act appropriations from DOI's National Park System, transferred to the Trust in Fiscal Year 2023. These funds are made available to the Trust through September 30, 2026, to carry out priority deferred maintenance projects. Prior to Fiscal Year 2023, the Trust last received appropriated funds in Fiscal Year 2012. Appropriations are reflected as budgetary resources on the Statement of Budgetary Resources.

Imputed 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, in 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 U.S. Federal Highway Administration 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 by 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 contributes a maximum of 17.3% of salary for employees hired after 1984 and 15.5% for employees hired after January 1, 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 U.S. 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 U.S. 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, and the useful lives of PP&E. Actual results may differ from those estimates.

RECLASSIFICATION

Fiscal Year 2022 Unfunded Accrued Annual Leave Liabilities have been reclassified from Other Liabilities to Federal Employee Benefits Payable to conform with Fiscal Year 2023 presentation. Additionally, the format of the Fiscal Year 2022 Budget to Accrual Reconciliation (BAR) has been modified to conform with the Fiscal Year 2023 presentation.

NOTE 2 - FUND BALANCE WITH TREASURY

The Treasury performs cash management activities on behalf of federal agencies. The net activity represents Fund Balance with Treasury (FBwT). The FBwT represents the Trust's right to draw down funds from the Treasury for expenses and liabilities.

The status of the FBwT may be classified as unobligated available, unobligated unavailable, or obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable balance also includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received; or goods and services received, but for which payment has not yet been made.

Obligated and unobligated balances reported for the status of FBwT do not agree with obligated and unobligated balances reported in the Statement of Budgetary Resources because the budgetary balances are also supported by amounts other than FBwT, such as budgetary receivables, contract authority, and investments in U.S. Treasury securities.

The Trust's Fund Balance with Treasury, was $202,193,847 and $10,222,018 as of September 30, 2023 and 2022, respectively. The status of the Fund Balance with Treasury for the associated periods is as follows:

	SEPTEMBER 30, 2023	SEPTEMBER 30, 2022
Status of Fund Balance with Treasury:		
Unobligated Balance – Available	$ 388,427,034	$ 83,043,958
Obligated Balance not yet Disbursed	69,296,361	86,413,782
Budgetary Resources from Invested Balances	(255,529,548)	(159,235,723)
TOTAL FUND BALANCE WITH TREASURE STATUS	**$ 202,193,847**	**$ 10,222,018**

NOTE 3 – INVESTMENTS, NET

Investments as of September 30, 2023 - 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	10/01/23	5.400%	255,529,548	–	255,529,548
Total Intragovernmental Securities				288,773,548	–	288,773,548
Interest Receivable				2,055,451	–	2,055,451
TOTAL INVESTMENTS				**$ 290,828,999**	**$ –**	**$ 290,828,999**

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				192,479,723	–	192,479,723
Interest Receivable				–	–	–
TOTAL INVESTMENTS				**$ 192,479,723**	**$ –**	**$ 192,479,723**

During Fiscal Years 2023 and 2022, respectively, the Trust earned interest in the amount of $10,052,166 and $3,024,367 on funds invested with the Treasury. As of September 30, 2023 and 2022, $2,055,451 and $0 in interest remained due and payable to the Trust.

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 U.S. Treasury securities to the Trust as evidence of the receipt of funds on behalf of the Trust. These U.S. Treasury securities are an asset to the Trust and a liability to the Treasury. Because the Trust and the Treasury are both parts of the U.S. Government, these assets and liabilities offset each other from the standpoint of the U.S.

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 Treasury to make future benefit payments or other expenditures. When the Trust requires redemption of these securities to make expenditures, the U.S. 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 U.S. Government finances all other expenditures.

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2023 are comprised of the following:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Gross Accounts Receivable	$ 347,773	$ 7,544,257	$ 7,892,030
Accrued Interest Receivable	–	31,403	31,403
Less: Allowance for Uncollectible Accounts	–	(1,412,274)	(1,412,274)
TOTAL ACCOUNTS RECEIVABLE, NET	**$ 347,773**	**$ 6,163,386**	**$ 6,511,159**

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**

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, Plant and Equipment (PP&E) as of September 30, 2023 consists of the following:

	COST	ACCUMULATED DEPRECIATION	NET BALANCE
Land and Land Rights	$ 3,701,000	$ –	$ 3,701,000
Improvements to Land	169,316,060	76,072,182	93,243,878
Construction-in-Progress	53,106,990	–	53,106,990
Buildings, Improvements, Renovations & Rehabilitations	519,311,274	195,922,985	323,388,289
Other PP&E, including furnishings, equipment, and software	214,082,980	109,213,787	104,869,193
TOTAL PP&E	**$ 959,518,304**	**$ 381,208,954**	**$ 578,309,350**

	BALANCE, BEGINNING OF YEAR	CAPITALIZED ACQUISITIONS	DISPOSITIONS	DEPRECIATION EXPENSE	BALANCE, END OF YEAR
Land and Land Rights	$ 3,701,000	$ –	$ –	$ –	$ 3,701,000
Improvements to Land	102,880,773	2,243,385	–	(11,880,280)	93,243,878
Construction-in-Progress	19,020,079	34,086,911	–	–	53,106,990
Buildings, Improvements, Renovations & Rehabilitations	330,693,536	10,441,692	(1,042,042)	(16,704,897)	323,388,289
Other PP&E, including furnishings, equipment, and software	112,060,847	3,480,140	(35,488)	(10,636,306)	104,869,193
TOTAL PP&E	**$ 568,356,235**	**$ 50,252,128**	**$ (1,077,530)**	**$ (39,221,483)**	**$ 578,309,350**

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 PP&E	**$ 912,186,657**	**$ 343,830,422**	**$ 568,356,235**

	BALANCE, BEGINNING OF YEAR	CAPITALIZED ACQUISITIONS	DISPOSITIONS	DEPRECIATION EXPENSE	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 PP&E	**$ 533,359,300**	**$ 66,817,900**	**$ (154,996)**	**$ (31,665,969)**	**$ 568,356,235**

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. There are no restrictions on the use or convertibility of PP&E. Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

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 2023, changes to the number of heritage and multi-use heritage buildings included a change in classification, a reduction for a building that was demolished, and a correction (reduction) for a building that was built outside of the period of significance.

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.

Additions/Withdrawals of Heritage, Multi-Use Heritage & Stewardship Assets in Fiscal Year-to-Date 2023:

	FY23 BEGINNING BALANCE	ADDITIONS	WITHDRAWALS	FY23 ENDING BALANCE
Number of Buildings:				
Heritage	13.00	–	(1.00)	12.00
Multi-Use Heritage	411.00	1.00	(2.00)	410.00
TOTAL BUILDINGS	**424.00**	**1.00**	**(3.00)**	**422.00**

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**

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, 2023 and 2022, liabilities not covered by budgetary resources consist of the following:

	SEPTEMBER 30, 2023	SEPTEMBER 30, 2022
Federal Employee Benefits Payable	$ 8,234,561	$ 8,616,531
Environmental and Disposal Liabilities **[Notes 9 and 10]**	63,953,217	61,981,541
Rent Credit Liability	3,507,055	3,786,185
Contingent Liabilities	900,000	310,000
Liabilities Not Covered by Budgetary Resources	76,594,833	74,694,257
Liabilities Covered by Budgetary Resources	245,284,332	159,087,138
Liabilities Not Requiring Budgetary Resources	121,097,733	128,078,735
TOTAL	**$ 442,976,898**	**$ 361,860,130**

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 the Treasury as of September 30, 2023 and 2022:

	MATURITY DATE	SEPTEMBER 30, 2023	SEPTEMBER 30, 2022
Note C (dated 09/28/00)	09/30/29	$ 10,008,945	$ 11,378,667
Note C (dated 09/29/00)	09/30/29	10,008,945	11,378,667
Note C (dated 09/29/01)	09/30/29	5,051,870	5,735,125
MOU (Amended 09/30/23)	09/30/53	160,000,000	70,000,000
TOTAL PRINCIPAL		**$ 185,069,760**	**$ 98,492,459**

SOURCE OF DEBT	FY22 BEGINNING BALANCE	FY22 NET BORROWING	FY22 ENDING BALANCE	FY23 NET BORROWING	FY23 ENDING BALANCE
Debt Owed to Treasury Other than to FFB (*)	$ 61,729,736	$ 36,762,723	$ 98,492,459	$ 86,577,301	$ 185,069,760
TOTAL DEBT	**$ 61,729,736**	**$ 36,762,723**	**$ 98,492,459**	**$ 86,577,301**	**$ 185,069,760**

* *Federal Financing Bank*

The Presidio Trust Act granted the Trust the authority to borrow from the Treasury. The aggregate amount of outstanding obligations at any one time is limited to $250 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 $90,000,000, $40,000,000, $20,000,000, and $10,000,000 in Fiscal Years 2023, 2022, 2021, and 2020 respectively. In Fiscal Year 2023, the Trust signed an updated Memorandum of Understanding (MOU) with the Treasury to reflect the entire $160,000,000 loan.

