

**GREATER YELLOWSTONE COALITION, INC.**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2015**  
**(with Comparative Information for 2014)**



**AMATICS**  
**CPA GROUP**

**GREATER YELLOWSTONE COALITION, INC.  
CONTENTS**

<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b><u>Page</u></b>
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 - 18
 <b>SUPPLEMENTAL INFORMATION</b>	
Consolidating statement of financial position	19
Consolidating statement of activities	20
Consolidating statement of functional expenses	21



## 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, 2015, 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, 2015, 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.



**Report on Summarized Comparative Information**

We have previously audited the Greater Yellowstone Coalition, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

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 19 - 21 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Amatics CPA Group**

Bozeman, Montana  
February 29, 2016

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**September 30, 2015**  
**(With Comparative Totals as of September 30, 2014)**

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,522,963	\$ 85,101
Short-term investments	2,267,498	2,584,522
Receivables:		
Foundations	417,678	488,140
Individuals	531,986	15,240
Other	19,471	-
Prepaid expenses	4,132	6,023
Retirement plan forfeitures	11,436	9,596
Fixed assets, net of accumulated depreciation	2,747,736	2,821,720
Endowment fund investments	2,742,167	2,752,600
 Total assets	 \$ 10,265,067	 \$ 8,762,942

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 31,964	\$ 29,946
Other liabilities	204,533	141,714
Deferred revenue	350	5,975
Accrued compensated absences	53,191	38,324
Retirement contributions payable	24,894	31,107
Due to others	13,657	13,062
Gift annuity obligations	63,669	60,435
Notes payable	1,500,000	636,788
 Total liabilities	 1,892,258	 957,351
 <b>NET ASSETS</b>		
Unrestricted:		
Designated by the Board	1,761,766	2,063,310
Unrestricted	2,399,824	2,537,964
Temporarily restricted	2,231,133	1,224,806
Permanently restricted	1,980,086	1,979,511
 Total net assets	 8,372,809	 7,805,591
 Total liabilities and net assets	 \$ 10,265,067	 \$ 8,762,942

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2015**  
**(With Comparative Totals for the Year Ended September 30, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
<b>REVENUE AND SUPPORT</b>					
Members and patrons	\$ 996,034	\$ 1,320,280	\$ 575	\$ 2,316,889	\$ 1,505,737
Foundation grants	217,000	294,600	-	511,600	1,381,556
Bad debt loss	(1,243)	-	-	(1,243)	(38,500)
Special events	75,100	452,776	-	527,876	807,025
Sales	17,989	60,018	-	78,007	45,293
Interest	30,625	-	-	30,625	58,101
Endowment earnings	-	42,741	-	42,741	76,939
Realized gain on sale of investments	694	5,380	-	6,074	118,646
Rental income	40,300	-	-	40,300	29,324
Retirement plan forfeitures	1,833	-	-	1,833	17,926
Unrealized gain (loss) on investments	(189,358)	27,943	-	(161,415)	147,220
Miscellaneous	9,985	43,494	-	53,479	40,327
Satisfaction of program restrictions	<u>1,240,905</u>	<u>(1,240,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,439,864</u>	<u>1,006,327</u>	<u>575</u>	<u>3,446,766</u>	<u>4,189,594</u>
<b>EXPENSES</b>					
Program services	2,472,081	-	-	2,472,081	2,698,615
Supporting services:					
Administrative	285,108	-	-	285,108	208,620
Fundraising	<u>122,359</u>	<u>-</u>	<u>-</u>	<u>122,359</u>	<u>140,678</u>
Total expenses	<u>2,879,548</u>	<u>-</u>	<u>-</u>	<u>2,879,548</u>	<u>3,047,913</u>
<b>CHANGE IN NET ASSETS</b>	(439,684)	1,006,327	575	567,218	1,141,681
Net assets, beginning 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>
<b>NET ASSETS, end of year</b>	<u>\$ 4,161,590</u>	<u>\$ 2,231,133</u>	<u>\$ 1,980,086</u>	<u>\$ 8,372,809</u>	<u>\$ 7,805,591</u>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2015**  
**(With Comparative Totals for the Year Ended September 30, 2014)**

