2024

Performance and Accountability Report

PRESIDIO
TRUST®

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FISCAL YEAR 2024 PERFORMANCE + ACCOUNTABILITY REPORT

Agency Head Letter

I’m pleased to report that the Presidio is thriving, and that we’re making substantial progress toward our triple bottom line goals of People, Planet and Performance: ensuring the Presidio is visited and loved by all, models practices that protect our environment, and is operated efficiently in service to the public.

The Presidio Trust’s financial and performance data presented in this report are complete and reliable. There are no material weaknesses identified in the internal control structure.

The Presidio remains a place where people are eager to live, work, and play. Our residential and commercial average occupancy rates were 96% and 93% respectively, and our golf course and hotels continued to be a powerful draw.

As a result of higher revenue and strong cost controls, our financial performance surpassed our budget projections for the year. This performance, in addition to the one-time funding from the Inflation Reduction Act, is enabling us to start replacing the Presidio’s Army-era utility systems. In Fiscal Year 2024, we replaced a power station that delivers energy to two-thirds of the Presidio, a major step toward our goal of replacing the entire power grid within three years. We also continued to replace aged water and sewer systems. These improvements will ensure reliable service and lay the foundation for environmentally efficient park operations for decades to come.

Using loans from the U.S. Treasury, we converted a historic warehouse complex on the park’s waterfront into desirable office and retail space which is nearly fully leased. We also began rehabilitation of three historic buildings on the Main Post, one of which has already been leased to a school. These developments enable us to grow the economic engine that sustains the Presidio while paying back the loans with interest. We are exploring how to invest the remaining loan funds given market and interest rate trends.

Visitors report loving their experience in the park. Our survey measuring visitors’ likelihood to recommend the Presidio reached an all-time high score. The park hosted 9.5 million visits last year, with Presidio visitors largely reflecting the racial and economic diversity of the Bay Area. And the park’s newest attraction, Presidio Tunnel Tops, has hosted 3.8 million visits since it opened just two years ago. It is so popular that we’ve broken ground on an expansion to open in 2025.

A key reason people come is to experience the Presidio’s beauty, nature, and wildlife. We continued habitat restoration and are delighted that the native species we’ve reintroduced are thriving.

On October 1, 2024, we marked a major milestone – 30 years since the Presidio closed as a military installation and began a new era of service as a national park site. In those decades, the Presidio Trust, the National Park Service, and the non-profit Golden Gate National Parks Conservancy have worked side-by-side to convert this storied U.S. Army post into one of America's most visited national park sites. Our partnership is strong and enduring.

We are grateful to everyone who has supported the Presidio's remarkable rebirth across the last three decades: past and current Presidio Trust board members who have volunteered their time and expertise; thousands of volunteers who have restored habitats and welcomed the public; generous donors who have helped build the trails system, upgrade the campground, and create the Presidio Tunnel Tops; and residents, tenants, and visitors who have helped sustain the Presidio. And, of course, our creative, skilled and passionate staff members – now and in the past.

We are proud of what we have accomplished together in the last 30 years. We now look to the future, guided by our vision that the Presidio will forever be a place where people and nature flourish, operated with excellence, and guided by an ethos of public service.

Jean Fraser
Chief Executive Officer
November 2024

Management Discussion + Analysis

Mission

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

Organizational Structure

The Trust was established by Congress as a wholly owned corporation of the U.S. Government. The Presidio Trust Act (P.L. 104-333) (the “Trust Act”) gives the 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 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.

Charles M. (Chuck) Collins is the President Emeritus of the YMCA of San Francisco where he served for nearly two decades as President and Chief Executive Officer. He is also the Inaugural Presidential Fellow at the University of San Francisco. Previously, he was the President and Chair of WDG Ventures, Inc. which was engaged in real estate investment and development. He has practiced law and was a former Deputy Secretary of the Business, Transportation and Housing Agency for the State of California. Mr. Collins is President of the San Francisco Arts Commission and is on the boards of the San Francisco Museum of Modern Art, the Commonwealth Club/World Affairs Council, and the Community Council of the UCSF Center for Community Engagement. He was a trustee of Williams College, the National Urban League, and the San Francisco Art Institute, among others. He is a graduate of Williams College, the Massachusetts Institute of Technology, and Harvard Law School. Under a Thomas J. Watson Fellowship, he received a diploma from the Athens Center for Ekistics. He was appointed to the Presidio Trust board in May 2024.

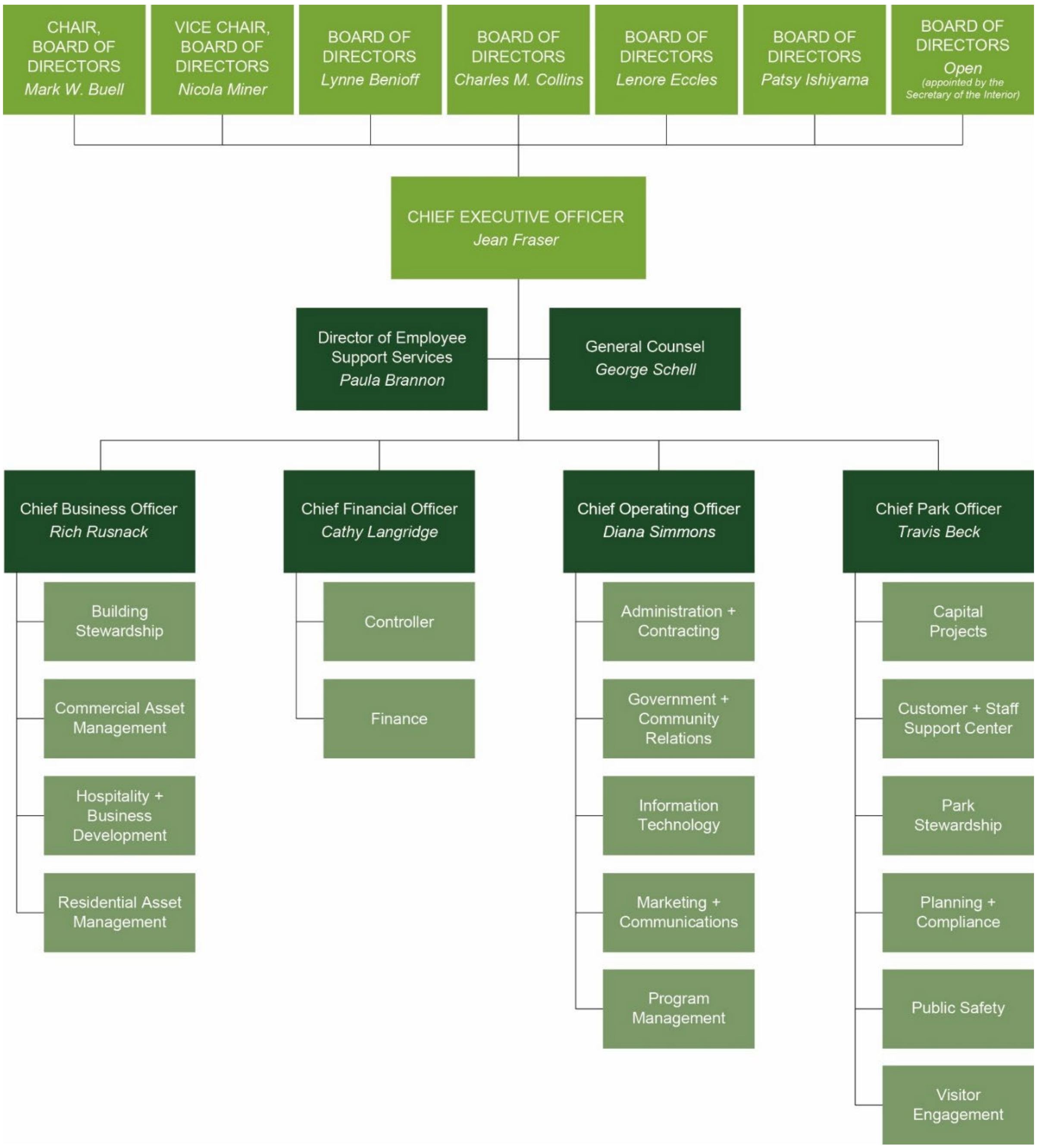
Leni Eccles began her career in education in various roles including high school principal, counselor, and advisor for a university graduate school. She later served as director of a healthcare organization, working also with its national affiliates. Over the past two decades, her focus has been public 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.

Patsy Ishiyama is a vice president of the Ishiyama Corporation and president of the Ishiyama Foundation. She serves as vice chair of the board of directors of the National Fish and Wildlife Foundation, as a board member of the Resources Legacy Fund, and as a trustee of the NPR Foundation. She previously served as a trustee of Trout Unlimited and as a board member of the Golden Gate National Parks Conservancy. Ms. Ishiyama also worked with Senator Alan Cranston and California Attorney General John Van de Kamp. She is a graduate of Stanford University. She was appointed to the Presidio Trust board in May 2024.

Presidio Staff

A Chief Executive Officer (CEO) oversees the organization, which included the following divisions in Fiscal Year 2024: Park, Business, Finance, Executive, and Trust Operations. The Trust has 320 employees with a wide range of skills, including real estate management, ecological restoration, historic preservation, finance, marketing and physical plant operations.

Organization Chart



Analysis of Consolidated Financial Statements and Stewardship Information

Preparation of the consolidated financial statements, accompanying notes, and this discussion and analysis is the responsibility of Trust management. The consolidated 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 consolidated financial statements. The consolidated financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of a federal entity in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Adoption of *Statement of Federal Financial Accounting Standards (SFFAS) 54, Leases*

SFFAS 54, effective October 1, 2023, introduces new accounting standards for federal government entities, shifting lease accounting to a right-of-use model, which requires entities to recognize lease assets and liabilities on their balance sheets for most leases with a term greater than 24 months.

The federal government adopted *SFFAS 54* to improve financial transparency and accountability, reduce off-balance-sheet reporting of leases, and align with broader accounting practices followed by the private sector and state/local governments. By bringing lease obligations onto the balance sheet, the federal government aims to provide more accurate financial information to stakeholders, promote responsible fiscal management, and ensure accountability in the use of taxpayer resources.

Nature of Change

Under the provisions of *SFFAS 54*, the accounting treatment for leases has been modified from the previous guidance. The standard establishes a single model for lease accounting, whereby federal lessor entities must recognize a lease receivable and a corresponding unearned lease revenue at the commencement of a lease for all leases other than short-term leases, intragovernmental leases, and leases that transfer ownership (of which the Trust has none). Federal lessee entities must recognize a right-to-use asset and corresponding lease liability for their lessee positions. The adoption of *SFFAS 54* aligns the Trust’s lease accounting with the updated federal financial accounting framework, thereby improving transparency and consistency in reporting federal leases.

Effect on Consolidated Financial Statements

The adoption of *SFFAS 54* has the following impact on the Trust's financial position and results of operations as of September 30, 2024:

- Lease assets of $666.6 million have been recognized as Lease Receivable under Other Assets on the consolidated balance sheet. This represents the present value of future lease payments expected to be received by the Trust over the terms of the leases, including an estimate for option period rents for renewal options likely to be exercised by the tenants.
- Lease liabilities of $644.7 million have been recognized as Unearned Lease Revenue under Other Liabilities on the consolidated balance sheet. This represents the unearned portion of the lease payments to be received and earned in the future.
- The straight-line recognition of Unearned Lease Revenue as well as the interest on the Lease Receivable have replaced the previously reported straight-line rental revenue for applicable leases.
- The timing of revenue recognition has changed. Interest income on material lease receivables, combined with the inclusion of option period rents in the measurement of the lease receivables, results in accelerated revenue recognition versus the prior method of lease accounting. However, over the entire term of each lease, the total revenue recognized equals the total lease payments per the lease agreement under either method of accounting.
- There was a net decrease in the Trust's net position as of September 30, 2024, due to the cumulative effect of adopting this standard. Under *SFFAS 54*, the Trust no longer reports balances of deferred rent receivable and deferred real estate costs, which were $40.4 million in Fiscal Year 2023. An adjustment was made to the beginning balance of cumulative results of operations in the Fiscal Year 2024 statement of changes in net position related to this change in accounting principle.
- While the Trust is a lessee in a small number of equipment contracts, we assessed the lessee leases as immaterial for the purposes of applying the provisions of *SFFAS 54*.

The adoption of *SFFAS 54* has not affected our cash flows, as lease payments are still received based on the contractual agreements. However, the classification and reporting of certain elements, such as lease receivables and unearned revenue, have been adjusted to align with the new standard.

Other highlights of the financial information presented in the consolidated financial statements are shown below.

Consolidated Balance Sheets

These statements are designed to show the Trust's financial position as of September 30, 2024, and to compare it to the Trust's financial position the previous year.

Assets

The Trust's total Assets increased by $698.9 million for a total of $1.8 billion at the end of Fiscal Year 2024 compared to $1.1 billion at the end of Fiscal Year 2023.

The increase in total Assets is primarily due to a net $626.2 million increase in Other Assets related to the Trust's adoption of *SFFAS 54*, as outlined above, as well an increase of $73.3 million in Fund Balance with Treasury (FBwT). The FBwT increase is primarily related to a $68.5 million U.S. Department of the Treasury (the Treasury) loan received in Fiscal Year 2024.

Property, Plant, & Equipment increased by $11.1 million in Fiscal Year 2024, comprised of $52.9 million in capitalized acquisitions, offset by $40.7 million in depreciation and $1.1 million in net dispositions. Capitalized acquisitions are primarily related to three major park projects: Outpost Meadow which is an expansion of the Tunnel Tops project completed in Fiscal Year 2022, the completion of the rehabilitation of the East Mason Warehouses, and projects funded by the Inflation Reduction Act for the replacement of aged physical assets. Renovations of residential housing also accounted for $13.1 million of the total assets added in Fiscal Year 2024.

Accounts Receivable, Net increased by $8.7 million primarily due to an increase in the amount of the receivable from the California Natural Resources Agency (CNRA) for the Outpost Meadow project. The project entered the construction phase in Fiscal Year 2024 and is projected to open to the public in 2025.

Liabilities

Total Liabilities increased by $696.9 million, ending at $1.1 billion in Liabilities for Fiscal Year 2024 compared to $443.0 million at the end of Fiscal Year 2023. The increase is largely due to the increase in Unearned Lease Revenue of $644.7 million related to the Trust's adoption of *SFFAS 54*, as noted above. Trust Liabilities include $250.0 million in debt to the Treasury, an increase of $64.9 million due to $68.5 million in new borrowing minus the $3.6 million required principal payment on existing debt. See Note 3 for more information on Investments and Note 8 for more information on Debt.

