

GREATER YELLOWSTONE COALITION, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014
(with Comparative Information for 2013)



AMATICS
CPA GROUP

GREATER YELLOWSTONE COALITION, INC.
CONTENTS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS	<u>Page</u>
Independent auditors' report	3 - 4
Consolidated statement of financial position	5
Consolidated statement of activities	6
Consolidated statement of functional expenses	7
Consolidated statement of cash flows	8
Notes to financial statements	9 - 17
 SUPPLEMENTAL INFORMATION	
Consolidating statement of financial position	18
Consolidating statement of activities	19
Consolidating statement of functional expenses	20



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Greater Yellowstone Coalition, Inc.
Bozeman, MT 59715**

We have audited the accompanying consolidated financial statements of Greater Yellowstone Coalition, Inc. (a nonprofit organization) and its affiliate, which comprise the consolidated statement of financial position as of September 30, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Yellowstone Coalition, Inc. and its affiliate, as of September 30, 2014, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of Greater Yellowstone Coalition, Inc. as of September 30, 2014, were audited by other auditors whose report dated March 4, 2014, expressed an unmodified opinion on those statements.



Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements on pages 18 - 20 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Amatics CPA Group

Bozeman, Montana
February 9, 2015

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2014
(With Comparative Totals as of September 30, 2013)

ASSETS

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 85,101	\$ 306,964
Short-term investments	2,584,522	1,928,999
Receivables:		
Foundations	488,140	60,340
Individuals	15,240	151,952
Prepaid expenses	6,023	1,691
Retirement plan forfeitures	9,596	901
Fixed assets, net of accumulated depreciation	2,821,720	2,897,358
Endowment fund investments	2,752,600	2,505,871
 Total assets	 \$ 8,762,942	 \$ 7,854,076

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 29,946	\$ 157,419
Other liabilities	141,714	168,294
Deferred revenue	5,975	11,940
Accrued compensated absences	38,324	55,094
Retirement contributions payable	31,107	38,884
Due to others	13,062	14,465
Gift annuity obligations	60,435	56,518
Note payable	636,788	687,552
 Total liabilities	 957,351	 1,190,166
 NET ASSETS		
Unrestricted:		
Designated by the Board	2,063,310	1,526,127
Unrestricted	2,537,964	1,984,979
Temporarily restricted	1,224,806	1,191,220
Permanently restricted	1,979,511	1,961,584
 Total net assets	 7,805,591	 6,663,910
 Total liabilities and net assets	 \$ 8,762,942	 \$ 7,854,076

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
REVENUE AND SUPPORT					
Members and patrons	\$ 1,234,728	\$ 253,082	\$ 17,927	\$ 1,505,737	\$ 1,551,262
Foundation grants	986,682	394,874	-	1,381,556	610,385
Bad debt loss	(38,500)	-	-	(38,500)	-
Special events	55,560	751,465	-	807,025	821,559
Sales	15,617	29,676	-	45,293	61,755
Annual meeting	-	-	-	-	56,834
Interest	58,101	-	-	58,101	41,772
Endowment earnings	-	76,939	-	76,939	76,235
Realized gain on sale of investments	36,566	82,080	-	118,646	29,243
Rental income	29,324	-	-	29,324	24,022
Retirement plan forfeitures	17,926	-	-	17,926	-
Unrealized gain (loss) on investments	23,835	123,385	-	147,220	208,470
Miscellaneous	(9,657)	49,984	-	40,327	61,163
Satisfaction of program restrictions	<u>1,727,899</u>	<u>(1,727,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,138,081</u>	<u>33,586</u>	<u>17,927</u>	<u>4,189,594</u>	<u>3,542,700</u>
EXPENSES					
Program services and fiscal sponsorship	2,698,615	-	-	2,698,615	2,936,752
Supporting services:					
Administrative	208,620	-	-	208,620	305,381
Fundraising	<u>140,678</u>	<u>-</u>	<u>-</u>	<u>140,678</u>	<u>266,358</u>
Total expenses	<u>3,047,913</u>	<u>-</u>	<u>-</u>	<u>3,047,913</u>	<u>3,508,491</u>
CHANGE IN NET ASSETS					
	<u>1,090,168</u>	<u>33,586</u>	<u>17,927</u>	<u>1,141,681</u>	<u>34,209</u>
Net assets, beginning of year	3,691,044	1,011,282	1,961,584	6,663,910	6,629,701
Prior period reclassification	<u>(179,938)</u>	<u>179,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year, restated	<u>3,511,106</u>	<u>1,191,220</u>	<u>1,961,584</u>	<u>6,663,910</u>	<u>6,629,701</u>
NET ASSETS, end of year	<u>\$ 4,601,274</u>	<u>\$ 1,224,806</u>	<u>\$ 1,979,511</u>	<u>\$ 7,805,591</u>	<u>\$ 6,663,910</u>