A preliminary financial review is being performed by an independent financial advisor for the $90 million loan for residential building investment. This initial review is estimated to be completed by March 2024. Once the initial report is reviewed, the Trust can utilize the loan for planning and design work. To utilize the remainder of the loan for construction, the independent financial advisor must provide an updated, final report for Treasury review and approval. In addition, the final report is underway for the $40M loan received in Fiscal Year 2022 for Buildings 102, 2, 40 rehabilitations. Per the Memorandum of Understanding (MOU), the final report must be provided no more than one year after the date of the preliminary report submission. However, the Trust requested and received a waiver to submit the final report in April 2024, in line with the original project timeline submission to the Treasury.

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

Note C (dated 9/28/00)

The current principal amount was $10,008,945 as of September 30, 2023. 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 $1,369,722 and $1,296,348 were made September 30, 2023 and 2022, respectively.

Note C (dated 9/29/00)

The current principal amount was $10,008,945 as of September 30, 2023. 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 $1,369,722 and $1,296,348 were made September 30, 2023 and 2022, respectively.

Note C (dated 9/29/01)

The current principal amount was $5,051,870 as of September 30, 2023. 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 $683,255 and $644,581 were made September 30, 2023 and 2022, respectively.

Additional yearly principal payments for the three notes are scheduled as follows: $3,618,747 in Fiscal Year 2024, $3,826,030 in Fiscal Year 2025, $4,045,194 in Fiscal Year 2026, $4,276,918 in Fiscal Year 2027, and the remainder in years thereafter.

MOU (dated 09/30/2023)

The current principal amount was $160,000,000 as of September 30, 2023. The loan is being used for the rehabilitation of seven buildings collectively called "the East Mason Warehouses", for the rehabilitation of Buildings 102, 40, and 2 for commercial use, and preliminarily for residential building investment. 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, an interest rate of 3.762% for the $40,000,000 advance issued in Fiscal Year 2022, and an interest rate of 4.601% for the $90,000,000 advance issued in Fiscal Year 2023. 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 Warehouses rehabilitation loans, in Fiscal Year 2027 for the $40 million Building 102, 40, and 2 rehabilitation loans, and in Fiscal Year 2028 for the $90 million Fiscal Year 2023 loan.

Interest Expense Related to Borrowing

The Trust incurred $3,768,266 and $2,418,661 of interest expense for the Fiscal Years ended September 30, 2023 and 2022, respectively, which was included in program costs reported on the Statement 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 $4,117,383 and $4,156,734 as of September 30, 2023 and 2022, 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 on 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, 2023	SEPTEMBER 30, 2022
Beginning Balance	$ 4,156,734	$ 4,201,176
Cost applied	(799,049)	(589,498)
Change in estimate to complete	759,698	545,056
TOTAL	**$ 4,117,383**	**$ 4,156,734**

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

The Trust's financial statements reflect an asbestos cleanup cost estimate of $59,835,835 and $57,824,806 as of September 30, 2023 and 2022, 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 $936,591 and $678,831 in Fiscal Years 2023 and 2022, respectively.

NOTE 11 – OTHER LIABILITIES

Other liabilities were $4,131,674 and $3,633,705 as of September 30, 2023 and 2022, respectively, all of which are considered current liabilities. Pursuant to SFFAS No. 1, paragraph 86, the amount of other current liabilities that are not covered by budgetary resources for September 30, 2023 and 2022 was $900,000 and $310,000, 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 definitive lease periods 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
2024	$ 44,250	$ 38,126,224	$ 38,170,474
2025	44,250	32,311,068	32,355,318
2026	44,250	27,767,734	27,811,984
2027	40,563	24,801,670	24,842,233
2028	–	21,932,794	21,932,794
Thereafter	–	432,864,866	432,864,866
TOTAL	**$ 173,313**	**$ 577,804,356**	**$ 577,977,669**

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, 2023 and 2022, the Trust accrued contingent liabilities of $900,000 and $310,000, respectively. No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated, or the likelihood of an unfavorable outcome is less than probable. Matters for which the likelihood of an unfavorable outcome is less than probable but more than remote involve a wide variety of allegations and claims. These matters arise in the course of carrying out Trust programs and operations, including interactions with park visitors and tenants. For many of these matters, the ultimate outcomes cannot be predicted at this time, but are not expected to materially affect the Trust's financial position or results of operations.