Accounts Payable increased $5.8 million, primarily due to an increase in construction activity on the Outpost Meadow project and deferred maintenance projects funded by the Inflation Reduction Act funding.

Advances from Others and Deferred Revenue, Intragovernmental, decreased $14.3 million, primarily due to recognition of advances received in Fiscal Year 2023 from the National Park Service (NPS) for work on a reimbursable contract project. Advances from Others and Deferred Revenue (other than intragovernmental) decreased $5.4 million, primarily due to recognition of various deferred revenues.

Net Position

The Trust’s Net Position increased by $2.0 million, ending Fiscal Year 2024 at $682.3 million compared to $680.3 million at the end of Fiscal Year 2023, primarily due to increases of $11.5 million from donations (grant funding from the state of California for the Outpost Meadow project), $26.0 million from net surplus, and $4.4 million from imputed financing sources, offset by a $40.0 million decrease due to change in accounting principle (*SFFAS 54* adoption) which resulted in a change in the recognition of assets and liabilities related to the Trust's lessor activity.

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, 2024, the Trust’s financial reserves were $94.1 million, comprised of a $33.1 million operating reserve, $59.3 million in reserves for replacement of our assets, and a $1.7 million reserve for technology and operational improvement projects. As of September 30, 2023, the Trust’s financial reserves were $70.1 million, comprised of a $32.9 million operating reserve, and $37.2 million in reserves for replacement of our assets.

Consolidated Statements of Net Cost

These statements are intended to report the net cost of the Trust’s operations. 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 $26.0 million during Fiscal Year 2024 compared to net surplus of $3.5 million in Fiscal Year 2023.

The increase in revenues in Fiscal Year 2024 of $43.5 million is primarily related to increases in income from the real estate portfolio, reimbursable contract revenue, and interest earned on funds invested in Treasury securities. Lease related income increased $29.0 million, partially due to the impact of the adoption of *SFFAS 54* on the timing of revenue recognition ($19 million increase), and partially due to growth in the real estate portfolio ($10 million increase). Construction activity on a reimbursable contract project for the National Park Service contributed to $7.1 million of the increases in both revenues and operating costs in Fiscal Year 2024. Interest Revenue increased $5.8 million due to an increase in the interest rate earned on investments and in the amount of funds invested in Treasury overnight securities. Sponsorship revenue, new to the Trust in Fiscal Year 2024, contributed $1.0 million to the increase in revenues. The Trust’s other revenue streams combined to drive an additional $0.6 million increase in revenues.

Operating costs increased $21.0 million versus Fiscal Year 2023. Costs related to a reimbursable contract project for the National Park Service increased $7.1 million. These costs are offset by revenues as noted above. Labor costs increased $4.7 million due to an increase in the number of Trust employees, standard pay increases, and staff bonuses tied to strategic plan goals. Interest expense increased $3.9 million due to an increase in Treasury borrowings. Depreciation expense increased $1.2 million due to an increase in depreciable assets, including the East Mason project assets placed in service in early Fiscal Year 2024. Hospitality expenses increased $1.1 million primarily due to higher guest volume driving up variable costs. Additional increases include $1.8 million for technology and operational improvement initiatives, $1.0 million in non-capitalized building improvements due to tenant turnover, $1.0 million in non-capitalized costs related to deferred maintenance projects, and $0.6 million in other expenses. These increases were offset by a decrease of $1.4 million in Marketing, Communication and Visitor Engagement expenses due to the upgrades to the Trust website in Fiscal Year 2023.

Combined Statements of Budgetary Resources

The Combined 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 2024, the Trust received the majority of its funding from revenues earned, with the largest revenue streams being from residential and commercial leasing.

Budgetary Resources amounted to $726.5 million for Fiscal Year 2024, compared to $655.1 million in Fiscal Year 2023. Of this amount, the Trust obligated $401.3 million in Fiscal Year 2024, and $183.8 million in Fiscal Year 2023. Unobligated balances at the end of Fiscal Year 2024, and Fiscal Year 2023, were $325.2 million and $471.3 million, respectively.

This unobligated balance is due to the loans received from the Treasury for rehabilitation projects (see Note 8), grants for sponsored projects including the Outpost Meadow, tenant security deposits, and funds allocated 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 2023 and 2024, the Trust received a total of $158.5 million in loans from the Treasury to invest in a range of 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 over $500.0 million. The $200.0 million Inflation Reduction Act funding supports 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 consolidated financial statements.

Stewardship Investments

Stewardship assets are detailed in Note 6 to the consolidated financial statements as required by *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.

Analysis of Systems, Controls, and Legal Compliance

Statement of Assurance on Internal Control over Operations, Reporting, and Compliance

Trust management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA). The Trust conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the Trust can provide reasonable assurance that internal control over operations, reporting, and compliance as of September 30, 2024, was operating effectively and that 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 Internal Control over Financial Reporting

The Trust's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that transactions are: (1) properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. GAAP, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) executed in accordance with provisions of applicable laws (including laws governing the use of budget authority); regulations; contracts; and grant agreements, noncompliance with which could have a material effect on the financial statements.

Trust management is responsible for designing, implementing, and maintaining effective internal control over financial reporting. The Trust conducted its assessment of the effectiveness of internal control over financial reporting according to the criteria established under FMFIA and OMB Circular No. A-123. Based on the results of the assessment, the Trust can provide reasonable assurance that its internal control over financial reporting as of September 30, 2024, was operating effectively and that no material weaknesses were found in the design or operation of internal control over financial reporting.

Statement of Assurance on Financial Management Systems

The Trust conducted reviews of its financial management systems consistent with Appendix D of OMB Circular No. A-123, *Management of Financial Management Systems - Risk and Compliance*, which contains guidance for determining compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA). Based on the results of these reviews, the Trust can provide reasonable assurance that it has implemented and maintained financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level consistent with the requirements of FFMIA.

The Presidio Trust hosts and maintains Oracle E-Business Suite R12 as its core accounting system and an invoice approval workflow application built on SharePoint. Cloud SaaS solutions include Yardi Voyager, Authorize.Net and US Bank Access Online. The Presidio Trust is improving the operations and mitigating risks of its on-premise hosted systems with the following Fiscal Year 2025 actions: 1). replacing aging Oracle servers and local data storage devices, 2). decommissioning its internal invoice approval application and replacing it with invoice automation software, 3). deploying single-sign-on (SSO), multi-factor authentication (MFA) and end to end data encryption on the Oracle application.

Federal Information Security Modernization Act (FISMA) and Privacy Compliance

The Presidio Trust complies with the Federal Information Security Modernization Act (FISMA) through a comprehensive information security program that ensures the confidentiality, integrity, and availability of its systems. In alignment with Federal Information Processing Standards and NIST guidelines, the Trust actively manages cybersecurity risks and continuously enhances its protections.

Following Executive Order 14028, "Improving the Nation's Cybersecurity," the Trust has advanced its efforts to implement a zero-trust architecture and adopt enhanced security measures. The Trust reports FISMA Chief Information Officer (CIO) metrics quarterly, detailing progress on EO 14028 initiatives and meeting federal cybersecurity standards. Additionally, the Trust promptly implements DHS Cybersecurity and Infrastructure Security Agency (CISA) emergency directives and binding operational directives to address evolving threats. Recent progress includes deploying CrowdStrike to strengthen threat detection and response, conducting regular vulnerability management activities, and performing disaster recovery (DR) tests to ensure operational resilience. The Trust has also fortified its defenses by implementing multi-factor authentication and completing Authority to Operate (ATO) processes for cloud-based applications.

In Fiscal Year 2024, the Presidio Trust dedicated resources to a Privacy Program discovery project, assessing essential frameworks and resource requirements for a comprehensive privacy program. Key activities included consultations, risk assessments, and recommendations for program design, aligned with federal privacy standards. In Fiscal Year 2025, we will begin implementation of those recommendations.

Digital Accountability and Transparency Act

The Digital Accountability and Transparency Act of 2014 (DATA Act), codified at 31 U.S.C. 6101 note, requires U.S. Department of the Treasury account-level reporting. This includes reporting all Treasury Account Symbols that fund each award and contract transaction, budget authority, program activity, outlay, and budget object class, among other data elements. The

DATA Act also requires the Federal Government to collectively standardize the financial data elements that are reportable under the act. In Fiscal Year 2024, the Presidio Trust provided monthly DATA Act submissions and certified those submissions each quarter.

Antideficiency Act

The Antideficiency Act, codified at 31 U.S.C. § 1341, prohibits incurring obligations or expending funds in advance of or in excess of an appropriation. The Presidio Trust Act section 104(g) provides that, notwithstanding the Antideficiency Act, all proceeds and other revenues received by the Trust be retained by the Trust and made available for authorized purposes, without further appropriation. The Presidio Trust deposits all proceeds and other revenues it receives in Treasury funds and spends those monies for authorized purposes under the Presidio Trust Act. The Trust regularly monitors its spending against levels available in its Treasury accounts.

Jean S. Fraser
Chief Executive Officer
November 14, 2024

Fiscal Year 2024 Performance

In 2018, the Presidio Trust Board of Directors adopted a triple bottom line: People, Planet, and Performance. This narrative highlights Fiscal Year 2024 progress against each agency goal.

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

Sustaining a Strong Financial Engine to Operate and Maintain the Park

The Trust is charged with earning revenue to operate and maintain the lands, buildings, and infrastructure that the American people have placed in our care. We generate income by renting more than 1,400 housing units and two million square feet of commercial space. We also operate a public 18-hole golf course and two hotels, and earn additional revenue from utility charges, parking fees, and special event permit fees.

We recorded a strong financial performance in Fiscal Year 2024 by maximizing income opportunities and controlling costs. The Trust earned total revenue of $228.3 million, improving our year-over-year results by 23.5%. Approximately $19 million of this increase is due to the adoption of *SFFAS 54*, so excluding this adjustment, the Trust increased revenue 13.2% year-over-year. This enabled us to cover our operating costs and to add $37.9 million to the reserve that funds replacement of outdated park assets. Below is a summary of our key revenue-generating operations.

Commercial Leasing + Redevelopment

The Presidio offers low-density historic buildings surrounded by beautiful open space, making it a highly desirable location for a wide variety of businesses. In total, the Presidio is home to more than 200 organizations. In Fiscal Year 2024, demand for commercial space remained strong, outpacing the surrounding region. Our commercial leasing program generated $48.6 million in revenue.

We achieved an average commercial occupancy rate of 93% and a year-end occupancy of 96%. We renewed leases to keep 39 businesses in the park, for a total of 109,000 square feet. We also brought 34 new tenant organizations to the Presidio, for a total of 147,000 square feet. New tenants included an elementary school, office tenants, retail, and a new restaurant that will open at Presidio Tunnel Tops, the park's primary visitor gateway, in 2025 (see the People section).

We also added new commercial space to our portfolio, which enables us to build a stronger economic engine to fund Presidio operations. We signed a lease for 14,000 square feet to bring an office of the Federal Emergency Management Agency (FEMA) to the Presidio in the historic Gorgas Rail Warehouse Complex. We have now leased all 40,000 square feet of newly renovated space in this complex, which will result in $1.6M in annual revenue to the Presidio going forward.

In Fiscal Year 2024, we fully completed rehabilitation of 84,000 square feet of space in seven historic warehouses at the Presidio's Crissy Field along San Francisco Bay. We completed improvements using $30.0 million in loans from the U.S. Treasury, which will be paid back with interest. We have signed leases for approximately 64% of the available space and expect to fully lease up this campus in early Fiscal Year 2025. Once fully leased, we project the complex will generate $4.0 million in annual revenue.

In Fiscal Year 2024, we also used $20.0 million in U.S. Treasury loans to begin rehabilitation of three buildings in the historic Main Post for office and educational uses. Buildings 2, 40, and 102 are contributing structures to the Presidio's National Historic Landmark District status. We will complete rehabilitation in Fiscal Year 2025. Building 2, one of the oldest Army-era buildings in the Presidio, is already fully leased to the Adda Clevenger School. We expect that the other two buildings will be highly sought after office locations.

Residential Leasing

Presidio housing continued to be highly sought after, with an average economic occupancy rate of 96%. In Fiscal Year 2024, the residential leasing program earned $67.3 million in revenue. Rent growth was 2.3%, compared with 1.6% in the surrounding city.

Demand for housing from families continued to be strong. More than 30% of park homes are occupied by families with children, which is nearly double the rate in the surrounding city. The turnover rate of housing units was 15.8%, down from 18% the previous year.

Over the course of Fiscal Year 2024, we renovated dozens of residential unit interiors. Improvements included replacement of some aged window systems to improve noise and energy insulation in the Fort Scott and Baker Beach neighborhoods. Additionally, we completed exterior painting in several neighborhoods to enhance the appearance and longevity of the buildings. Ongoing repairs and replacement of plumbing, electric, structural, and roof systems continued to maintain the safety and market appeal of our housing stock.

Presidio Golf Course and Lodging

Through our Hospitality program, we offer amenities that provide a great visitor experience and generate income to care for the park. In Fiscal Year 2024, our Hospitality portfolio performed above budget expectations, earning $23.3 million, with a net income of $4.2 million. Revenues increased over Fiscal Year 2023 by 5%, and net income increased by 8.6%

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 75,000 rounds of golf were sold. Total revenue for the course was $11.8 million with a net income of $1.3 million.

To ensure the course remains top of mind for visitors, and that they understand its unique history and setting, this year we updated the Presidio Golf Course brand, giving a boost to marketing efforts and the retail sales program. We also welcomed guests to a newly refreshed golf course restaurant experience at Ironwoods Bar and Grill.

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 average occupancy rate was 81%, and the combined revenue from both properties was $11.5 million with a net income of $2.9 million.

In Fiscal Year 2024, we made significant capital improvements at the Inn for the first time since its opening, ensuring it will remain an attractive option for visitors for years to come. We also updated the brand for our lodging program to increase its marketability in a highly competitive environment.

We were gratified to learn that Condé Nast Traveler, a well-respected authority in the travel industry, ranked both the Inn and the Lodge among the top 10 of San Francisco hotels based on reader feedback.

Earning the Green Flag Award for Operational Excellence

In Fiscal Year 2024, the Presidio earned the prestigious Green Flag Award, an international standard of operational excellence for parks and green spaces, for the sixth year.