	<b>Program</b>	<b>Supporting Services</b>		<b>Total Core</b>	<b>Cycle Greater</b>	<b>2015</b>	<b>2014</b>
	<b>Services</b>	<b>Administration</b>	<b>Fundraising</b>	<b>Activities</b>	<b>Yellowstone</b>	<b>Total</b>	<b>Total</b>
Personnel	\$ 1,107,932	\$ 190,908	\$ 93,962	\$ 1,392,802	\$ -	\$ 1,392,802	\$ 1,422,588
Contracted and IT services	205,509	52,331	1,569	259,409	392,954	652,363	785,628
Advertising	-	-	-	-	14,396	14,396	22,613
Community outreach and board expenses	14,381	6,734	118	21,233	-	21,233	3,717
Depreciation	67,020	3,256	3,708	73,984	-	73,984	75,639
Insurance	15,804	5,562	540	21,906	8,770	30,676	33,124
Interest	18,580	917	341	19,838	-	19,838	28,927
Minor equipment and maintenance	17,320	2,417	500	20,237	37,712	57,949	73,633
Miscellaneous	-	8,718	8,147	16,865	-	16,865	9,241
Newsletters and fact sheets	-	-	-	-	-	-	5,946
Partnerships and special projects	291,115	-	-	291,115	24,825	315,940	179,125
Postage and printing	39,052	3,883	1,300	44,235	2,172	46,407	44,901
Professional fees	5,525	515	300	6,340	-	6,340	13,069
Property taxes and condo fees	12	279	-	291	-	291	3,886
Publications and dues	953	189	26	1,168	-	1,168	4,935
Rent	27,235	-	-	27,235	1,792	29,027	42,117
Service fees	-	2,429	9,714	12,143	16,983	29,126	37,076
Special events, sales and sponsorships	30,815	345	949	32,109	3,000	35,109	47,763
Supplies	8,572	2,457	94	11,123	16,340	27,463	44,051
Travel	36,321	2,496	236	39,053	32,731	71,784	134,087
Utilities	33,230	1,672	855	35,757	1,030	36,787	35,847
<b>Total</b>	<b>\$ 1,919,376</b>	<b>\$ 285,108</b>	<b>\$ 122,359</b>	<b>\$ 2,326,843</b>	<b>\$ 552,705</b>	<b>\$ 2,879,548</b>	<b>\$ 3,047,913</b>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2015**  
**(With Comparative Totals for the Year Ended September 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 567,218	\$ 1,141,681
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	73,984	75,639
Reinvested interest, dividends and realized gains	(82,055)	(253,686)
Unrealized (gains) losses on investments	161,415	(147,220)
Donated stock	(155,786)	(69,250)
(Increase) decrease in current assets:		
Receivables	(465,755)	(291,088)
Prepaid expenses	1,891	(4,332)
Retirement plan forfeitures	(1,840)	(8,695)
Increase (decrease) in current liabilities:		
Accounts payable	2,018	(127,473)
Other liabilities	62,819	(26,580)
Deferred revenues	(5,625)	(5,965)
Retirement contributions payable	(6,213)	(7,777)
Due to others	595	(1,403)
Accrued compensated absences	14,867	(16,770)
Gift annuity payable	3,234	3,917
Net cash provided by operating activities	<u>170,767</u>	<u>260,998</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(417,823)	(598,038)
Proceeds from redemption of investments	<u>821,706</u>	<u>165,941</u>
Net cash provided (used) by investing activities	<u>403,883</u>	<u>(432,097)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,500,000	-
Payments on long-term debt	<u>(636,788)</u>	<u>(50,764)</u>
Net cash provided (used) by financing activities	<u>863,212</u>	<u>(50,764)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,437,862	(221,863)
Cash and cash equivalents, beginning of year	<u>85,101</u>	<u>306,964</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,522,963</u>	<u>\$ 85,101</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Cash paid for interest	<u>\$ 19,838</u>	<u>\$ 28,927</u>

See the notes to financial statements.



**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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, 2015**

**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.

**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 protected by the Securities Investor Protection Corporation and additional insurance purchased by the broker-dealers, if the brokerage firm fails.

**Contributions and Receivables**

Contributions are recognized when the donor makes a promise to give 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. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When temporary restrictions expire, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization records the support as unrestricted.

As required by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, pledges receivable to be paid in more than one year from the date of the financial statements are discounted at the prime interest rate, 3.25%. The discount rate used in the present value technique to determine fair value of pledges receivable is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. Subsequent changes in the fair value of pledges receivable are reported in the statement of activities as contribution revenue.

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.

**Advertising**

Advertising costs are expensed as incurred.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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

**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. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. GYC's cash in bank deposit accounts may, at times, exceed federally insured limits. The Company has not experienced any losses on such accounts. As of September 30, 2015 and 2014, the Company's cash in bank deposits exceeded the federally insured limits by \$1,539,334 and \$279,944, respectively.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**3. RECEIVABLES**

Receivables at September 30, 2015 consist of the following:

Amounts due in:	
Less than one year	\$ 334,455
One to five years	<u>705,328</u>
	1,039,783
Less: discount to present value	<u>(70,648)</u>
Pledges receivable, net of discount	969,135
Less: current portion	<u>(334,455)</u>
Pledges receivable, net of discount and current portion	<u>\$ 634,680</u>

**4. INVESTMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* 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.