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Program	Supporting Services		Total Core	Cycle Greater	2014	2013
	Services	Administration	Fundraising	Activities	Yellowstone	Total	Total
Wages and benefits	\$ 1,165,471	\$ 162,255	\$ 94,862	\$ 1,422,588	\$ -	\$ 1,422,588	\$ 1,658,411
Contracted and IT services	167,698	8,324	7,581	183,603	463,943	647,546	846,963
Advertising	590	-	-	590	22,023	22,613	20,199
Conferences and board expenses	2,712	965	40	3,717	-	3,717	31,087
Depreciation	68,564	3,289	3,786	75,639	-	75,639	79,160
Insurance	17,572	1,199	943	19,714	13,410	33,124	31,658
Interest	26,065	1,431	1,431	28,927	-	28,927	30,581
Minor equipment and maintenance	48,773	4,385	4,260	57,418	16,215	73,633	89,732
Newsletters and fact sheets	5,708	-	238	5,946	-	5,946	27,492
Other	4,782	-	4,459	9,241	-	9,241	8,183
Mail processing and printing	33,358	1,471	5,614	40,443	4,458	44,901	53,840
Professional fees	3,433	15,055	316	18,804	132,347	151,151	83,273
Property taxes and condo fees	3,253	454	179	3,886	-	3,886	3,155
Publications and dues	1,717	663	2,555	4,935	-	4,935	7,910
Rent	28,679	32	32	28,743	13,374	42,117	48,522
Service fees	-	2,164	8,524	10,688	26,388	37,076	-
Small grants	134,925	-	-	134,925	44,200	179,125	78,392
Special events, sales and sponsorships	31,419	247	3,234	34,900	12,863	47,763	112,201
Supplies	21,961	1,183	405	23,549	20,502	44,051	60,347
Travel and meetings	54,637	4,103	841	59,581	74,506	134,087	202,142
Utilities	31,929	1,400	1,378	34,707	1,140	35,847	35,243
Total	\$ 1,853,246	\$ 208,620	\$ 140,678	\$ 2,202,544	\$ 845,369	\$ 3,047,913	\$ 3,508,491

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,141,681	\$ 34,209
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	75,639	79,160
Reinvested interest, dividends and realized gains	(253,686)	(147,250)
Unrealized (gains) losses on investments	(147,220)	(208,470)
Donated stock	(69,250)	-
(Increase) decrease in current assets:		
Receivables	(291,088)	567,629
Prepaid expenses	(4,332)	2,789
Retirement plan forfeitures	(8,695)	1,421
Increase (decrease) in current liabilities:		
Accounts payable	(127,473)	103,923
Other liabilities	(26,580)	18,714
Deferred revenues	(5,965)	(287,435)
Retirement contributions payable	(7,777)	(3,594)
Due to others	(1,403)	(235)
Accrued compensated absences	(16,770)	3,291
Gift annuity payable	3,917	(60,141)
Net cash provided by operating activities	<u>260,998</u>	<u>104,011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(615,965)	(305,267)
Purchase of property and equipment	-	(3,255)
Proceeds from redemption of investments	<u>165,941</u>	<u>128,879</u>
Net cash used by investing activities	<u>(450,024)</u>	<u>(179,643)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on long-term debt	(50,764)	(58,488)
Contributions restricted for endowment	<u>17,927</u>	<u>-</u>
Net cash used by financing activities	<u>(32,837)</u>	<u>(58,488)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(221,863)	(134,120)
Cash and cash equivalents, beginning of year	<u>306,964</u>	<u>441,084</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 85,101</u>	<u>\$ 306,964</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
In-kind donations of merchandise and services	<u>\$ 4,954</u>	<u>\$ 25,958</u>
Cash paid for interest	<u>\$ 28,927</u>	<u>\$ 30,581</u>