NOTE 14 - FUNDS FROM DEDICATED COLLECTIONS

Funds earned by the Trust are considered funds from dedicated collections. The Trust is financed by specifically identified revenues and is required by statute to use the revenues it earns to operate and maintain all the lands, buildings, and infrastructure under the Trust's jurisdiction. Funds from other than dedicated collections primarily relate to the Inflation Reduction Act appropriation transfer. The following tables present data relating to the Trust's Dedicated Collections, funds from our ongoing operations, for the years ended September 30, 2023 and 2022:

PRESIDIO TRUST
BALANCE SHEETS – FUNDS FROM DEDICATED COLLECTIONS
As of September 30, 2023 and 2022

	2023	2022
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury	$ 4,271,107	$ 10,222,018
Investments, Net	290,828,999	192,479,723
Accounts Receivable, Net	347,773	366,608
Total Intragovernmental Assets	295,447,879	203,068,349
Other than intragovernmental		
Cash and Other Monetary Assets	510,295	130,285
Accounts Receivable, Net	6,163,386	18,246,515
Property, Plant, and Equipment, Net	576,077,285	568,356,235
Advances and Prepayments	4,469,957	4,205,726
Other Assets		
Deferred Rent Receivable, Net	39,333,324	36,222,944
Other Deferred Real Estate Costs	1,074,052	894,285
Total Other than Intragovernmental Assets	627,628,299	628,055,990
TOTAL ASSETS	**$ 923,076,178**	**$ 831,124,339**
LIABILITIES		
Intragovernmental Liabilities		
Accounts Payable	$ 862,395	$ 5,747,578
Debt	185,069,760	98,492,459
Advances from Others and Deferred Revenue	16,474,691	3,069,762
Other Liabilities		
Other Employment Benefits Payable	481,935	694,141
Total Intragovernmental Liabilities	202,888,781	108,003,940
Other than intragovernmental Liabilities:		
Accounts Payable	21,351,633	32,105,884
Federal Employee Benefits Payable		
Unfunded Annual Leave Liability	2,908,259	2,950,130
FECA Actuarial Liability	5,326,302	5,666,401
Environmental and Disposal Liabilities		
Environmental Remediation Liability	4,117,383	4,156,734
Non-Friable Asbestos Cleanup Liability	59,835,835	57,824,806
Advances from Others and Deferred Revenue:		
Security Deposits	12,324,369	10,726,157
Rent Credit Liability	3,507,055	3,786,185
Prepaid Rents & Services	3,097,690	3,279,284
Unearned Revenue	123,350,015	130,421,045
Other Liabilities:		
Payroll Payable	2,717,231	2,629,564
Contingent Liabilities	900,000	310,000
Total Other than Intragovernmental Liabilities	239,435,772	253,856,190
TOTAL LIABILITIES	**$ 442,324,553**	**$ 361,860,130**
Net Position:_		
Cumulative Results of Operations	480,751,625	469,254,209
Total Net Position	**$ 480,751,625**	**$ 469,264,209**
Total Liabilities and Net Position	**$ 923,076,178**	**$ 831,124,339**

PRESIDIO TRUST
STATEMENTS OF NET COST – FUNDS FROM DEDICATED COLLECTIONS
For the Years Ended September 30, 2023 and 2022

	2023	2022
PROGRAM COSTS		
Operating Costs	$ 180,888,503	$ 160,497,031
Less: Earned Revenues	184,838,245	161,643,543
Net Program Cost (Surplus)	(3,949,742)	(1,146,512)
NET COST (SURPLUS) OF OPERATIONS	**$ (3,949,742)**	**$ (1,146,512)**

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 residential units. Approximately 725,000 square feet are 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, 2023 and September 30, 2022 were $183,812,047 and $171,784,145 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, 2023 was as follows:

	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Undelivered Orders Obligations Unpaid	$ 405,056	$ 42,826,065	$ 43,231,121
Undelivered Orders Obligations Paid	–	4,469,957	4,469,957
TOTAL	**$ 405,056**	**$ 47,296,022**	**$ 47,701,078**

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**

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 $1,870,523 and $23,375,542 in Fiscal Years 2023 and 2022, respectively. In Fiscal Year 2023, grants from the California Natural Resources Agency for the Outpost Meadow project were the primary source of contributed capital.