The Presidio first received Green Flag accreditation in 2019. A team of international peer professional judges from the organization re-evaluated the Presidio in summer 2024, inspecting the Presidio's facilities, reviewing management and marketing materials, and meeting with park managers.

The Presidio ranked in the highest scoring bracket for the award, with an increase in overall score in all eight categories including community engagement, environmental management, and health and safety. The Presidio is one of only two parks in the United States to have this accreditation and is among 2,500 parks and green spaces in 18 countries that fly the Green Flag. Carl McClean, International Development Manager for the Green Flag Award said, "This park shines as a unique landscape for experiencing the best of San Francisco: combining healthy living with heritage, ecology with culture, and education with play."

Maintaining and Updating the Presidio's Infrastructure

Owing to its legacy as a U.S. Army post, the Presidio is much like a small city. The Trust maintains 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. In Fiscal Year 2024, we continued our focus on preventive maintenance through a planned, data-driven asset maintenance program. The majority of work orders completed were for preventive work as opposed to responding to breakdowns.

We are also making substantial upgrades to the Presidio's utilities, roadways, and shuttle bus infrastructure.

A key focus is upgrading the park's outdated Army-era power grid from a 4kV system to a modern 12kV grid with enough capacity ultimately to support decarbonization of the Presidio. In Fiscal Year 2024, we replaced a sub-station that delivers electricity to two-thirds of the Presidio, a big step toward ensuring reliable power. We also undergrounded 1,650 feet of electrical lines to reduce vulnerability during storms, with much more to come. Additionally, we began two projects to install emergency power backup connections that will provide us with more flexibility to address outages while we upgrade the entire system.

Last year, we also made significant upgrades to the Presidio's Army-era water, sewer, and storm systems, parts of which date from the 19th and 20th centuries. We replaced 1,400 linear feet of old, leaking water pipe that ran through our historic forest with 3,400 feet of pipe located in a more accessible zone. This upgrade will save two to five million gallons of water per year, an environmental win that will also enable us to save money on purchased water.

We also invested funds from the Federal Lands Transportation Program to build a new public bus facility for the Muni 30 bus line on the park's northern waterfront and to upgrade nearby sidewalks and lighting (see the People section). Not only do these improvements support access to the park for visitors, residents and tenants, but the San Francisco Municipal Transportation Agency's commitment to operate service to Crissy Field through at least 2033 supports future leasing of Presidio buildings.

Advancing Agency Performance through Improved Hiring and Other Initiatives

In Fiscal Year 2024, we implemented a Human Resources software system to speed and simplify hiring new staff members. This system will significantly reduce our time-to-hire while providing more robust tools for identifying and attracting top candidates. This new platform incorporates features that reduce bias in hiring decisions. By streamlining our processes and expanding our reach, we are positioning the agency to be more agile and responsive to staffing needs, ultimately improving our ability to deliver on key objectives.

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

Enhancing the Presidio's Open Spaces to Promote Biodiversity

The Presidio has a complex and beautiful landscape. Its long use as a military installation resulted in many roads, buildings, and man-made landscapes. But because development was less intense in the Presidio than in the surrounding city, many natural areas were also preserved.

Today, the Presidio's 900 acres of open space support 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. The park also features a 306-acre forest, and many designed landscapes established by the U.S. Army.

The Presidio Trust, with the National Park Service and the Golden Gate National Parks Conservancy, has carefully stewarded the park's open spaces for decades, aided by thousands of volunteers. Our work is guided by the Presidio Trust Management Plan, which calls for managing the Presidio landscape in a healthy and ecologically sound way. We're also guided by the *Vegetation Management Plan* (VMP), which describes how we restore and improve natural areas, the historic forest, and designed landscapes. Increasing biodiversity is a central goal.

In Fiscal Year 2024, we continued to preserve and enhance the Presidio's open spaces, and to exchange best practices with other communities and organizations.

Ecological Horticulture

As the Presidio features many designed landscapes around its homes and workplaces, we have expanded our use of ecological horticulture practices. By introducing native plants into these formal settings, we're making these landscapes more attractive to pollinators, birds, and other native wildlife. This approach requires less water and less maintenance.

An example of this approach can be found on the park's Main Post at Building 103 where in Fiscal Year 2024, we replaced grass on the west side of the building with different assemblages of native grasses and wildflowers to test which combinations are the most desirable. Based on these learnings, in the years ahead we will replace the grass on the west side of the entire historic Montgomery Street Barracks complex with beautiful, sustainable, and biodiversity-promoting landscapes.

Dune Restoration at Baker Beach and the Presidio Hills

In Fiscal Year 2024, we began restoration of additional endangered species habitat by removing three acres of dead and dying invasive trees in the western Presidio. After tree removal, we prepared the site for planting and seeding. In early Fiscal Year 2025, we will plant more than 30 species of native dune plants including the endangered San Francisco lessingia.

Ecological Restoration at Inspiration Point

In 2022, we removed invasive trees at the Presidio's Inspiration Point, a site designated in the Vegetation Management Plan as a natural area. In Fiscal Year 2024, we continued ecological restoration at this 2.3-acre site by planting native species, controlling invasive species, and monitoring wildlife and vegetation change.

Ongoing Restoration at Mountain Lake

The Presidio's Mountain Lake is one of San Francisco's last natural lakes and the only natural lake in the Golden Gate National Recreation Area. For millennia, San Francisco's first people, the Ohlone, lived near the lake. And it was here in 1776 that Spanish Captain Juan Bautista de Anza's expedition camped as they scouted where to build their military fort or "presidio."

We have been working on lake restoration for more than two decades, with help from park partners, scientists, academic institutions, and volunteers.

In Fiscal Year 2024, we completed a review of our Adaptive Management Plan for the lake and celebrated improvements in water quality, community engagement, and biodiversity while also setting new goals for continued management. With the assistance of volunteers, we confirmed this summer that the California floater mussels that we introduced in 2017 are persisting well in the lake. Reintroduced populations of the Western Pond turtle and Pacific chorus frog are also thriving.

Bringing Back Native Species

Over the last several years, we've reintroduced native butterflies to the park, including Variable Checkerspot butterflies and California Ringlet butterflies. Both species appear to be fully established in the park. Building on our success, in Fiscal Year 2024 we introduced the Silvery Blue butterfly to two different Presidio dune habitats. The Silvery Blue is a local species which acts as an ecological stand-in for the Xerces Blue that went extinct from the Presidio in 1940s. We'll continue to monitor this trial introduction and gather more butterflies from ecologically similar habitat in Big Sur, California, for introduction in Fiscal Year 2025.

In Fiscal Year 2024, we continued development of a reintroduction plan for California Quail, a species that has been absent from the Presidio since 2008. In Fiscal Year 2025, we'll gather advice on a draft plan from other quail experts, partner organizations, and the broader Presidio community.

Managing Wildlife

Coyotes returned to the Presidio in 2002 after a long absence. Today, they are an important part of the Presidio's ecosystem. Because the Presidio welcomes millions of visitors and is a place where people live and work, the 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 conflicts between coyotes and dogs.

In Fiscal Year 2024, we developed a new video that educates the public and park staff about effective techniques to promote harmonious co-existence with wildlife. To increase public awareness and understanding, we conducted multiple outreach events and increased awareness signage for visitors for visitors.

In Fiscal Year 2025 we intend to expand our monitoring efforts and work with our partners, including the National Park Service, to streamline protocols for coyote management and increase public education activities.

Aligning with Partners for Innovative Solutions

In Fiscal Year 2024, we joined the Steering Committee of the Golden Gate Biosphere Network, a collaboration of organizations, institutions, and government agencies dedicated to promoting conservation, sustainable development, and education in and around the San Francisco Bay Area. It's part of the global network of the United Nations Educational, Scientific and Cultural Organization (UNESCO) Biosphere Reserves, which are areas designated for their ecological significance and efforts to balance biodiversity conservation with sustainable human activity.

Enhancing the Forest

The Presidio Forest was 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.

We have been actively revitalizing the forest since 2003, maintaining the trees to extend their lives while gradually replacing dying groves. Over more than two decades, we've replanted 60 acres with 9,500 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 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 2024, we successfully completed our sixth park-wide Tree Risk Assessment, an analysis we undertake every four years. We collected data on 7,845 trees. Because of our focus on preventive maintenance, the percentage of high-risk trees was 0.5%. To ensure public safety, we take a proactive approach to managing these trees through pruning, stabilization, and removal.

Our forest revitalization efforts remained robust in Fiscal Year 2024. We replaced 3.1 acres of dead and declining trees with mixed conifer stands and a diversified native plant understory. We also incorporated bioswales into our reforestation projects, which enhance groundwater retention and replenishment during heavy rains. This approach reduces the need for irrigation, reduces the severity of flooding, and improves water-holding capacity, enabling greater biodiversity within our forest.

Reducing Our Environmental Impact

To reduce the negative environmental impact of our operations, in Fiscal Year 2024 we advanced several efforts.

Reducing Waste to the Landfill

To support our goal of becoming a zero-waste park, the Trust has a long-standing, award-winning waste reduction program.

For many years, we've operated an in-house compost program that transforms green waste collected during park landscape maintenance work into a high-quality soil amendment. This reduces disposal fees while promoting healthy landscapes. In Fiscal Year 2024, we converted approximately 1,000 tons of green waste into over 600 tons of compost used to nurture landscapes around the Presidio. By composting on site, we avoid off-hauling green debris and importing compost, eliminating over 500 truck trips per year.

In 2024, we continued our three-stream waste sorting system at Presidio Tunnel Tops, separating out materials that can be recycled or composted. This is a critical site within the park as Presidio Tunnel Tops has hosted more than 3.8 million visits since it opened in July 2022 (see the People section). By adding signage that educates visitors on how to sort their disposables, we were able to recycle or compost 60% of materials collected, up from 40% in 2023. We also conducted in-person outreach and education on waste sorting with visitors at highly visited areas in the park, working with our waste management partner, Recology.

Reducing Greenhouse Gas Emissions

We are focusing on reducing greenhouse gas emissions produced from Trust operations.

In Fiscal Year 2023, we developed a method to measure the amount of greenhouse gas emissions generated by Trust-operated vehicles, Trust-occupied buildings, and Trust gas-operated equipment. Using Fiscal Year 2023 as a baseline, in Fiscal Year 2024 we reduced year-over-year emissions from Trust operations by 11%.

Because transportation emissions contribute significantly to global climate change, we've also worked on providing ways to get to and around the Presidio without a car.

In Fiscal Year 2023, the Presidio's first battery-electric bus joined the Presidio GO Shuttle system, which provides free transit to and around the park to visitors, residents, and tenants. The new bus exceeded 25,000 miles of service in Fiscal Year 2024 – saving the equivalent of 45 metric tons of carbon dioxide. We also placed orders for four additional battery electric buses, funded by the U.S. Department of Transportation and the Federal Lands Transportation Program. When these vehicles arrive at the end of 2025, half of the Presidio GO Shuttle fleet will be electrified, reducing the fleet's carbon footprint by up to 70% compared with Fiscal Year 2023.

We also support visitors, tenants, and residents by providing infrastructure for electric vehicles. The Trust owns and operates thirty-two “level 2” electric vehicle (EV) charging stations. In Fiscal Year 2024, over 10,000 EV charging sessions were completed in the Presidio. The chargers dispensed 200,000 kWh of power – enough energy to power an electric vehicle for over 500,000 miles.

In summer 2024, we expanded the Bay Wheels Bike Share program by adding a fifth bike share station at Crissy Field, the Presidio's popular northern waterfront. This bike share station has been tremendously successful; it's now the most used bike share facility within the park. In total, more than 77,000 bike share trips were taken to or from the Presidio in Fiscal Year 2024. For more on bike share, see the People section.

In Fiscal Year 2023, we converted all equipment used to maintain the Presidio Tunnel Tops landscape, including lawn mowers and maintenance vehicles, to electric to reduce carbon emissions. In Fiscal Year 2024, we rolled it out to wider use in our landscape program.

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

Celebrating a Successful Second Year at Presidio Tunnel Tops

In 2024, we marked the second anniversary of the opening of the Presidio Tunnel Tops, a new section of parkland added on top of the rebuilt highway to the Golden Gate Bridge. Presidio Tunnel Tops feature trails and overlooks, picnic areas, gardens, an all-ages art and science lab known as the Field Station, and a two-acre nature playground, all with Golden Gate Bridge views.

Presidio Tunnel Tops is the “green heart” of the park. Accessible on public transit and steps from the Presidio Visitor Center, it's a place where first time visitors can discover the park's history, nature, and beauty, and plan for return experiences elsewhere in the Presidio.

We are delighted that the public has enthusiastically embraced Presidio Tunnel Tops. In the 26 months from its July 2022 opening day through the end of Fiscal Year 2024, Presidio Tunnel

Tops has hosted approximately 3.8 million visits, and has become the lively center of the park experience.

Season of Public Events

Each summer, we host a slate of events at Presidio Tunnel Tops to welcome the public to the park. For the third year, we co-curated programming with organizations with deep roots in the community. Several major public festivals punctuated the 2024 season.

- The second annual Intertribal Dance Gathering, hosted with the Native American Health Center, celebrated indigenous communities
- Pride in the Park celebrated LGBTQIA+ communities with hikes, storytelling, and music
- World Arts West's Dance Festival featured global dance and music with local artists representing cultures from around the world
- Fiesta en el Parque, hosted with support from media partners Telemundo 48 and NBC Bay Area, highlighted Latinx music, dance, and food
- The Chuseok Festival, hosted in the Presidio for its sixth year, celebrated Korean traditions, music, arts, food, and community

We also collaborated with community organizations on events celebrating and serving specific audiences. We welcomed members of the Cambodian community to the Presidio to mark Pchum Ben, a celebration of ancestry. Families with disabilities participated in Access to Adventure Day, learning about inclusive recreation, after-school, and summer programs available in the Presidio and beyond. The Native American community also hosted a "Big Time" gathering at Rob Hill Campground.

Using Art to Welcome Visitors

In 2024, we launched the third and final year of the Presidio Public Art Mentorship Program, a pilot program through which emerging and mid-career artists develop temporary public art installations at Presidio Tunnel Tops, the park's primary visitor gateway.

Project mentor, artist and Presidio Activator, Favianna Rodriguez was the first to introduce art the Presidio Tunnel Tops when the site opened to the public in 2022. In 2023, she mentored emerging artist Felicia Gabaldon, who developed and installed Iconic Visions at Presidio Tunnel Tops. In mid-2024, Oakland-based artist Tosha Stimage created SUPERBLOOMS, a large-scale ground mural that showcases Presidio native plants like the beach strawberry, California poppy, and Checkerbloom.