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Yellowstone Coalition, Inc. (GYC) was formally organized and incorporated on November 7, 1983, for the purpose of advocating and ensuring the preservation of the Greater Yellowstone Ecosystem.

The GYC Board of Directors hires independent auditors and the Board Audit Committee reviews the annual financial audit with the auditors and reports back to the full Board. All Board members receive a copy of the audited financial statements.

Cycle Greater Yellowstone, Inc. (CGY) was formally organized and incorporated on April 11, 2012, for the purpose of conducting an annual bicycle tour in the Greater Yellowstone Ecosystem as a vehicle to inform and educate a regional, national and international audience about the importance and value of the Greater Yellowstone ecosystem.

CGY is a wholly owned subsidiary of Greater Yellowstone Coalition, Inc. and, as such, its financial statements are consolidated with GYC's for audit purposes. Separate Forms 990 are filed with the Internal Revenue Service (IRS).

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recorded when received, unless susceptible to accrual, and expenses are recognized when incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GYC and changes therein are classified as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of GYC or by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program restrictions. Restricted revenue is reported as unrestricted if the restrictions are met in the same reporting period.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that require that they be maintained permanently by GYC. Generally, the donors of the assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

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

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, GYC considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents. Cash and cash equivalents is composed of money market, savings, and checking accounts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments held in securities are insured by the Securities Investor Protection Corporation and additional insurance purchased by the broker-dealers.

Contributions and Receivables

Contributions are recognized when the donor makes a promise to give to GYC that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets, upon satisfaction of restriction.

GYC uses the direct write-off method when a promised receivable is determined to be uncollectible, which is usually upon receipt of notification from the donor. This approximates management's best estimate of an allowance, which is \$0.

In-Kind Contributions

The Organization records various types of in-kind support including donated merchandise, services, property and equipment. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions are reported in members and patrons revenue on the Statement of Activities.

Fixed Assets and Depreciation

Purchased assets and capital leases over the capitalization policy threshold of \$5,000 are carried at historical cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, GYC reports expirations of donor restrictions when the the donated or acquired assets are placed in service as instructed by the donor. GYC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of equipment and amortization of capital leases is provided over the estimated useful lives of the respective assets on the straight-line method. Operating leases for equipment are expensed over the life of the lease. Estimated useful lives of the fixed assets are as follows:

Office equipment	3-5 years
Vehicles	5 years
Buildings	40 years

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exempt Organization

Greater Yellowstone Coalition, Inc. qualifies as a publicly supported organization described in Internal Revenue Code Section 509(a)(1) and 170(b)(1)(A)(vi) and, therefore, is not subject to private foundation taxation. GYC is also exempt from federal income tax under Section 501(c)(3). Contributions of grantors and donors qualify for tax deductions. The Organization's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

Principles of Consolidation

The consolidated financial statements present the accounts of Greater Yellowstone Coalition, Inc. and its subsidiary, Cycle Greater Yellowstone, Inc., with all significant balances and transactions between the entities eliminated.

Prior Year Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, prior year financial statements, from which the summarized information was derived, should be read in conjunction with GYC's current year financial statements.

2. CONCENTRATION OF CASH DEPOSIT AND UNSECURED CASH BALANCE

Greater Yellowstone Coalition, Inc. manages its credit risk for cash by maintaining deposits in a variety of financial institutions. At times throughout the fiscal year, typically in December and January when a significant proportion of the Organization's annual contributions and grants are received, cash in the general checking account may exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). Funds not needed within the next month or two are moved to money market accounts and/or certificates of deposit with other financial institutions.