Donations received in Fiscal Year 2022 were 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 2023

Depreciation of property, plant, and equipment and amortization of real estate direct costs increased from $31,665,969 for Fiscal Year 2022 to $39,221,483 for Fiscal Year 2023. In Fiscal Years 2023 and 2022, the Trust spent $50,252,128 and $66,817,900 toward the development or rehabilitation of assets with the largest projects being the East Mason Warehouses rehabilitation project, and the Tunnel Tops project, respectively.

Accounts receivable decreased by $12,101,964, largely due to the Fiscal Year 2022 completion of construction activities for several large park projects including Tunnel Tops, which resulted in a decrease in reimbursable billings. Interest Receivable increased by $2,055,451 due to the timing of receipt of the annual interest payment from the Treasury in Fiscal Year 2023 versus 2022.

Accounts Payable decreased by $15,019,597 primarily due to the completion of several large park construction projects in Fiscal Year 2022, and the timing of payment of invoices. Advances from Others and Deferred Revenue increased $7,471,387, primarily due to an increase in deferred revenue related to advances received from the National Park Service for a reimbursable contract project, offset by recognition of various deferred revenues, which ramped up in Fiscal Year 2023 due to the Fiscal Year 2022 completion of the Doyle Drive Phase III (Battery Bluffs) and Tunnel Tops projects.

In Fiscal Years 2023 and 2022 the Trust had financing sources of $4,079,900 and $24,404,361. These financing sources are primarily related to projects that are financed through other entities.

The reconciliation of net cost to net outlays for Fiscal Year 2023 and 2022 is as follows:

	2023 TOTAL	2022 TOTAL
NET COST (SURPLUS) OF OPERATIONS	**$ (3,452,202)**	**$ (1,146,512)**
Components of Net Cost that are not part of Net Outlays:		
Depreciation of Property, Plant, and Equipment	(39,221,483)	(31,665,969)
Loss on Disposition/Revaluation of Property, Plant, and Equipment	(1,077,530)	(154,996)
Consulting Expense for Donated Services Received	(745,000)	(58,800)
Increase / (Decrease) In Assets:		
Cash and Other Monetary Assets	380,010	85,221
Interest Receivable – Investments in U.S. Treasury Securities	2,055,451	–
Accounts Receivable, Net	(12,101,964)	(5,561,400)
Advances and Prepayments	264,231	269,874
Other Assets	3,290,147	3,369,759
(Increase) / Decrease In Liabilities:		
Accounts Payable	15,019,597	6,221,066
Federal Employee Benefits Payable	381,970	(356,964)
Environmental and Disposal Liabilities	(1.971,687)	(3,006,535)
Advances from Others and Deferred Revenue	(7,471,387)	6,675,817
Other Liabilities	(497,969)	414,564
Other Financing Sources:		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(3,339,779)	(2,290,696)
Total Components of Net Cost that are not part of Net Outlays (-)	(45,035,384)	(26,058,972)
Components of Net Outlays that are not part of Net Cost:		
Acquisition of Capital Assets	50,252,128	66,817,900
Other - Financing Sources with Budgetary Advances, Donations, and Other	(4,079,900)	(24,404,361)
Total Components of Net Outlays that are not part of Net Cost	46,172,228	42,413,539
NET OUTLAYS	**$ (2,315,358)**	**$ 15,208,055**

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 on Treasury borrowing authority, 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 most 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 is 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 is 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 experts 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	48,406,175	–	403,855	48,810,030
Parking Passes & Other	1,000,000	1,336,039	–	2,336,039
Working Capital Funding & Operating Expense Reimbursement	–	164,102,951	–	164,102,951
Management Fees	–	93,594,287	–	93,594,287
Expenditures Required Under Sponsorship or Grant Agreement	–	–	27,242,621	27,242,621
Subtotal - Federal Funding	71,998,085	259,033,277	27,646,476	358,677,838
Partner Funding:				
Funds Invested For Building Rehabilitation	295,136,139	–	98,552,212	393,688,351
Other Investment By Partner	–	–	3,506,784	3,506,784
Subtotal - Partner Funding	295,136,139	–	102,058,996	397,195,135
TOTAL FUNDING TO P3	**$ 367,134,224**	**$ 259,033,277**	**$ 129,705,472**	**$ 755,872,973**