Serving Youth at the Outpost Playground and Field Station

Presidio Tunnel Tops features two facilities that primarily serve youth: a two-acre nature-based playground, called the Outpost, inspired by the Presidio's nature and history, and a discovery lab known as the Field Station that sparks the imagination of visitors through art and science. Since opening, both have become popular destinations. In Fiscal Year 2024, the Outpost playground welcomed approximately 337,000 young people, and the Field Station served 143,000 guests.

The facilities are highly valued by school groups and summer camps. In Fiscal Year 2024, more than 160 youth groups brought 7,000 children to Presidio Tunnel Tops, including summer camps and school field trips. We continued to evolve the Field Station experience through a six-month partnership with graduate students from the California College of the Arts' interactive design program. We also piloted a Presidio Adventure Passport to encourage youth to explore the park.

The Outpost and Field Station continued to receive interest from local, regional, and national organizations seeking inspiration for their own youth programming. In 2024, we welcomed numerous park-related conferences and hosted professional teams from the San Francisco Unified School District, the East Bay Regional Parks, Yosemite National Park, and the Exploratorium.

Coming in 2025: Expanding Presidio Tunnel Tops with the Outpost Meadow Picnic Area

Presidio Tunnel Tops has been such a success that we're adding more of what the public has told us they need. In Fiscal Year 2024, we broke ground on a 1.5-acre expansion to be located next to the Outpost nature playground. "Outpost Meadow" will include picnic areas with seating for 240 people, grills, a lawn for relaxation and play, bike parking, water fountains, and access to Presidio Pop Up food vendors.

Just as we did with Presidio Tunnel Tops, we reached out to the community to learn how to make this new destination welcoming for all. Through meetings, workshops, and surveys, we gathered feedback from more than 150 community partners. We'll employ the feedback we heard about the future operation and programming of the Outpost Meadow site, which will open in 2025.

In addition to being a great public space, Outpost Meadow will help the park be more climate resilient, replacing asphalt with coastal habitat for native plants and wildlife. The permeable surface will absorb water during heavy rains, reducing the potential for flooding. It will also expand bike parking, which has been at capacity in and around Presidio Tunnel Tops.

Helping All People Visit and Love the Presidio

As a national park site in an urban area, our goal is to ensure the Presidio is visited by a broad cross section of people. We work to ensure all visitors have a positive, engaging experience.

Over the past decade, we've worked with community partner organizations to welcome diverse communities to the Presidio. In Fiscal Year 2024 alone, we coordinated more than 280 community group visits to the Presidio. We did this by providing transportation through our Community Shuttle Program, setting aside picnic areas and other gathering spaces at no cost, supplying trip and itinerary planning support, and through other outreach and engagement. Community groups have held retreats, healing hikes, holiday celebrations, wellness days, cultural celebrations, movie screenings, resource fairs, field trips, and more.

To gauge our progress against our "visited and loved" goal, each year we conduct research to understand who's coming as well as their motivations, experiences, and overall satisfaction with the park. We also seek feedback on any barriers that prevent people from visiting the Presidio. This includes our quarterly "Attitudes, Awareness and Understanding" study and pulse checks, each surveying 1,200 Bay Area residents.

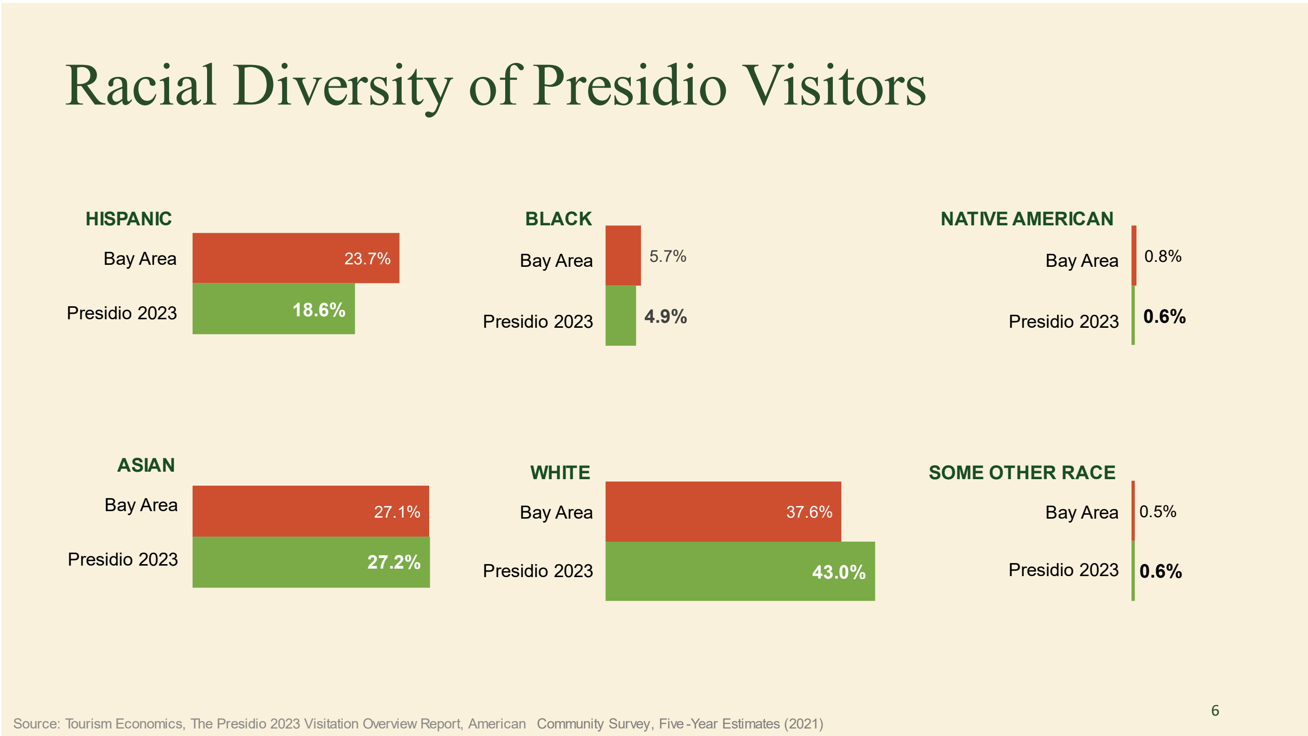
We're gratified that our data indicates more and more people are discovering and enjoying the park.

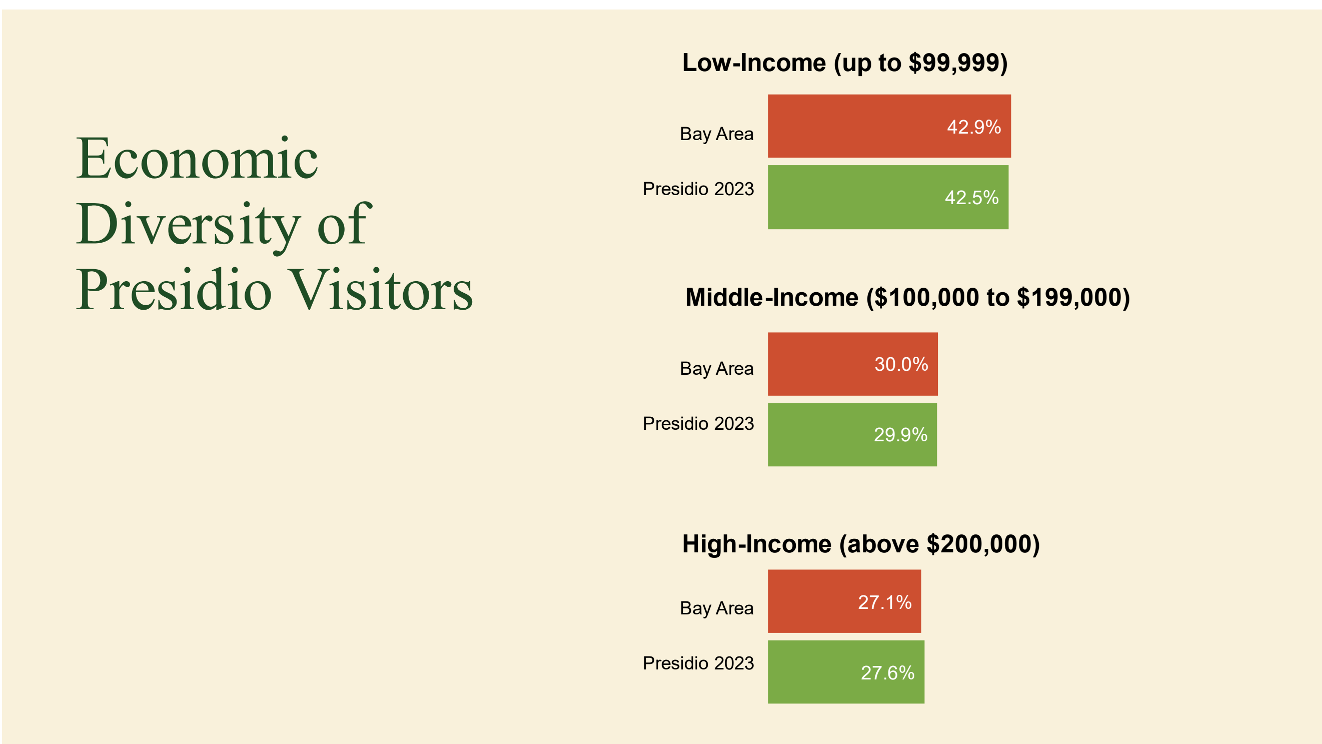
Before people can make a decision to come to the Presidio, they must be aware of what the Presidio is and what it offers. For this data we leverage our "Attitudes, Awareness and Understanding" report. This data shows that we're maintaining a high awareness of the Presidio at 84% of those surveyed, and that more people identify that the Presidio is a national park site unprompted (with unaided awareness rising to 36.1%, up 49% year over year).

People are also more familiar with what the park has to offer. About 52.8% of Bay Area respondents are either very familiar or familiar with the Presidio, up 8.6% compared to last year. This increase is coupled with an increasing number of Bay Area respondents reporting that the Presidio is a welcoming place, at 79.8% (up 4.4% vs. 2022).

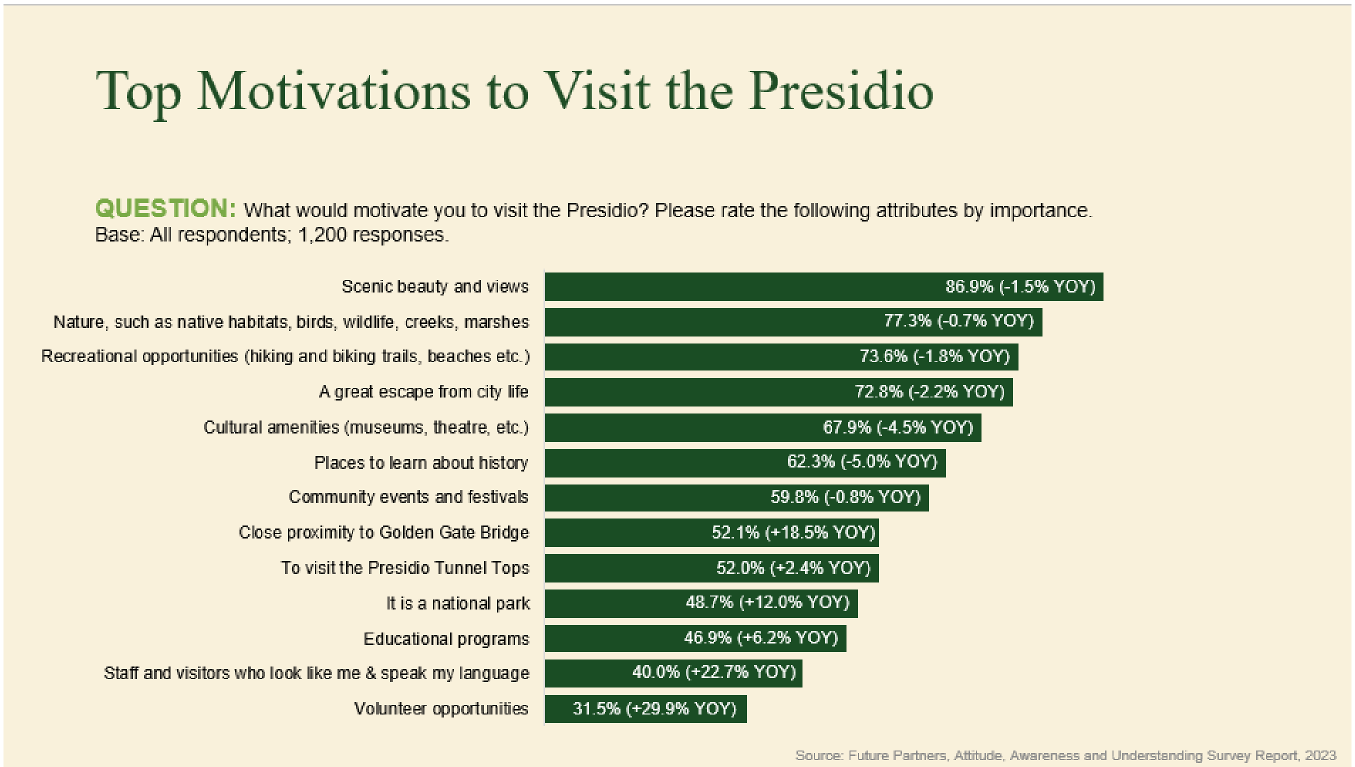
With more awareness comes more visits. In 2023, the most recent calendar year for which data is available, the Presidio hosted 9.5 million visits from local, regional, and international guests. Visitation has returned to 94% of pre-COVID levels; however, we note that international visitation is just 35% of what it was before the pandemic, on par with other national parks.

We're pleased that the data confirms that the Presidio is a welcoming place for all people. In 2023, park visitation was roughly in line with the region's racial and economic demographics, although we have room to improve among LatinX communities.





Based on the "Attitudes, Awareness and Understanding" report, the top motivators to visit the Presidio continue to be scenic beauty and views, nature, recreational opportunities, and finding an escape from the city.



We learned that among San Francisco Bay Area residents who visited the Presidio in the past year, the likelihood to recommend the Presidio as a place to visit hit an all-time high.