3. RECEIVABLES

Receivables at September 30, 2014 consist of the following:

	Foundation Receivables	Individual Receivables
Due within one year	\$ 488,140	\$ 15,240

4. INVESTMENTS

Greater Yellowstone Coalition, Inc. follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

4. INVESTMENTS (Continued)

The standards describe a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2- Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Investment balances as of September 30, 2014 consist of the following:

	<u>Cost</u>	<u>Net Unrealized Gains/(Losses)</u>	<u>Fair Value (Level 1)</u>
Marketable equity securities - short term			
Money market fund	\$ 907,601	\$ -	\$ 907,601
Mutual large blend equity funds	125,356	36,989	162,345
Mutual government bond funds	222,479	(10,766)	211,713
Mutual short term investment funds	856,374	15,274	871,648
Mutual large growth equity funds	314,694	8,295	322,989
Mutual foreign large blend funds	115,577	(7,661)	107,916
	<u>2,542,081</u>	<u>42,131</u>	<u>2,584,212</u>
Marketable equity securities - endowment			
Money market fund	3,406	-	3,406
Mutual large blend equity funds	244,225	103,969	348,194
Mutual government bond funds	463,811	6,424	470,235
Mutual large growth equity funds	853,917	22,508	876,425
Mutual medium growth equity funds	60,340	168,496	228,836
Mutual corporate bond funds	272,904	6,007	278,911
Mutual foreign large blend equity funds	255,216	76,610	331,826
Mutual mid cap blend equity funds	185,750	29,327	215,077
	<u>2,339,569</u>	<u>413,341</u>	<u>2,752,910</u>
	<u>\$ 4,881,650</u>	<u>\$ 455,472</u>	<u>\$ 5,337,122</u>

Components of investment and interest income for the year ended September 30, 2014 consist of the following:

Interest and dividends	\$ 135,040
Unrealized gains and losses	147,220
Realized gains and losses	<u>118,646</u>
	<u>\$ 400,906</u>

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

5. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. During the year ended September 30, 2014, no fees were paid for management of endowment funds.

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and because the primary donor's gift document states "the income only is to be applied for such qualified projects as its Board of Directors shall determine...". As a result of this interpretation, GYC classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GYC in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, GYC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of GYC and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of GYC; and
- (7) The investment policies of GYC.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires GYC to retain as a fund of perpetual direction. GYC has a General Endowment Fund and several Montana Endowment Funds (associated with planned gifts received as a result of the Montana Endowment Tax Credit Law). As of the September 30, 2014, the General Endowment Fund and the Montana Endowment Fund have no such deficiency.

Return Objectives and Risk Parameters

GYC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that GYC must hold in perpetuity or for a donor-specified period(s). GYC expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

5. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, GYC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GYC targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

GYC's Finance Committee and Endowment Subcommittee review the quarterly and fiscal year end account statements and returns of the endowment account and make an annual recommendation to the Board of Directors regarding appropriations from the General Endowment Fund to the general operating account. The Board of Directors has authorized the Finance Committee and Endowment Subcommittee to appropriate for expenditure during the following fiscal year (commencing October 1, 20xx) up to 5% of the twelve quarter trailing average fair value of the assets of the General Endowment Fund as valued on the last business day of the fiscal year, as they deem necessary and appropriate. Such appropriation shall come first from accumulated interest and dividends not previously appropriated and then from any net appreciation (realized and unrealized) in the fair value of the assets of the General Endowment Fund over the historic dollar value of the General Endowment Fund. Income is defined as dividends from stocks and interest from bond funds.