Revenues and cash received by the Trust from its public-private arrangements during Fiscal Year 2023 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	$ 25,310,849	$ 49,139	$ –	$ 186,000	$ –	$ –	$ 25,545,988
Other Contracts	–	–	–	–	24,741,557	–	24,741,557
Sponsored Projects	–	–	–	–	–	13,898,947	13,898,947
TOTAL FY23 PAYMENTS RECEIVED	**$ 25,310,849**	**$ 49,139**	**$ –**	**$ 186,000**	**$ 24,741,557**	**$ 13,898,947**	**$ 64,186,492**

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	$ 1,881,718,969	$ 2,720,059	$ 8,550,892	$ 16,138,333	$ –	$ –	$ 1,909,128,253
Other Contracts	–	–	–	–	232,168,598	–	232,168,598
Sponsored Projects	–	–	–	–	–	100,669,963	100,669,963
TOTAL EXPECTED PAYMENTS REC'D OVER LIFE OF P3	**$ 1,881,718,969**	**$ 2,720,059**	**$ 8,550,892**	**$ 16,138,333**	**$ 232,168,598**	**$ 100,669,963**	**$ 2,241,966,814**

Payments by the Trust to its P3 partners during Fiscal Year 2023 were as follows:

P3 Type	Tenant Improvement Allowances	Security Deposits Returned	Other Rehab-Related	Management Fees	Working Capital Funding & Operating Expense Reimbursement	Totals
Building Rehab	$ –	$ –	$ 61,250	$ –	$ –	$ 61,250
Other Contracts	–	–	–	6,448,787	17,090,339	23,539,126
Sponsored Projects	–	–	172,042	–	–	172,042
TOTAL FY23 PAYMENTS PAID	**$ –**	**$ –**	**$ 233,292**	**$ 6,448,787**	**$ 17,090,339**	**$ 23,772,418**

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	$ 5,988,777	$ 1,764,519	$ 4,095,360	$ –	$ –	$ 11,848,656
Other Contracts	–	–	–	93,594,287	164,102,951	257,697,238
Sponsored Projects	–	–	1,519,381	–	–	1,519,381
TOTAL EXPECTED PAYMENTS PAID OVER LIFE OF P3	**$ 5,988,777**	**$ 1,764,519**	**$ 5,614,741**	**$ 93,594,287**	**$ 164,102,951**	**$ 271,065,275**

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	$ –	$ 844,362	$ –	$ –	$ –	$ 392,875	$ 35,102,387	$ –	$ –	$ 1,461,629
Other Contracts	–	–	1,452,350	703,742	1,866,124	–	–	–	–	–
Sponsored Projects	3,808,768	734,866	387,711	–	–	–	–	19,242,776	251,415	–
TOTAL OTHER AMOUNTS RECOGNIZED IN FY23	**$ 3,808,768**	**$ 1,579,228**	**$ 1,840,061**	**$ 703,742**	**$ 1,866,124**	**$ 392,875**	**$ 35,102,387**	**$ 19,242,776**	**$ 251,415**	**$ 1,461,629**

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, 2023	SEPTEMBER 30, 2022
Beginning Balance	$ 58,027,591	$ 58,967,310
Revenue Recognized	(939,718)	(939,719)
TOTAL	**$ 57,087,873**	**$ 58,027,591**

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, 2023	SEPTEMBER 30, 2022
Beginning Balance	$ 50,199,583	$ 53,229,780
Revenue Recognized	(5,432,500)	(3,030,197)
TOTAL	**$ 44,767,083**	**$ 50,199,583**

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 in July 2022, the Tunnel Tops has welcomed nearly 2 million visitors.

A three-acre Youth Campus is approximately 30% of the Tunnel Tops area. The Golden Gate National Parks Conservancy has renewed their lease to occupy the Youth Campus for one additional year. The intent is to finalize a 30-year lease over the next 12 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, 2023 and 2022, the amount deferred was $19,242,776 and $19,851,560, respectively.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Deferred Maintenance & Repairs

The Trust owns and manages real property assets such as buildings, roads, utility systems and landscapes. When maintenance and repairs to assets are postponed until a future period due to limitations in resources such as budget, time, or staff, it is considered Deferred Maintenance and Repairs (DM&R). DM&R can lead to higher costs, asset deterioration, failure, or impairment.