Making it Easier to Access the Park

In Fiscal Year 2024, we improved access to the Presidio in a variety of ways.

<u>Extending Public Transit</u>

In August 2024, we were delighted to improve public transit service to the Presidio. A popular bus line – San Francisco's Muni 30 Stockton route – extended deeper into the Presidio's northern waterfront, terminating at a new permanent facility with public restrooms.

This improvement supports both our People and Planet goals. The electric-powered buses operate with zero carbon emissions. The route connects the Presidio to popular visitor destinations like North Beach, Fisherman's Wharf, and Union Square, as well as regional transit hubs in downtown San Francisco. It also provides affordable and direct transit access for some communities underserved by parks.

Through the project, we also added sidewalks and curb ramps along nearby Mason Street as well as outdoor lighting, ensuring a safer and more comfortable visitor experience. The bus turnaround facility was constructed in partnership with the San Francisco Municipal Transportation Agency, and with funding support from the U.S. Department of Transportation's Federal Lands Transportation Program.

Providing Free Park Shuttle Service Shuttle

For more than two decades, the Trust has operated the Presidio GO Shuttle, which provides free transit to and around the park for visitors, residents, and tenants. We operate two routes: one providing express service between the Presidio and transit connections in downtown San Francisco, and a second route within the park. In Fiscal Year 2024, we provided over 271,000 rides, a 17% year-over-year increase. For information on the environmental benefits of the system, see the Planet section.

Expanding Bike Share

Biking is a fun, affordable, and environmentally friendly way to explore the Presidio. In recent years, we forged a partnership with Bay Wheels to establish a network of rental kiosks in the park for electric and traditional bikes. In April 2024, we added our fifth bike share station at Crissy Field. Located on the Presidio's northern waterfront near the Golden Gate Bridge, it quickly became the park's most popular rental station, with 12,000 bike share rides started or ended from this location in just the first six months of operation.

In total, more than 77,000 bike share trips were taken to or from the Presidio in Fiscal Year 2024, a 39% year-over-year increase.

More Space for Picnicking with Family and Friends

Picnicking is a popular park activity, and the Presidio offers more than a dozen formal picnic areas and public lawns for this purpose. Most are free and available on a first-come, first-served basis. Prompted by feedback that it is more comfortable for some to reserve a guaranteed space prior to their visit, in 2022 we added a new picnic area – Picnic Place at Presidio Tunnel Tops – that can be booked in advance though Recreation.gov. In 2024, we added an additional nearby rental space at the adjoining East Meadow lawn. In Fiscal Year 2024, Picnic Place and the adjoining lawn served 11,000 people, resulting in $80,000 in revenue.

Offering Diverse Cultural Cuisine with Presidio Pop Up

Fiscal Year 2024 saw the continuation of "Presidio Pop Up," a popular program that brings food trucks to the Presidio. Last year, the program served more than 190,000 visitors. We continue to receive positive feedback about the importance of food and how affordable food and the rotating variety of different ethnic cuisines creates a welcoming and inclusive environment.

Presidio Pop Up also creates opportunities for local small businesses. Since the program began in July 2022, 52 vendors have participated. Through social media, vendors share information about the Presidio, and we in turn share information about Presidio Pop Up and their participation, creating a virtuous cycle and support in building greater regional awareness of the park. In Fiscal Year 2024, vendors generated $3.3 million in gross sales with approximately $465,000 in permit revenue to the Trust.

Engaging the Public through Volunteerism

The Presidio has long benefitted from the time and talent shared by dedicated volunteers who revitalize the Presidio's natural areas and welcome visitors. In Fiscal Year 2024, volunteers provided over 12,000 hours of service, equating to a contribution over $450,000 to the park. Our Presidio Habitat Stewards and Presidio Forest Stewards welcomed 49 corporate, school, and community groups for volunteering and hosted our annual Presidio Planting Day.

Additionally, in Fiscal Year 2024 we continued to ramp up our volunteer program, which was curtailed during the pandemic. Our Forestry team added two Wednesday programs per month, and we launched a new monthly Presidio Tunnel Tops Stewards Program, onboarded a new cohort of Park Ambassadors (public-facing volunteers), and piloted an outreach initiative at Mountain Lake to educate visitors about the ongoing restoration of this habitat (see the Planet section).

Providing National Park Camping Experiences

The Presidio is home to one of only two campgrounds in San Francisco, and the only one with group campsites. 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 2024, 13,500 people enjoyed overnight camping. More than 400 of those campers came from Crissy Field Youth Center programs and more than 2,700 came through Monarch Week, a program that reserves the last week of each month for underrepresented community groups and organizations.

Sharing Park History at the Presidio Officers' Club

Presidio Officers' Club is the park's oldest building. Once a gathering space for military leadership events and ceremonies, today it is a special event rental venue and home to a popular restaurant. The building also houses a museum gallery with a public exhibition telling the story of the Presidio's history and its current role as a national park site. This past year we expanded hours at the gallery to three days per week, Fridays through Sundays. In total, we welcomed 10,000 visitors to the Heritage Gallery.

Chief Financial Officer Performance and Accountability Report Letter

It is with great pride that I present the Presidio Trust Chief Financial Officer's Performance and Accountability Report for Fiscal Year 2024. Our commitment to preserving and enhancing the Presidio as a sustainable public treasure continues to drive our financial and operational strategies.

The Presidio Trust, as a unique federal agency tasked with operating in a financially self-sustaining manner, remains dedicated to balancing financial responsibility with our mission to preserve the natural and cultural resources of this national park site. While the Trust is a small agency, we have complex operations and multiple systems to support our myriads of financial transactions. For Fiscal Year 2024, we maintained sound financial health, demonstrating fiscal discipline while advancing major initiatives that enhance the tenant and visitor experience and preserve the Presidio's historical and ecological integrity.

Financial Performance Overview

The real estate portfolio continues to be the primary source of on-going park revenue. At 96% and 93% average occupancy rates for residential and commercial respectively, we have strong and stable performance. Our hospitality and recreational services reinforced our ability to remain self-sustaining while delivering high-quality public services. Lodging had an 81% average occupancy with guest satisfaction at 96% and our golf rounds increased by 10%, a record high.

We continued significant investments in park improvement projects, including breaking ground on an expansion to the Presidio Tunnel Tops to further enhance the visitor experience, continuing the work to replace the park's outdated electrical system using the one-time $200 million Inflation Reduction Act appropriation, and restoring natural ecosystems through removal of invasive trees and species.

The Trust remains in need of capital to invest in the rehabilitation and development of buildings, landscape, and infrastructure. Our operations are funded on revenues earned, and the Trust continues to align budgetary resources with our strategic plan. We continue to look for innovative ways to operate given the lack of access to the traditional sources of funding available to either the private sector or traditional government agencies.

The Trust established a reserve policy in Fiscal Year 2021 and has fully funded the reserves per the policy since Fiscal Year 2022. The asset replacement reserve enables 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, an operating reserve will help us survive the impacts of a serious economic downturn when one occurs.

Accountability and Financial Stewardship

As a federal agency entrusted with public lands and resources, the Trust is unwavering in its commitment to financial accountability and transparency. Our financial management framework ensures that our spending aligns with our mission and benefits both the public and the environment. Key highlights in our financial stewardship efforts include:

- **Unmodified Audit Opinion**: For the 12th year, the Trust received an unmodified audit opinion, reflecting the accuracy and integrity of our consolidated financial statements and our strong internal controls.
- **Capital Investments**: Strategic capital investments were made in key infrastructure projects, balancing preservation needs with the desire to provide visitors with an unparalleled park experience. The Trust received a $68.5 million loan from the US Treasury in Fiscal Year 2024 for projects that provide a strong return on investment, however current increases in supply chain costs and interest rates make these returns challenging. Accessing this loan requires a creditworthiness review by an independent firm.
- **Cost Containment**: By enhancing operational efficiencies and closely managing expenses, we were able to contain costs while still advancing key preservation and sustainability initiatives.

In Fiscal Year 2024, the Accounting team adopted *SFFAS 54*, the new federal lease accounting standard. This required the review of over 1,300 rental contracts, collaboration with Trust departments and with external partners, and countless hours of research. In addition, the Accounting team continued to refine processes and build tools to optimize for accuracy and efficiency.

The Finance team expanded their efforts by improving the annual planning and budgeting process built from the Trust's 3-year project roadmap, hiring the Trust's first Risk Manager, and leading the effort to ensure the Trust is maintaining and replacing our physical assets using an evidence-based approach.

Looking Ahead

As we move into the next fiscal year, the Trust is well-positioned to continue delivering on our mission while maintaining financial sustainability. Our strategic priorities include:

- **Enhancing the Visitor Experience**: We will significantly improve the park's infrastructure, open spaces and historic buildings.

- **Maintaining Financial Sustainability**: Through continued focus on revenue generation and expense management, we aim to uphold our self-sustaining mandate while delivering on public-serving projects.

Conclusion

The success of the Trust is a reflection of the hard work and dedication of the Trust staff, as well as the continued support of our partners and the public. I extend my sincere gratitude to the staff of the Trust for their unwavering commitment to our mission, and to the many stakeholders and visitors who contribute to making the Presidio a vibrant and treasured destination.

We remain committed to transparency, financial accountability, and ensuring the Presidio thrives as a national park for future generations.

Sincerely,

Catherine Langridge
Chief Financial Officer
November 14, 2024

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 Presidio Trust (the Trust), which comprise the consolidated balance sheets as of September 30, 2024, and 2023, 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, 2024, and 2023, 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in Fiscal Year 2024, the Trust adopted Federal Accounting Standards Advisory (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*, and related amendments. Our opinion is not modified with respect to this matter.

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. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, 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 2024 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.

Other Reporting Required by *Government Auditing Standards*

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, 2024, 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, 2024, 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. 24-02.

Purpose of the Other 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, 2024

PRESIDIO TRUST
CONSOLIDATED BALANCE SHEETS
As of September 30, 2024 and 2023

	2024	2023
Assets:		
Intragovernmental Assets:		
Fund Balance with Treasury [Note 2]	$ 275,533,665	$ 202,193,847
Investments, Net [Note 3]	269,467,135	290,828,999
Accounts Receivable, Net [Note 4]	1,242,381	347,773
Total Intragovernmental Assets	546,243,181	493,370,619
Other than intragovernmental Assets:		
Cash and Other Monetary Assets	1,253,801	510,295
Accounts Receivable, Net [Note 4]	13,975,983	6,163,386
Property, Plant, and Equipment, Net [Note 5]	589,428,539	578,309,350
Advances and Prepayments	4,690,805	4,469,957
Other Assets:		
Lease Receivable [Note 12]	666,558,000	-
Deferred Rent Receivable, Net	-	39,333,324
Other Deferred Real Estate Costs	-	1,074,052
Total Other than Intragovernmental Assets	1,275,907,128	629,860,364
Total Assets	**$ 1,822,150,309**	**$ 1,123,230,983**
Stewardship Property, Plant, and Equipment [Note 6]		
Liabilities;		
Intragovernmental Liabilities:		
Accounts Payable	$ 701,756	$ 862,395
Debt [Note 8]	250,000,000	185,069,760
Advances from Others and Deferred Revenue	2,218,064	16,474,691
Other Liabilities:		
Other Employment Benefits Payable [Note 11]	388,379	481,935
Total Intragovernmental Liabilities	253,308,199	202,888,781
Other than intragovernmental Liabilities:		
Accounts Payable	27,939,737	21,971,470
Federal Employee Salary, Leave and Benefits Payable:		
Payroll Payable	3,440,186	2,749,739
Unfunded Annual Leave Liability [Note 7]	2,863,116	2,908,259
Post-Employment Benefits Payable [Note 7]	4,801,773	5,326,302
Environmental and Disposal Liabilities:		
Environmental Remediation Liability [Notes 7 and 9]	5,068,499	4,117,383
Non-Friable Asbestos Cleanup Liability [Notes 7 and 10]	60,683,991	59,835,835
Advances from Others and Deferred Revenue:		
Security Deposits	13,090,551	12,324,369
Rent Credit Liability [Note 7]	3,227,069	3,507,055
Prepaid Rents & Services	3,130,694	3,097,690
Unearned Revenue	117,437,406	123,350,015
Other Liabilities:		
Unearned Lease Revenue [Note 11]	644,674,431	-
Contingent Liabilities [Notes 7, 11 and 13]	200,000	900,000
Total Other than Intragovernmental Liabilities	886,557,453	240,088,117
Total Liabilities	**$ 1,139,865,652**	**$ 442,976,898**
Commitments and Contingencies [Note 13]		
Net Position:		
Unexpended Appropriations:		
Funds from Other than Dedicated Collections	$ 184,065,088	197,270,395
Total Unexpended Appropriations (Consolidated)	184,065,088	197,270,395
Cumulative Results of Operations:		
Funds from Dedicated Collections [Note 14]	484,244,144	480,751,625
Funds from Other than Dedicated Collections	13,975,425	2,232,065
Total Cumulative Results of Operations (Consolidated)	498,219,569	482,983,690
Total Net Position	**$ 682,284,657**	**$ 680,254,085**
Total Liabilities and Net Position	**$ 1,822,150,309**	**$ 1,123,230,983**

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

PRESIDIO TRUST
CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2024 and 2023

	2024	2023
Program Costs:		
Operating Costs	$ 202,344,243	$ 181,386,043
Less: Earned Revenues	228,309,391	184,838,245
Net Program Cost (Surplus)	(25,965,148)	(3,452,202)
Net Cost (Surplus) of Operations	**$ (25,965,148)**	**$ (3,452,202)**