The historic value is the value of all gifts and transfers to the fund as of the date of such transfer. In establishing this policy, GYC considered current financial market condition, the long- and short-term needs of GYC in carrying out its mission, present and future financial requirements, the expected total returns on its endowment fund, price level trends and general economic conditions. Accordingly, over the long term, GYC expects the current spending policy to allow its endowment to grow. This is consistent with GYC's objective to preserve the fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Endowment net asset composition by type of fund as of September 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-restricted endowment funds	\$ -	\$ 791,017	\$ 1,979,511	\$ 2,770,528
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Totals</u>
Endowment net assets, beginning of year	\$ -	\$ 608,613	\$ 1,961,584	\$ 2,570,197
Investment return:				
Investment income, net	-	159,019	-	159,019
Net appreciation (depreciation)	-	123,385	-	123,385
Contributions	-	-	17,927	17,927
Release per spending policy	-	(100,000)	-	(100,000)
	<u>\$ -</u>	<u>\$ 791,017</u>	<u>\$ 1,979,511</u>	<u>\$ 2,770,528</u>

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

6. FIXED ASSETS

Fixed assets at September 30, 2014 consist of the following:

Land	\$	600,000
Buildings		2,404,140
Office equipment		26,752
Vehicles		<u>107,342</u>
		3,138,234
Less: Accumulated depreciation		<u>316,514</u>
		<u>\$ 2,821,720</u>

7. NOTE PAYABLE

Greater Yellowstone Coalition, Inc. has a note payable to American Bank, payable in monthly installments of \$4,089, including interest at 4.25%. The final balloon payment is due March 2017. The note is secured by real property.

Future maturities of the note payable are as follows:

2015	\$	22,074
2016		22,970
2017		<u>591,744</u>
		<u>\$ 636,788</u>

8. DEFERRED REVENUE

Deferred revenue consists of amounts received in fiscal year 2014 for the fiscal year 2015 Cycle Greater Yellowstone event.

9. RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2014 are available for the following purposes:

Land	\$	194,396
Water		117,068
Wildlife		8,144
Building		35,907
Cycle Greater Yellowstone		3,041
Endowment investment income		791,017
Other - for use on all programs		<u>75,233</u>
		<u>\$ 1,224,806</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for support in an amount determined by the Board (see Note 5). The board designated net assets may not be spent without the permission of the Board of Directors. The Board designated these assets as reserves to assure that GYC has the flexibility to launch new initiatives, undertake long-term endeavors, and provide a cushion against fluctuations in cash flow.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

10. DEFERRED CHARITABLE GIFT ANNUITY SPLIT-INTEREST AGREEMENTS

GYC has received several charitable gift annuities that are restricted to GYC's Montana Endowment Fund and are deposited to separate accounts as required by Board policy. Under the annuity agreements, GYC agrees to pay the donor an annual sum, commencing on an agreed-upon date, for the remainder of the donor's life. The value is calculated based upon the discount rate at the time of the gift and the estimated amount of payments expected based upon actuarial tables.

The following summarizes the deferred charitable annuity obligations at September 30, 2014:

<u>Contributions Received</u>		<u>Annuity Obligation</u>		
<u>Fiscal year</u>	<u>Amount</u>	<u>Annual Payment</u>	<u>First Payment Date</u>	<u>Present Value of Obligation</u>
2000	\$ 22,000	\$1,650	12/31/2024	\$ 6,935
2000	28,239	8,218	9/30/2020	24,446
2001	22,000	1,650	12/31/2024	6,935
2002	10,000	2,420	12/31/2025	5,935
2002	23,500	1,763	12/31/2024	9,756
2010	20,000	800	12/31/2030	609
2010	20,000	800	12/31/2022	1,345
2011	10,000	720	3/31/2011	4,474
	<u>\$ 155,739</u>			<u>\$ 60,435</u>

11. PROFIT SHARING PLAN

In 1996, GYC adopted a defined contribution pension plan that covers all employees that have worked at least one year (and 1,000 hours) for GYC. The amount contributed each year is at the discretion of the Board of Directors. Employees are vested in a six year graduating schedule starting with 20% vested after two years. GYC recognized \$52,540 in contribution expense for the year ended September 30, 2014.

This Plan includes two contribution formulas. The first formula provides for a contribution allocated in the same ratio that each participant's compensation for the plan year bears to the total compensation of all participants (i.e. 3% of compensation). The second formula provides for an amount which is determined by multiplying the employer's discretionary contribution times a fraction of which the numerator is the hours of qualified hours of service of a participant, and the denominator is the total hours of service of all participants eligible to share in this benefit, resulting in an equal dollar amount per qualified hours worked (i.e. \$0.60 per hour worked).