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 are using 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 addition, as part of a multi-year project, the Trust is focused on developing a clear, sustainable inventory update process. This includes a sufficiently comprehensive inventory of its assets, an assessment of asset condition, and a reasonable asset replacement value to report the deferred maintenance.

In Fiscal Years 2023 and 2022, the Trust took a two-fold approach 1) entering 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 and 2) engaging a consultant to ensure best practice process and best practice use of the VFA capital planning software. This work continues into Fiscal Year 2024 as the Trust continues to capture incremental asset information to add to the VFA software and builds a process to ensure systematic updates as assets are renewed. In Fiscal Year 2024 we will pilot the VFA software to ensure accuracy of data and reporting as the final step to solidifying the VFA software for use into the future.

Similar to prior years, we used the VFA software estimates for building assets understanding the data entry is still underway, including the current exclusion of 268 buildings due to missing or partial data, mostly unrehabilitated vacant space, storage, or commercial space under master lease. In addition to these known exclusions, the Other PP&E categories of furnishings, equipment and software are excluded from the DM&R analysis. Financial estimates were used for utilities and stewardship land as this VFA data is still in the final stages of being scrubbed.

Importantly, in Fiscal Year 2023, the Trust received $200 million via transfer from the Department of the Interior as part of the Inflation Reduction Act for renewing critical infrastructure of the Presidio national park site. This funding will renew the Presidio's high voltage electrical system that was built during the Army era and is in critical condition with 71%

of the system beyond its useful lifespan. In addition, the highest priority water, wastewater, and stormwater systems will be addressed based upon asset condition and available funds after the high voltage work is complete. The planning for these projects is underway and will help reduce the outstanding deferred maintenance over the next five years.

The following is the Trust's Deferred Maintenance & Repairs as of September 30, 2023 and 2022:

	2023 Ending Balance	2022 Ending Balance
General Property Plant & Equipment	$ 305,539,824	$ 328,361,318
Heritage Assets	69,342,748	40,409,469
Stewardship Land	143,469,690	134,045,353
TOTAL	**$ 518,352,262**	**$ 502,816,140**

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.

The Trust considers the overall condition of an asset using a Condition Index. This is defined as:

Condition Index = (Current Replacement Value (CRV) - DM&R) / 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 2023, the Trust's Condition Index for all our physical assets was 62%. This means that 62% of the Trust's assets were within their assessed useful life. This breaks down as follows: 75% buildings (excluding the 268 buildings not currently captured in the VFA software), 67% 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 PP&E, Heritage Assets, and Stewardship Land per SFFAS No. 6, *Accounting for Property, Plant, and Equipment.*

U.S. 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 U.S. 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.

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 harvested 2.9 and 2.8 acres of forest in Fiscal Years 2023 and 2022, respectively, and reforested 3.3 acres of forest in Fiscal Year 2023. No reforestation was completed in Fiscal Year 2022.

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. The Trust had no stewardship land held for disposal or exchange at September 2023 and 2022.

Information of Land Use by Sub-Category Fiscal Year 2023:

	COMMERCIAL USE LAND	CONSERVATION/ PRESERVATION LAND	OPERATIONAL USE LAND	TOTAL ESTIMATED ACREAGE
Stewardship Land:				
Start of Prior Year	431.40	551.70	56.30	1,039.40
End of Prior Year/Start of Current Year	431.40	551.70	56.30	1,039.40
End of Current Year	431.30	551.70	57.00	1,040.00
TOTAL	**431.30**	**551.70**	**57.00**	**1,040.00**