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

PRESIDIO TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2024 and 2023

	2024			2023		
	Funds from Dedicated Collections [Consolidated] [Note 14]	Funds from Other than Dedicated Collections [Consolidated]	Consolidated Total	Funds from Dedicated Collections [Consolidated] [Note 14]	Funds from Other than Dedicated Collections [Consolidated]	Consolidated Total
Unexpended Appropriations:						
Beginning Balance	$ –	$ 197,270,395	$ 197,270,395	$ –	$ –	$ –
Appropriations Transferred In/Out	–	–	–	–	200,000,000	200,000,000
Appropriations Used	–	(13,205,307)	(13,205,307)	–	(2,729,605)	(2,729,605)
Net Change in Unexpended Appropriations	–	(13,205,307)	(13,205,307)	–	197,270,395	197,270,395
Total Unexpended Appropriations	**$ –**	**$ 184,065,088**	**$ 184,065,088**	**$ –**	**$ 197,270,395**	**$ 197,270,395**
Cumulative Results from Operations:						
Beginning Balance	**$ 480,751,625**	**$ 2,232,065**	**$ 482,983,690**	**$ 469,264,209**	**$ –**	**$ 469,264,209**
Adjustments:						
Changes in Accounting Principles [Note 1]	(40,407,377)	–	(40,407,377)	–	–	–
Beginning Balance, As Adjusted	440,344,248	2,232,065	442,576,313	469,264,209	–	469,264,209
Non-Federal Non-Exchange Revenue:						
Donations and Forfeitures of Cash and Cash Equivalents [Note 19]	11,498,942	–	11,498,942	1,870,523	–	1,870,523
Donations – Non-Financial Sources	–	–	–	745,000	–	745,000
Total Non-Federal Non-Exchange Revenue	11,498,942	–	11,498,942	2,615,523	–	2,615,523
Financing Sources:						
Appropriations Used	–	13,205,307	13,205,307	–	2,729,605	2,729,605
Expenditure Financing Sources Transferred In/Out	2,331,434	–	2,331,434	2,209,378	–	2,209,378
Non-Expenditure Financing Sources Transferred In/Out	(1,792,084)	1,792,084	–	(627,006)	627,006	–
Imputed Financing Sources	4,434,509	–	4,434,509	3,339,779	–	3,339,779
Other	–	(1,792,084)	(1,792,084)	–	(627,006)	(627,006)
Total Financing Sources	4,973,859	13,205,307	18,179,166	4,922,151	2,729,605	7,651,756
Net Cost (Surplus) of Operations	(27,427,095)	1,461,947	(25,965,148)	(3,949,742)	497,540	(3,452,202)
Net Change in Cumulative Results of Operations	43,899,896	11,743,360	55,643,256	11,487,416	2,232,065	13,719,481
Total Cumulative Results of Operations	**484,244,144**	**13,975,425**	**498,219,569**	**480,751,625**	**2,232,065**	**482,983,690**
Net Position, Ending Balance	**$ 484,244,144**	**$ 198,040,513**	**$ 682,284,657**	**$ 480,751,625**	**$ 199,502,460**	**$ 680,254,085**

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

PRESIDIO TRUST
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2024 and 2023

	2024	2023
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary)	$ 471,314,285	$ 173,314,939
Appropriations (Discretionary)	–	200,000,000
Borrowing Authority (Discretionary)	64,930,240	86,577,301
Spending Authority from Offsetting Collections (Discretionary)	190,300,849	195,234,092
Total Budgetary Resources	**$ 726,545,374**	**$ 655,126,332**
Status of Budgetary Resources:		
New Obligations	$ 401,327,324	$ 183,812,047
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	325,218,050	471,314,285
Unobligated Balance, End of Year (Total)	325,218,050	471,314,285
Total Budgetary Resources	**$ 726,545,374**	**$ 655,126,332**
Outlays, Net		
Outlays, Net (Total) (Discretionary)	9,104,750	(2,315,358)
Agency Outlays, Net (Discretionary)	**$ 9,104,750**	**$ (2,315,358)**

The accompanying notes 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 “Trust Act”). The Trust is a component unit of the United States Government.

The mission of the 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 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 consolidated financial statements have been prepared to report on the financial position, net cost, changes in net position, and budgetary resources of the Trust as required by the Trust Act.

These consolidated 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 30, 2024*. 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 2024, 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 Fiscal Years 2024 and 2023.

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 Consolidated Balance Sheets, Consolidated Statements of Net Cost, and Consolidated Statements of Changes in Net Position are presented on an accrual basis. The Combined 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 (BFS).

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 2024, 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 September 30, 2024, 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, and the Treasury Memorandum of Understanding (MOU) proceeds drawn on September 30, 2024, which were not invested in Treasury overnight securities before the fiscal year end.

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 BFS. 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, 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 *SFFAS 6, Accounting for Property Plant and Equipment,* 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 consolidated balance sheets 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

Effective October 1, 2023, the Trust adopted *SFFAS 54*, *Leases*. Under *SFFAS 54*, the Trust recognizes a lease receivable asset and a corresponding unearned lease revenue liability for leases with terms greater than 24 months, with exceptions for intragovernmental leases and contracts or agreements that transfer ownership (of which the Trust has none).

Prior to Fiscal Year 2024, rental revenue was recognized using the straight-line method over the term of the lease. Any amounts deferred that were not payable by the lessee until future years were included in deferred rent receivable. Broker commissions and other direct costs associated with leasing revenue were placed into a deferred asset account and amortized over the term of the lease. Beginning in Fiscal Year 2024 with the adoption of *SFFAS 54*, the Trust no longer reports balances of deferred rent receivable and deferred real estate costs. See Change in Accounting Principles discussion below.

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 the 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.

<u>Environmental Remediation Liabilities</u>

The U.S. Department of the Army (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 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 DOI 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. As such, the Trust anticipates the removal of this asbestos will occur over time as facilities are renovated.

Advances from Others and Deferred Revenue

Advances from others and deferred revenue on the Trust's consolidated balance sheets arise largely from 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.

Other Liabilities

Starting in Fiscal Year 2024 with the implementation of *SFFAS 54*, unearned lease revenue liability reflects the requirement for federal lessors to recognize unearned revenue at the commencement of the lease term for leases other than short-term, intra-governmental or contracts that transfer ownership. Unearned lease revenue is initially measured as the present value of payments expected to be received during the lease term and is recognized over the term of the lease.

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 consolidated financial statements when the conditions for liability recognition are not met and when the outcome of future events is more than remote.

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 Combined 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 Consolidated Statements of Net Cost as earned revenues.

In Fiscal Years 2024 and 2023, the Trust earned more revenue than the expenses recognized, resulting in negative net cost (or net surplus).

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 Consolidated 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 Consolidated Statements of Changes in Net Position. In Fiscal Year 2024, there were no donations of non-cash assets. Cash donations are discussed in Note 19 – Contributed Capital.

Appropriations

Appropriations in the Trust's consolidated 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 Consolidated 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.

<u>Federal Employees Workers' Compensation Act (FECA) Program</u>

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.

<u>Federal Employees Group Life Insurance (FEGLI) Program</u>

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*.

<u>Retirement Plans</u>

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 consolidated 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 consolidated 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 consolidated financial statements include the Trust’s environmental liabilities, non-friable asbestos remediation liabilities, allowances for doubtful accounts, unbilled accounts payable, the historical cost of assets acquired from the National Park Service, the fair market value of assets acquired in conjunction with the Doyle Drive project, the useful lives of PP&E, and the duration of lease terms based on factors related to option exercise likelihood. Actual results may differ from those estimates.

RECLASSIFICATION

The Federal Employee Benefits Payable line item in the liabilities section of the Fiscal Year 2023 consolidated balance sheet has been replaced by two new line items in the liabilities section of the Fiscal Year 2024 consolidated balance sheet: (1) Federal Employee Salary, Leave, and Benefits Payable, and (2) Post-Employment Benefits Payable. Accordingly, the Trust’s Unfunded Annual Leave Liability has been reclassified from Federal Employee Benefits Payable to Federal Employee Salary, Leave, and Benefits Payable, and FECA Actuarial Liability has been reclassified from Federal Employee Benefits Payable to Post-Employment Benefits

Payable. Additionally, Payroll Payable has been reclassified from Other Liabilities to Federal Employee Salary, Leave, and Benefits Payable.

CHANGE IN ACCOUNTING PRINCIPLE – ADOPTION OF *SFFAS 54*, *LEASES*

On October 1, 2023, the Trust adopted the requirements of *SFFAS 54, Leases*, issued by the Federal Accounting Standards Advisory Board (FASAB). *SFFAS 54* requires significant changes in the recognition, measurement, and reporting of lease arrangements in the consolidated financial statements of federal entities.

Starting in Fiscal Year 2024, federal reporting entities are required to report a lease receivable asset and an unearned lease revenue liability for contracts or agreements wherein the federal entity conveys to a non-federal entity the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

The Trust has applied the prospective approach for the transition to *SFFAS 54*, recognizing the cumulative effect of applying the standard on existing leases as an adjustment to the opening balance of net position at the beginning of the period of adoption in accordance with paragraph 13 of *SFFAS 21, Reporting Correction of Errors and Changes in Accounting Principles*, Amendment of *SFFAS 7, Accounting for Revenue and Other Financing Sources*. Comparative periods have not been restated.

Effective October 1, 2023, the Trust has elected to apply the transitional accommodation provided under *SFFAS 62, Transitional Amendment to SFFAS 54* related to the implementation of the provisions outlined in *SFFAS 54* in the area of "embedded leases". This accommodation will remain in effect until October 1, 2026, ensuring consistent application of accounting standards as the Trust aligns its reporting with the provisions outlined in *SFFAS 54*.

The Trust has updated its accounting policies and internal controls over lease accounting to comply with the provisions of *SFFAS 54*. The impact of future lease agreements will be reflected in accordance with the new standard.

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. Unavailable balances generally include 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 FBwT was $275,533,665 and $202,193,847 as of September 30, 2024, and September 30, 2023, respectively. The status of the Fund Balance with Treasury for the associated periods is as follows:

	September 30, 2024	September 30, 2023
Status of Fund Balance with Treasury:		
Unobligated Balance - Available	$ 243,501,836	$ 388,427,034
Obligated Balance not yet Disbursed	268,254,964	69,296,361
Budgetary Resources from Invested Balances	(236,223,135)	(255,529,548)
Total Fund Balance with Treasury	**$ 275,533,665**	**$ 202,193,847**

NOTE 3 – INVESTMENTS, NET

Investments as of September 30, 2024 - Intragovernmental Securities

Classification	CUSIP #	Maturity Date	Interest Rate	Cost / Par Value	Unamortized Discount	Market Value
Non-marketable / Market Based	9128-34D07	9/30/2029	6.122%	$ 30,266,000	$ -	$ 30,266,000
Non-marketable / Market Based	9128-34D06	9/30/2029	5.515%	2,978,000	-	2,978,000
Non-marketable / Market Based	One-Day	10/1/2024	4.790%	236,223,135	-	236,223,135
Total Intragovernmental Securities				269,467,135	-	269,467,135
Interest Receivable				-	-	-
Total Investments, Net				**$ 269,467,135**	**$ -**	**$ 269,467,135**

Investments as of September 30, 2023 - Intragovernmental Securities

Classification	CUSIP #	Maturity Date	Interest Rate	Cost / Par Value	Unamortized Discount	Market Value
Non-marketable / Market Based	9128-34D07	9/30/2029	6.122%	$ 30,266,000	$ -	$ 30,266,000
Non-marketable / Market Based	9128-34D06	9/30/2029	5.515%	2,978,000	-	2,978,000
Non-marketable / Market Based	One-Day	10/1/2023	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, Net				**$ 290,828,999**	**$ -**	**$ 290,828,999**

The Trust holds Treasury bonds with fixed annual interest payments of $1,852,885. The premium or discount on these bonds is amortized using the straight-line method, which spreads the amortization evenly over the bond's life. Overnight Investments ("one-day") are held on a daily basis, and thus do not require amortization of premiums or discounts.

During Fiscal Year 2024 and Fiscal Year 2023, respectively, the Trust earned interest in the amount of $15,808,952 and $10,052,166 on funds invested with the Treasury. As of September 30, 2024, and September 30, 2023, $0 and $2,055,451 in interest remained due and payable to the Trust.

All of the Trust's investments are investments of funds from dedicated collections. 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 funds.

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, 2024

	Intragovernmental	Other than Intragovernmental	Total
Gross Accounts Receivable	$ 1,242,381	$ 15,134,835	$ 16,377,216
Accrued Interest Receivable	-	40,950	40,950
Less: Allowance for Loss on Accounts Receivable	-	(1,199,802)	(1,199,802)
Total Accounts Receivable, Net	**$ 1,242,381**	**$ 13,975,983**	**$ 15,218,364**

Accounts Receivable as of September 30, 2023

	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 Loss on Accounts Receivable	-	(1,412,274)	(1,412,274)
Total Accounts Receivable, Net	**$ 347,773**	**$ 6,163,386**	**$ 6,511,159**

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, Plant and Equipment (PP&E) as of September 30, 2024, consists of the following:

	Cost	Accumulated Depreciation	Net Balance
Land and Land Rights	$ 3,701,000	$ -	$ 3,701,000
Improvements to Land	171,098,273	87,200,032	83,898,241
Construction-in-Progress	33,478,158	-	33,478,158
Buildings, Improvements, Renovations & Rehabilitations	572,768,215	213,428,204	359,340,011
Other PP&E, including furnishings, equipment, and software	226,418,741	117,407,612	109,011,129
Total PP&E	**$1,007,464,387**	**$ 418,035,848**	**$ 589,428,539**

	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	93,243,878	2,171,147	(34,111)	(11,482,673)	83,898,241
Construction-in-Progress	53,106,990	(19,628,832)	-	-	33,478,158
Buildings, Improvements, Renovations & Rehabilitations	323,388,289	55,754,815	(1,097,440)	(18,705,653)	359,340,011
Other PP&E, including furnishings, equipment, and software	104,869,193	14,610,400	-	(10,468,464)	109,011,129
Total PP&E	**$ 578,309,350**	**$ 52,907,530**	**$ (1,131,551)**	**$ (40,656,790)**	**$ 589,428,539**

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**

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.

Starting in Fiscal Year 2024, federal reporting entities are required to report a lease receivable asset and an unearned lease revenue liability for contracts or agreements wherein the federal entity conveys to a non-federal entity the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

As a real estate lessor, the Trust's leased assets primarily consist of buildings, including office spaces and residential homes. These buildings are leased to tenants under various terms and conditions as outlined in individual lease agreements. See Notes 1 and 12 for more information on the Trust's leasing arrangements.

The carrying amount of assets on lease, and the amount of related accumulated depreciation, for leases other than short-term and intragovernmental:

	Cost	Accumulated Depreciation	Net Balance
Buildings, Improvements, Renovations & Rehabilitations	$ 303,967,282	$ 125,852,447	$ 178,114,835
Total Carrying Amount of Assets on Lease	**$ 303,967,282**	**$ 125,852,447**	**$ 178,114,835**

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 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.