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

12. OPERATING LEASES

Equipment Leases

Greater Yellowstone Coalition, Inc. leases a mail machine from Pitney Bowes. The lease term was originally through November 2013, and was renewed for one additional year to November 2014. Annual lease payments are \$1,740.

GYC leases a Canon copier, the term of which is 60 months, ending November 2015. Annual lease payments are \$6,045.

In December 2011, GYC entered into a lease agreement for roof mounted solar electric and solar thermal systems. The term of the lease began when the equipment was installed, started, tested and accepted by GYC as ready for use, which occurred on February 1, 2012. The lease is for up to twenty years, with an option to purchase the equipment after five years (on or after February 1, 2017). The base annual rent for the equipment is on a graduating scale. The first year rent was \$1,440, the second year (2013) was \$1,800, the third year (2014) was \$2,160, and the fourth year (2015) will be \$2,520. This is a related party transaction, as the primary owner of the leasing company is a current GYC board member.

Occupancy Leases

GYC has entered into an operating lease for space in Cody, Wyoming through February 2012, which renews annually. The future minimum lease payments are \$5,676 per year.

GYC has also entered into an operating lease for office space in Jackson, Wyoming through July 2017. The future minimum lease payments for this space are \$16,097 per year.

GYC has entered into an operating lease for office space in Driggs, Idaho, for a 12-month period beginning June 2014. After 12 months, the lease term becomes month-to-month with 30 days advance notice of termination. The future minimum lease payments for this space are \$4,200 per year.

Subleases

In the Bozeman, Montana building owned by GYC, four tenants lease space from the Organization. In addition, GYC subleases space in its Jackson, Wyoming office to another tenant. The lease terms range from month-to-month to three years and monthly payments range from \$250 to \$1,650. GYC received \$29,324 in rental income for the year ended September 30, 2014.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2015, the date on which the financial statements were available to be issued.

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
Year Ended September 30, 2014

ASSETS

	<u>Greater Yellowstone Coalition</u>	<u>Cycle Greater Yellowstone</u>	<u>Eliminating Entries</u>	<u>Consolidated Balances</u>
ASSETS				
Cash and cash equivalents	\$ 76,085	\$ 9,016	\$ -	\$ 85,101
Short-term investments	2,584,522	-	-	2,584,522
Receivables:				
Foundations	488,140	-	-	488,140
Individuals	15,240	-	-	15,240
Cycle Greater Yellowstone	345,000	-	(345,000)	-
Prepaid expenses	6,023	-	-	6,023
Retirement plan forfeitures	9,596	-	-	9,596
Fixed assets, net of accumulated depreciation	2,821,720	-	-	2,821,720
Long-term investments	-	-	-	-
Endowment fund investments	<u>2,752,600</u>	<u>-</u>	<u>-</u>	<u>2,752,600</u>
Total assets	<u>\$ 9,098,926</u>	<u>\$ 9,016</u>	<u>\$ (345,000)</u>	<u>\$ 8,762,942</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payables	\$ 29,946	\$ -	\$ -	\$ 29,946
Other liabilities	141,714	-	-	141,714
Deferred revenue	-	5,975	-	5,975
Accrued compensated absences	38,324	-	-	38,324
Retirement contributions payable	31,107	-	-	31,107
Due to others	13,062	-	-	13,062
Gift annuity obligations	60,435	-	-	60,435
Note payable	<u>636,788</u>	<u>345,000</u>	<u>(345,000)</u>	<u>636,788</u>
Total liabilities	<u>951,376</u>	<u>350,975</u>	<u>(345,000)</u>	<u>957,351</u>
NET ASSETS				
Unrestricted:				
Board designated	2,063,310	-	-	2,063,310
Unrestricted	2,882,964	(345,000)	-	2,537,964
Temporarily restricted	1,221,765	3,041	-	1,224,806
Permanently restricted	<u>1,979,511</u>	<u>-</u>	<u>-</u>	<u>1,979,511</u>
Total net assets	<u>8,147,550</u>	<u>(341,959)</u>	<u>-</u>	<u>7,805,591</u>
Total liabilities and net assets	<u>\$ 9,098,926</u>	<u>\$ 9,016</u>	<u>\$ (345,000)</u>	<u>\$ 8,762,942</u>