PRESIDIO TRUST
COMBINING STATEMENTS OF BUDGETARY RESOURCES (UNAUDITED)
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Funds from Dedicated Collections	**Funds from Other than Dedicated Collections**	**Combined**	**Funds from Dedicated Collections**	**Funds from Other than Dedicated Collections**	**Combined**
Budgetary Resources:						
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary)	$ 173,314,939	$ –	$ 173,314,939	$ 127,015,344	$ –	$ 127,015,344
Appropriations (Discretionary)	–	200,000,000	200,000,000	–	–	–
Borrowing Authority (Discretionary)	86,577,301	–	86,577,301	36,762,723	–	36,762,723
Spending Authority from Offsetting Collections (Discretionary)	195,234,092	–	195,234,092	181,321,017	–	181,321,017
Total Budgetary Resources	**$ 455,126,332**	**$ 200,000,000**	**$ 655,126,332**	**$ 345,099,084**	**$ –**	**$ 345,099,084**
Status of Budgetary Resources:						
New Obligations **[Note 16]**	$ 175,467,453	$ 8,344,594	$ 183,812,047	$ 171,784,145	$ –	$ 171,784,145
Unobligated Balance, End of Year:						
Apportioned, Unexpired Accounts	279,658,879	191,655,406	471,314,285	173,314,939	–	173,314,939
Unobligated Balance, End of Year (Total)	279,658,879	191,655,406	471,314,285	173,314,939	–	173,314,939
Total Budgetary Resources	**$ 455,126,332**	**$ 200,000,000**	**$ 655,126,332**	**$ 345,099,084**	**$ –**	**$ 345,099,084**
Outlays, Net						
Outlays, Net (Total) (Discretionary)	(4,392,618)	2,077,260	(2,315,358)	15,208,055	–	15,208,055
Agency Outlays, Net (Discretionary)	**$ (4,392,618)**	**$ 2,077,260**	**$ (2,315,358)**	**$ 15,208,055**	**$ –**	**$ 15,208,055**

Other Information (Unaudited):

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 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

<table>
<tr><td colspan="2">Audit Opinion</td><td colspan="5">Unmodified</td></tr>
<tr><td colspan="2">Restatement</td><td colspan="5">No</td></tr>
<tr><td colspan="7"></td></tr>
<tr><th>Material Weaknesses</th><th>Beginning Balance</th><th>New</th><th>Resolved</th><th colspan="2">Consolidated</th><th>Ending Balance</th></tr>
<tr><td>None</td><td>0</td><td>0</td><td>0</td><td colspan="2">0</td><td>0</td></tr>
<tr><th colspan="7">Effectiveness of Internal Control over Financial Reporting</th></tr>
<tr><td colspan="2">Statement of Assurance</td><td colspan="5">Unqualified</td></tr>
<tr><th>Material Weaknesses</th><th>Beginning Balance</th><th>New</th><th>Resolved</th><th>Consolidated</th><th>Reassessed</th><th>Ending Balance</th></tr>
<tr><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><th colspan="7">Effectiveness of Internal Control over Operations</th></tr>
<tr><td colspan="2">Statement of Assurance</td><td colspan="5">See Below</td></tr>
<tr><th>Material Weaknesses</th><th>Beginning Balance</th><th>New</th><th>Resolved</th><th>Consolidated</th><th>Reassessed</th><th>Ending Balance</th></tr>
<tr><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><th colspan="7">Conformance with Financial Management System Requirements</th></tr>
<tr><td colspan="2">Statement of Assurance</td><td colspan="5">See Below</td></tr>
<tr><th>Non-Conformances</th><th>Beginning Balance</th><th>New</th><th>Resolved</th><th>Consolidated</th><th>Reassessed</th><th>Ending Balance</th></tr>
<tr><td>None</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><th colspan="7">Conformance with Federal Financial Management Improvement Act</th></tr>
<tr><th colspan="2">Statement of Assurance</th><th colspan="2">Agency</th><th colspan="3">Auditor</th></tr>
<tr><td colspan="2">Overall Substantial Compliance</td><td colspan="2">Yes or No</td><td colspan="3">N/A</td></tr>
<tr><td colspan="2">System Requirements</td><td colspan="2">Yes</td><td colspan="3">N/A</td></tr>
<tr><td colspan="2">Accounting Standards</td><td colspan="2">Yes</td><td colspan="3">N/A</td></tr>
<tr><td colspan="2">USSGL - Transaction Level</td><td colspan="2">Yes</td><td colspan="3">N/A</td></tr>
</table>

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.

Glossary

BFS – Bureau of the Fiscal Service

Caltrans – California State Department of Transportation

CIP – Construction in Progress

CSRS – Civil Service Retirement System

DMS – Debt Management Services

DOI – Department of the Interior

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

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

SFFAS – Statements of Federal Financial Accounting Standards

SFCTA – San Francisco County Transportation Authority

USSGL – United States Standard General Ledger

VMP – Vegetation Management Plan