A building can only be added to the heritage category if it is deemed that the building will not ever be occupied, or if its historic designation changes. Historic designations can change based on periodic re-evaluations of the Presidio's period of significance. The period of significance for classifying a building as a heritage asset is not static and may evolve over time, as historical perspectives shift and additional aspects of cultural or architectural importance become recognized. Multi-use heritage assets, while historical in nature, are historic buildings that are leased to tenants. During Fiscal Year 2024, changes to the number of heritage and multi-use heritage buildings included a correction (reduction) for a building that was built outside of the period of significance, and corrections (two additions) for buildings that were built within 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 2024:

	FY24 Beginning Balance	Additions	Withdrawals	FY24 Ending Balance
Number of Buildings:				
Heritage	12	0	0	12
Multi-Use Heritage	410	2	(1)	411
Total Buildings	**422**	**2**	**(1)**	**423**

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

	FY23 Beginning Balance	Additions	Withdrawals	FY23 Ending Balance
Number of Buildings:				
Heritage	13	0	(1)	12
Multi-Use Heritage	411	1	(2)	410
Total Buildings	**424**	**1**	**(3)**	**422**

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 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.

As of September 30, 2024, and September 30, 2023, liabilities not covered by budgetary resources consist of the following:

	September 30, 2024	September 30, 2023
Unfunded Annual Leave Liability	$ 2,863,116	$ 2,908,259
Post-Employment Benefits Payable	4,801,773	5,326,302
Environmental and Disposal Liabilities [Notes 9 and 10]	65,752,490	63,953,217
Rent Credit Liability	3,227,069	3,507,055
Contingent Liabilities [Notes 11 and 13]	200,000	900,000
Liabilities Not Covered by Budgetary Resources	$ 76,844,448	$ 76,594,833
Liabilities Covered by Budgetary Resources	304,268,924	245,284,332
Liabilities Not Requiring Budgetary Resources	758,752,280	121,097,733
Total Liabilities	**$1,139,865,652**	**$ 442,976,898**

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. Starting in Fiscal Year 2024, Unearned Lease Revenues, as required by *SFFAS 54*, are also included in 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, 2024, and September 30, 2023:

	Maturity Date	September 30, 2024	September 30, 2023
Note C (Dated 09/28/00)	9/30/2029	$ 8,561,697	$ 10,008,945
Note C (Dated 09/29/00)	9/30/2029	8,561,697	10,008,945
Note C (Dated 09/29/01)	9/30/2029	4,327,619	5,051,870
MOU (Amended 09/30/24)	9/30/2054	228,548,987	160,000,000
Total Debt		**$ 250,000,000**	**$ 185,069,760**

	FY23 Beginning Balance	FY23 Net Borrowing	FY23 Ending Balance	FY24 Net Borrowing	FY24 Ending Balance
Debt Owed to Treasury Other than FFB (*)	$ 98,492,459	$ 86,577,301	$ 185,069,760	$ 64,930,240	$ 250,000,000
Total Debt	**$ 98,492,459**	**$ 86,577,301**	**$ 185,069,760**	**$ 64,930,240**	**$ 250,000,000**

* *Federal Financing Bank*

The 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 in loans.

The Trust requested and received approval to split the $40 million Fiscal Year 2022 loan into two tranches. $20 million will be utilized for commercial building rehabilitation and $20 million will be used for other projects. In Fiscal Year 2024, the final report approval was received for the first $20 million of the Fiscal Year 2022 loan and construction is underway for Buildings 102, 2, 40 rehabilitations.

The initial report for the $90 million Fiscal Year 2023 loan for residential building investment was approved and planning and design work is underway. To utilize the remainder of the Fiscal Year 2023 loan for construction, the independent financial advisor must provide an updated, final report for Treasury review and approval. 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 December 2024.

In Fiscal Year 2024, the Trust was granted additional borrowing authority for $90,000,000 and advanced cash in the amount of $68,548,897 due to the $250 million cap. The MOU was amended on September 30, 2024, by adding an Appendix D to account for the Fiscal Year 2024 loan.

A review of credit-worthy projects is underway for the Fiscal Year 2024 loan and for $20 million of the $40 million Fiscal Year 2022 loan. An initial report is estimated to be complete by the second quarter of Fiscal Year 2025. Once the initial report is reviewed, the Trust can utilize the loans for planning and design work.

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

<u>Note C (dated 9/28/00)</u>

The current principal amount was $8,561,697 as of September 30, 2024. 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 $1,447,248 and $1,369,722 were made September 30, 2024, and 2023, respectively.

<u>Note C (dated 9/29/00)</u>

The current principal amount was $8,561,697 as of September 30, 2024. 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 $1,447,248 and $1,369,722 were made September 30, 2024, and 2023, respectively.

Note C (dated 9/29/01)

The current principal amount was $4,327,619 as of September 30, 2024. 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 $724,251 and $683,255 were made September 30, 2024, and 2023, respectively.

Additional yearly principal payments for the three notes combined are scheduled as follows: $3,826,030 in Fiscal Year 2025, $4,045,194 in Fiscal Year 2026, $4,276,918 in Fiscal Year 2027, $4,521,924 in Fiscal Year 2028, and $4,780,947 in Fiscal Year 2029.

MOU (second amendment dated 09/30/2024)

The current principal amount was $228,548,987 as of September 30, 2024. 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, preliminarily for residential building investment, and additional projects that are being reviewed for credit-worthiness. The note carries an interest rate of 1.146% for the $10,000,000 advance issued in Fiscal Year 2020, an interest rate of 1.914% 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, an interest rate of 4.601% for the $90,000,000 advance issued in Fiscal Year 2023, and an interest rate of 4.063% for the $68,548,987 advance issued in Fiscal Year 2024. 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, in Fiscal Year 2028 for the $90 million Fiscal Year 2023 loan, and in Fiscal Year 2029 for the $68.5 million Fiscal Year 2024 loan.

Interest Expense Related to Borrowing

The Trust incurred interest expense of $7,647,206 and $3,768,266 during Fiscal Year 2024 and Fiscal Year 2023, 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 consolidated balance sheets 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 $5,068,499 and $4,117,383 as of September 30, 2024, and September 30, 2023, 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. The Trust uses a periodic reassessment method of cost estimation where project expenses, needs, and conditions are regularly reviewed and updated at set intervals. 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. By continually reassessing, this method helps manage costs effectively, respond to changes proactively, and align with evolving regulatory or operational standards.

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

	September 30, 2024	September 30, 2023
Fiscal Year Beginning Balance	$ 4,117,383	$ 4,156,734
Less: Cost Applied	(294,162)	(799,049)
Change in Estimate to Complete	1,245,278	759,698
Ending Balance	**$ 5,068,499**	**$ 4,117,383**

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

The Trust's consolidated financial statements reflect an asbestos cleanup cost estimate of $60,683,991 and $59,835,835 as of September 30, 2024, and September 30, 2023, 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.

The Trust incurred clean-up costs associated with non-friable asbestos of $858,073 and $936,591 in Fiscal Year 2024 and Fiscal Year 2023, respectively.

NOTE 11 – OTHER LIABILITIES

Other Liabilities were $645,262,810 and $1,381,935 as of September 30, 2024, and September 30, 2023, of which $388,379 and $481,935, respectively, are intragovernmental (Other Employment Benefits Payable), and of which $588,379 and $1,381,935, respectively, are considered current liabilities. Pursuant to *SFFAS 1, Accounting for Selected Assets and Liabilities* paragraph 86, the amount of other current liabilities that are not covered by budgetary resources for September 30, 2024, and September 30, 2023, were the Contingent Liabilities of $200,000 and $900,000, respectively. The Fiscal Year 2024 balance of Other Liabilities includes $644,674,431 in Unearned Lease Revenue (see Note 12), a liability not requiring budgetary resources.

NOTE 12 - LEASES

As a federal lessor, the Trust manages the leasing of residential homes and office spaces within the Presidio. Leasing arrangements include a variety of housing options, from single-family homes to apartments, as well as commercial office spaces for businesses, nonprofits, and government agencies. Lease terms vary and are structured to preserve the park's historic character while meeting tenant needs. Tenants enjoy unique access to the natural beauty and amenities of the Presidio, with leases designed to align with the Trust's mission of sustainability and historic preservation. See Notes 1, 5 , and 11 for more information on the Trust's leased assets and the impact of the *SFFAS 54* implementation on the Trust's financial statements.

Lease Term

The duration of lease terms varies depending on the property and the tenant's needs. Lease agreements range from short-term arrangements (up to two years) to long-term commitments (up to 70 years). Extension and renewal options may be negotiated based on tenant requirements and market conditions and are subject to periodic review.

Variable Lease Payments

Variable lease payments are those that are not fixed and depend on factors such as usage, performance metrics, or changes in market conditions. In most leases, tenants incur additional costs based on actual usage, such as utility consumption or maintenance services beyond the scope of the base lease agreement. Leases may include renewal options that allow for rent adjustments based on changes in the fair market rental value of the property. Some leases include provisions for rent escalations tied to inflation, using metrics such as the Consumer Price Index (CPI) or other agreed-upon benchmarks. And for certain tenants, variable payments are tied to the performance of the tenant's operations, such as a percentage of revenue generated from the leased property.

Starting in Fiscal Year 2024 with the adoption of SFAS 54, federal lessor entities must recognize a lease receivable and a corresponding unearned lease revenue at the commencement of a lease for all leases other than short-term leases, intragovernmental leases, and contracts that transfer ownership.

Variable lease payments are not included in the initial measurement of the lease receivable under the provisions of *SFFAS 54*, as they depend on future events or conditions that cannot be reliably estimated at the inception of the lease. These payments are recognized in the period in which the triggering event or condition occurs and are accounted for separately from fixed lease payments.

Revenues recognized in Fiscal Year 2024 from leases *other than* short-term and intragovernmental, primarily from the Trust's commercial real estate portfolio, are as follows:

Revenue from Leases Other than Short-Term and Intragovernmental		
Amortization of Unearned Lessor Revenue	$	30,566,378
Amortization of Discount on Receivable (Interest)		30,761,944
Revenue from Variable Lease Payments		15,476,073
Total Revenue	**$**	**76,804,395**

Revenue from short-term and intragovernmental leases, which is recognized based on the payment provisions of the contracts in the period to which the payments relate, was $84,224,196 in Fiscal Year 2024. The majority of this revenue is from the Trust's residential real estate portfolio. Residential leases are typically twenty-four months in length or less.

Future lease payments included in the lease receivable for leases *other than* short-term and intragovernmental are as follows:

Fiscal Year(s)	Principal	Interest	Total
2025	$ 18,010,722	$ 31,607,795	$ 49,618,517
2026	21,087,446	30,654,489	51,741,935
2027	20,353,309	29,652,004	50,005,313
2028	16,059,968	28,796,018	44,855,986
2029	14,711,831	28,070,878	42,782,709
2030-2034	62,898,323	131,050,593	193,948,916
2035-2039	55,988,487	116,409,854	172,398,341
2040-2044	40,812,634	104,139,928	144,952,562
2045-2049	29,779,419	95,998,479	125,777,898
2050-2054	22,206,081	89,929,890	112,135,971
2055-2059	30,012,889	83,901,654	113,914,543
2060-2064	34,271,242	75,848,356	110,119,598
2065-2069	30,771,706	68,279,365	99,051,071
2070-2074	36,852,124	60,295,373	97,147,497
2075-2079	48,110,300	49,998,498	98,108,798
2080-2084	55,105,762	37,792,390	92,898,152
2085-2089	72,158,334	22,597,782	94,756,116
2090-2094	57,367,423	4,394,470	61,761,893
Total	**$ 666,558,000**	**$ 1,089,417,816**	**$ 1,755,975,816**

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, 2024, and September 30, 2023, the Trust accrued contingent liabilities of $200,000 and $900,000, 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 Fiscal Year 2024 and Fiscal Year 2023:

PRESIDIO TRUST
BALANCE SHEETS – FUNDS FROM DEDICATED COLLECTIONS
As of September 30, 2024 and 2023

	2024	2023
Assets:		
Intragovernmental Assets:		
Fund Balance with Treasury	$ 87,058,980	$ 4,271,107
Investments, Net	269,467,135	290,828,999
Accounts Receivable, Net	1,242,381	347,773
Total Intragovernmental Assets	357,768,496	295,447,879
Other than intragovernmental Assets:		
Cash and Other Monetary Assets	1,253,801	510,295
Accounts Receivable, Net	13,975,983	6,163,386
Property, Plant, and Equipment, Net	575,453,114	576,077,285
Advances and Prepayments	4,690,805	4,469,957
Other Assets:		
Lease Receivable	666,558,000	–
Deferred Rent Receivable, Net	–	39,333,324
Other Deferred Real Estate Costs	–	1,074,052
Total Other than Intragovernmental Assets	1,261,931,703	627,628,299
Total Assets	**$ 1,619,700,199**	**$ 923,076,178**
Liabilities:		
Intragovernmental Liabilities:		
Accounts Payable	$ 701,756	$ 862,395
Debt	250,000,000	185,069,760
Advances from Others and Deferred Revenue	2,218,064	16,474,691
Other Liabilities:		
Other Employment Benefits Payable	388,379	481,935
Total Intragovernmental Liabilities	253,308,199	202,888,781
Other than intragovernmental Liabilities:		
Accounts Payable	23,530,140	21,351,633
Federal Employee Salary, Leave and Benefits Payable:		
Payroll Payable	3,440,186	2,717,231
Unfunded Annual Leave Liability	2,863,116	2,908,259
Post-Employment Benefits Payable	4,801,773	5,326,302
Environmental and Disposal Liabilities:		
Environmental Remediation Liability	5,068,499	4,117,383
Non-Friable Asbestos Cleanup Liability	60,683,991	59,835,835
Advances from Others and Deferred Revenue:		
Security Deposits	13,090,551	12,324,369
Rent Credit Liability	3,227,069	3,507,055
Prepaid Rents & Services	3,130,694	3,097,690
Unearned Revenue	117,437,406	123,350,015
Other Liabilities:		
Unearned Lease Revenue	644,674,431	–
Contingent Liabilities	200,000	900,000
Total Other than Intragovernmental Liabilities	882,147,856	239,435,772
Total Liabilities	**$ 1,135,456,055**	**$ 442,324,553**
Net Position:		
Cumulative Results of Operations	484,244,144	480,751,625
Total Net Position	**$ 484,244,144**	**$ 480,751,625**
Total Liabilities and Net Position	**$ 1,619,700,199**	**$ 923,076,178**

PRESIDIO TRUST
STATEMENTS OF NET COST – FUNDS FROM DEDICATED COLLECTIONS
For the Years Ended September 30, 2024 and 2023

	2024	2023
Program Costs:		
Operating Costs	$ 200,882,295	$ 180,888,503
Less: Earned Revenues	228,309,390	184,838,245
Net Program Cost (Surplus)	(27,427,095)	(3,949,742)
Net Cost (Surplus) of Operations	**$ (27,427,095)**	**$ (3,949,742)**

NOTE 15 - EXCHANGE REVENUES

The 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 200 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 - 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 17 - 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, 2024, was as follows:

	Intragovernmental	Other than Intragovernmental	Total
Undelivered Orders Obligations Unpaid	$ 3,513,284	$ 232,271,921	$ 235,785,205
Undelivered Orders Obligations Paid	-	4,690,805	4,690,805
Total Undelivered Orders - Obligations	**$ 3,513,284**	**$ 236,962,726**	**$ 240,476,010**

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 Undelivered Orders - Obligations	**$ 405,056**	**$ 47,296,022**	**$ 47,701,078**

NOTE 18 – EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

A comparison was performed between the amounts reported in the Fiscal Year 2023 Combined Statement of Budgetary Resources and the actual Fiscal Year 2023 amounts reported in the Fiscal Year 2025 Budget of the U.S. government for Total Budgetary Resources; New Obligations; and Outlays, Net (Total) (Discretionary). There were no material differences identified. The President’s Budget that will report actual amounts for Fiscal Year 2024 has not yet been published and will be made available on OMB’s President’s Budget webpage in Fiscal Year 2026.