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2014

	Greater Yellowstone Coalition	Cycle Greater Yellowstone	Eliminating Entries	Consolidated Balances
REVENUE AND SUPPORT				
Members and patrons	\$ 1,505,663	\$ 74	\$ -	\$ 1,505,737
Foundation grants	1,381,556	-	-	1,381,556
Bad debt loss	(38,500)	-	-	(38,500)
Special events	55,560	751,465	-	807,025
Sales	15,617	29,676	-	45,293
Interest	58,101	-	-	58,101
Endowment earnings	76,939	-	-	76,939
Realized gain on sale of investments	118,646	-	-	118,646
Rental income	29,324	-	-	29,324
Retirement plan forfeitures	17,926	-	-	17,926
Unrealized gain on investments	147,220	-	-	147,220
Miscellaneous	(9,652)	49,979	-	40,327
	<u>3,358,400</u>	<u>831,194</u>	<u>-</u>	<u>4,189,594</u>
EXPENSES				
Program services	1,853,246	845,369	-	2,698,615
Supporting services:				
Administrative	208,620	-	-	208,620
Fundraising	140,678	-	-	140,678
	<u>2,202,544</u>	<u>845,369</u>	<u>-</u>	<u>3,047,913</u>
	1,155,856	(14,175)	-	1,141,681
CHANGE IN NET ASSETS				
Net assets, beginning of year	<u>6,991,694</u>	<u>(327,784)</u>	<u>-</u>	<u>6,663,910</u>
NET ASSETS, end of year	<u>\$ 8,147,550</u>	<u>\$ (341,959)</u>	<u>\$ -</u>	<u>\$ 7,805,591</u>

GREATER YELLOWSTONE COALITION, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2014

	<u>Greater Yellowstone Coalition</u>			<u>Cycle Greater Yellowstone</u>			<u>Eliminating Entries</u>	<u>Consolidated Balances</u>
	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>		
Wages and benefits	\$ 1,165,471	\$ 162,255	\$ 94,862	\$ -	\$ -	\$ -	\$ -	\$ 1,422,588
Contracted and IT services	167,698	8,324	7,581	463,943	-	-	-	647,546
Advertising	590	-	-	22,023	-	-	-	22,613
Conferences and board expenses	2,712	965	40	-	-	-	-	3,717
Depreciation	68,564	3,289	3,786	-	-	-	-	75,639
Insurance	17,572	1,199	943	13,410	-	-	-	33,124
Interest	26,065	1,431	1,431	-	-	-	-	28,927
Minor equipment and maintenance	48,773	4,385	4,260	16,215	-	-	-	73,633
Newsletters and fact sheets	5,708	-	238	-	-	-	-	5,946
Other	4,782	-	4,459	-	-	-	-	9,241
Mail processing and printing	33,358	1,471	5,614	4,458	-	-	-	44,901
Professional fees	3,433	15,055	316	132,347	-	-	-	151,151
Property taxes and condo fees	3,253	454	179	-	-	-	-	3,886
Publications and dues	1,717	663	2,555	-	-	-	-	4,935
Rent	28,679	32	32	13,374	-	-	-	42,117
Service fees	-	2,164	8,524	26,388	-	-	-	37,076
Small grants	134,925	-	-	44,200	-	-	-	179,125
Special events, sales and sponsorships	31,419	247	3,234	12,863	-	-	-	47,763
Supplies	21,961	1,183	405	20,502	-	-	-	44,051
Travel and meetings	54,637	4,103	841	74,506	-	-	-	134,087
Utilities	31,929	1,400	1,378	1,140	-	-	-	35,847
Total	<u>\$ 1,853,246</u>	<u>\$ 208,620</u>	<u>\$ 140,678</u>	<u>\$ 845,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,047,913</u>