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 $11,498,942 and $1,870,523 in Fiscal Years 2024 and 2023, respectively. Grants from the California Natural Resources Agency for the Outpost Meadow project were the primary source of contributed capital in both fiscal years presented.

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 2024

Depreciation of property, plant, and equipment and amortization of real estate direct costs increased from $39,221,483 for Fiscal Year 2023 to $40,656,790 for Fiscal Year 2024. In Fiscal Years 2024 and 2023, the Trust spent $52,907,530 and $50,252,128 toward the development or rehabilitation of assets with the largest projects being the Outpost Meadow extension of the Tunnel Tops project, and the East Mason Warehouses rehabilitation project, respectively.

Accounts receivable increased by $8,707,205, largely due to an increase in construction activities on the Outpost Meadow project, which is reimbursable to the Trust by the State of California Natural Resources Agency.

Interest Receivable decreased by $2,055,451 due to the timing of receipt of the annual interest payment from the Treasury in Fiscal Year 2024 versus Fiscal Year 2023.

Accounts Payable increased by $5,807,628 primarily due to the timing of payment of invoices. Advances from Others and Deferred Revenue decreased $19,650,036, primarily due to a decrease in deferred revenue related to advances received from the National Park Service for a reimbursable contract project. This project is related to the phased rehabilitation of Presidio Building 643 for occupancy as an NPS maintenance facility. This building was formally transferred from Trust to NPS administrative jurisdiction via a boundary adjustment and land transfer in August 2015.

In Fiscal Year 2024 and Fiscal Year 2023, the Trust had financing sources of $13,830,376 and $4,079,900. These financing sources are primarily related to projects that are financed through other entities.

The reconciliation of net cost to net outlays for Fiscal Years 2024 and 2023, is as follows:

PRESIDIO TRUST
BUDGET AND ACCRUAL RECONCILIATION
For the Years Ended September 30, 2024 and 2023

	2024	2023
Net Cost (Surplus) of Operations	**$ (25,965,148)**	**$ (3,452,202)**
Components of Net Cost that are not part of Net Outlays:		
Depreciation of Property, Plant, and Equipment	(40,656,790)	(39,221,483)
Loss on Disposition/Revaluation of Property, Plant, and Equipment	(1,131,551)	(1,077,530)
Consulting Expense for Donated Services Received	-	(745,000)
Increase / (Decrease) In Assets:		
Interest Receivable - Investments	(2,055,451)	2,055,451
Cash and Other Monetary Assets	743,506	380,010
Accounts Receivable, Net	8,707,205	(12,101,964)
Advances and Prepayments	220,848	264,231
Other Assets	626,150,624	3,290,147
Omit Decrease in Other Assets due to Change in Accounting Principles Not Included in Net Cost	40,407,376	-
(Increase) / Decrease In Liabilities:		
Accounts Payable	(5,807,628)	15,019,597
Federal Employee Salary, Leave and Benefits Payable:	(645,304)	(78,304)
Post-Employment Benefits Payable	524,529	340,099
Environmental and Disposal Liabilities	(1,799,272)	(1,971,678)
Advances from Others and Deferred Revenue	19,650,036	(7,471,387)
Other Liabilities	(643,880,875)	(377,794)
Other Financing Sources:		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(4,434,509)	(3,339,779)
Total Components of Net Cost that are not part of Net Outlays (-)	**$ (4,007,256)**	**$ (45,035,384)**
Components of Net Outlays that are not part of Net Cost:		
Acquisition of Capital Assets	52,907,530	50,252,128
Other - Financing Sources with Budgetary Advances, Donations, and Other	(13,830,376)	(4,079,900)
Total Components of Net Outlays that are not part of Net Cost	**$ 39,077,154**	**$ 46,172,228**
Net Outlays	**$ 9,104,750**	**$ (2,315,358)**

NOTE 21 - PUBLIC-PRIVATE PARTNERSHIPS [P3]

The 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.

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	Total
Historic Tax Credits	not available	N/A	
Federal Funding:			
Tenant Improvement Allowance / Rent Credit	$ 22,591,910	$ -	$ 22,591,910
Funds Invested For Rehabilitation Project	49,634,875	-	49,634,875
Parking Passes & Other	1,000,000	1,336,039	2,336,039
Subtotal - Federal Funding	73,226,785	1,336,039	74,562,824
Partner Funding:			
Funds Invested For Building Rehabilitation	295,136,139	-	295,136,139
Subtotal - Partner Funding	295,136,139	-	295,136,139
Total Funding to P3	**$ 368,362,924**	**$ 1,336,039**	**$ 369,698,963**

Revenues and cash received by the Trust from its public-private arrangements during Fiscal Year 2024 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)	Totals
Building Rehab	$ 29,603,316	$ 11,366	$ -	$ 186,000	$ -	$ 29,800,682
Other Contracts	-	-	-	-	25,986,091	25,986,091
Total FY24 Payments Received	**$ 29,603,316**	**$ 11,366**	**$ -**	**$ 186,000**	**$ 25,986,091**	**$ 55,786,773**

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)	Totals
Building Rehab	$ 2,586,356,424	$ 2,731,425	$ 8,550,892	$ 16,138,333	$ -	$ 2,613,777,074
Other Contracts	-	-	-	-	248,565,180	248,565,180
Total Life of P3 Payments Received	**$ 2,586,356,424**	**$ 2,731,425**	**$ 8,550,892**	**$ 16,138,333**	**$ 248,565,180**	**$ 2,862,342,254**

Payments by the Trust to its P3 partners during Fiscal Year 2024 were 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	$ -	$ -	$ 318,860	$ -	$ -	$ 318,860
Other Contracts	-	-	-	7,316,885	18,399,710	25,716,595
Total FY24 Payments Paid	**$ -**	**$ -**	**$ 318,860**	**$ 7,316,885**	**$ 18,399,710**	**$ 26,035,455**

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	$ 1,775,885	$ 4,220,847	$ -	$ -	$ 11,985,509
Other Contracts	-	-	-	121,092,887	179,249,399	300,342,286
Total Life of P3 Payments Paid	**$ 5,988,777**	**$ 1,775,885**	**$ 4,220,847**	**$ 121,092,887**	**$ 179,249,399**	**$ 312,327,795**

Other amounts recognized in the consolidated financial statements for Fiscal Year 2024 were as follows:

P3 Type	Accounts Receivable	Unearned Revenue (Unapplied Receipts)	Accounts Payable	Advances to Program	Prepaid Rent	Lessor Lease Receivable	Unearned Lessor Revenue	Security Deposits
Building Rehab	$ 858,222	$ -	$ -	$ -	$ 374,577	$ 457,936,024	$ 442,925,729	$ 1,472,995
Other Contracts	-	1,886,257	1,191,463	1,946,253	-	-	-	-
Total Other Amounts Recognized in FY24	**$ 858,222**	**$ 1,886,257**	**$ 1,191,463**	**$1,946,253**	**$ 374,577**	**$ 457,936,024**	**$ 442,925,729**	**$ 1,472,995**

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 *SFFAS 7, Accounting for Revenue and Other Financing Sources*.

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

	September 30, 2024	September 30, 2023
Fiscal Year Beginning Balance	$ 57,087,873	$ 58,027,591
Less: Revenue Recognized	(939,718)	(939,718)
Ending Balance	**$ 56,148,155**	**$ 57,087,873**

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, 2024	September 30, 2023
Fiscal Year Beginning Balance	$ 44,767,083	$ 50,199,583
Less: Revenue Recognized	(5,432,499)	(5,432,500)
Ending Balance	**$ 39,334,584**	**$ 44,767,083**

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 participated in decision-making about the project. Since opening in July 2022, the Tunnel Tops has welcomed nearly 4 million visitors.

A three-acre Youth Campus is approximately 30% of the Tunnel Tops area. The Golden Gate National Parks Conservancy is extending their lease to occupy the Youth Campus through June 2025 providing an additional nine months to finalize a broader agreement that includes the Youth Campus. The additional time to finalize the agreement allows the Golden Gate National Parks Conservancy and the Trust to work together to craft a longer-term 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 expected term of an on-going tenancy estimated at 30-years. As of September 30, 2024 and September 30, 2023, the amount deferred was $18,595,111 and $19,242,776, respectively.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Deferred Maintenance & Repairs

The Trust owns and manages real property assets such as buildings, roads, utility systems and landscapes. Deferred Maintenance and Repairs (DM&R) is the estimated cost to bring Plant, Property, and Equipment (PP&E) to an acceptable condition. It is measured and reported for capitalized, non-capitalized, and fully depreciated general Plant, Property, and Equipment (PP&E).

Since Fiscal Year 2022, the Trust has set aside money from our annual net income to fund the on-going replacement of the Trust's physical assets in a Replacement Reserve, per our Financial Reserves Policy. We are using this reserve to replace assets at or near the end of their expected useful life. We believe this is an important 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.

Over the past few years, the Trust has taken 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. In Fiscal Year 2023 and early 2024, we developed the necessary system configurations and key processes, and then piloted the VFA software and the condition assessment update process for a small subset of assets. We are in the final stages of reviewing the accuracy of the pilot data and reporting and will begin the broader rollout in Fiscal Year 2025. We expect this rollout, including capturing and updating asset data, developing and documenting the necessary procedures and reporting, creating the governance structure and educating the impacted Trust employees, to take until Fiscal Year 2027.

Since we are still in the process of rolling out this software, we continued to capture our DM&R estimates in alignment with prior years. We used the VFA software estimates for building assets understanding the data entry is still underway, including the current exclusion 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 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. In addition, a portion of the funding will be used to address deferred maintenance and repair on three buildings that contribute to the Presidio National Historic Landmark District designation. Lastly, the highest priority water, wastewater, and stormwater systems will be addressed based upon asset condition and available funds after the other 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, 2024, and 2023:

	2024 Ending Balance	2023 Ending Balance
General Property Plant & Equipment	$ 297,810,688	$ 305,539,824
Heritage Assets	74,157,677	69,342,748
Stewardship Land	154,328,225	143,469,690
Total	**$ 526,296,590**	**$ 518,352,262**

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 2024, the Trust's Condition Index for all our physical assets was 64%. This means that 64% of the Trust's assets were within their assessed useful life. This breaks down as follows: 79% buildings (excluding the 266 buildings not currently captured in the VFA software), 66% 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 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32.* Categories of PP&E include general PP&E, Heritage Assets, and Stewardship Land per *SFFAS 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 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 3.1 and 2.9 acres of forest in Fiscal Years 2024 and 2023, respectively, and reforested 3.1 and 3.3 acres of forest in Fiscal Years 2024 and 2023, respectively.

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 in September 2024 and 2023.

Information of Land Use by Sub-Category Fiscal Year 2024:

	Commercial Use Land	Conservation/ Preservation Land	Operational Use Land	Total Estimated Acreage
Stewardship Land:				
Start of Prior Year	431.40	551.70	56.30	1039.40
End of Prior Year/Start of Current Year	431.30	551.70	57.00	1040.00
End of Current Year	434.00	551.25	54.75	1040.00
TOTAL	**434.00**	**551.25**	**54.75**	**1040.00**

PRESIDIO TRUST
COMBINING STATEMENTS OF BUDGETARY RESOURCES (UNAUDITED)
For the Years Ended September 30, 2024 and 2023

	2024			2023		
	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)	$ 279,658,879	$ 191,655,406	$ 471,314,285	$ 173,314,939	$ –	$ 173,314,939
Appropriations (Discretionary)	–	–	–	–	200,000,000	200,000,000
Borrowing Authority (Discretionary)	64,930,240	–	64,930,240	86,577,301	–	86,577,301
Spending Authority from Offsetting Collections (Discretionary)	190,300,849	–	190,300,849	195,234,092	–	195,234,092
Total Budgetary Resources	**$ 534,889,968**	**$ 191,655,406**	**$ 726,545,374**	**$ 455,126,332**	**$ 200,000,000**	**$ 655,126,332**
Status of Budgetary Resources:						
New Obligations	$ 209,696,153	$ 191,631,171	$ 401,327,324	$ 175,467,453	$ 8,344,594	$ 183,812,047
Unobligated Balance, End of Year:						
Apportioned, Unexpired Accounts	325,193,815	24,235	325,218,050	279,658,879	191,655,406	471,314,285
Unobligated Balance, End of Year (Total)	325,193,815	24,235	325,218,050	279,658,879	191,655,406	471,314,285
Total Budgetary Resources	**$ 534,889,968**	**$ 191,655,406**	**$ 726,545,374**	**$ 455,126,332**	**$ 200,000,000**	**$ 655,126,332**
Outlays, Net						
Outlays, Net (Total) (Discretionary)	(343,304)	9,448,054	9,104,750	(4,392,618)	2,077,260	(2,315,358)
Agency Outlays, Net (Discretionary)	**$ (343,304)**	**$ 9,448,054**	**$ 9,104,750**	**$ (4,392,618)**	**$ 2,077,260**	**$ (2,315,358)**

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

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

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

Grants Oversight and New Efficiency (GONE) Act

The 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

FBwT – Fund Balance with Treasury

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

GONE Act – Grants Oversight and New Efficiency Act

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