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.

Components of investment and interest income for the year ended September 30, 2015 consist of the following:

Interest and dividends	\$ 73,366
Unrealized gains and losses	(161,415)
Realized gains and losses	<u>6,074</u>
	<u>\$ (81,975)</u>

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**4. INVESTMENTS (Continued)**

Investment balances as of September 30, 2015 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	\$ 524,775	\$ -	\$ 524,775
Mutual large blend equity funds	99,448	35,284	134,732
Mutual government bond funds	214,038	(8,866)	205,172
Mutual short term investment funds	869,547	16,296	885,843
Mutual large growth equity funds	314,694	13,268	327,962
Mutual foreign large blend funds	117,571	(21,220)	96,351
Stocks	<u>100,950</u>	<u>(8,287)</u>	<u>92,663</u>
	<u>2,241,023</u>	<u>26,475</u>	<u>2,267,498</u>
Marketable equity securities - endowment			
Money market fund	3,453	-	3,453
Mutual large blend equity funds	253,739	73,672	327,411
Mutual government bond funds	486,030	6,832	492,862
Mutual large growth equity funds	853,917	36,000	889,917
Mutual medium growth equity funds	121,438	110,229	231,667
Mutual corporate bond funds	284,069	5,761	289,830
Mutual foreign large blend equity funds	269,053	31,261	300,314
Mutual mid cap blend equity funds	<u>185,750</u>	<u>20,963</u>	<u>206,713</u>
	<u>2,457,449</u>	<u>284,718</u>	<u>2,742,167</u>
	<u>\$ 4,698,472</u>	<u>\$ 311,193</u>	<u>\$ 5,009,665</u>

**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, 2015, 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.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**5. ENDOWMENT (Continued)**

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, 2015, the General Endowment Fund and the Montana Endowment Fund have no such deficiencies.

*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.

*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.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**5. ENDOWMENT (Continued)**

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, 2015 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
Donor-restricted endowment funds	\$ -	\$ 762,081	\$ 1,980,086	\$ 2,742,167
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2015 Totals</b>
Endowment net assets, beginning of year	\$ -	\$ 791,017	\$ 1,979,511	\$ 2,770,528
Investment return:				
Investment income, net	-	48,121	-	48,121
Net appreciation	-	27,943	-	27,943
Contributions	-	-	575	575
Release per spending policy	-	(105,000)	-	(105,000)
	<b>\$ -</b>	<b>\$ 762,081</b>	<b>\$ 1,980,086</b>	<b>\$ 2,742,167</b>

**6. FIXED ASSETS**

Fixed assets at September 30, 2015 consist of the following:

Land	\$ 600,000
Buildings	2,404,140
Office equipment	26,752
Vehicles	107,342
	3,138,234
Less: accumulated depreciation	390,498
	<b>\$ 2,747,736</b>

**7. DEFERRED REVENUE**

Deferred revenue consists of amounts received in fiscal year 2015 for the fiscal year 2016 Cycle Greater Yellowstone event.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**8. NOTES PAYABLE**

In April 2015, Greater Yellowstone Coalition, Inc. received the opportunity to participate in a program-related investment (PRI) in the amount of \$1,500,000. PRIs are investments made by foundations to support charitable activities that involve the potential return of capital within an established time frame. Foundations make PRIs to further some aspect of their charitable mission. For the recipient, the primary benefit of a PRI is access to capital at lower rates than may otherwise be available. For the funder, the principal benefit is that the repayment of equity can be recycled for another charitable purpose. PRIs are valued as a means of leveraging philanthropic dollars.

These program-related investment funds were provided to GYC in the form of two loans. These loans are dated April 30, 2015 and due in five years (at which point the loans can be called or rolled over), with 2% simple interest due annually. This funding provides the basis for two components of the Grizzly Campaign: \$1,000,000 to set up a revolving fund for private lands conservation and \$500,000 to set up a revolving fund for grazing allotment retirement.

**9. RESTRICTED NET ASSETS**

Temporarily restricted net assets as of September 30, 2015 are available for the following purposes:

Land	\$	268,323
Water		48,862
Wildlife		1,022,419
Building		35,907
Cycle Greater Yellowstone		23,390
Endowment investment income		762,081
Other - for use on all programs		<u>70,151</u>
		<u>\$ 2,231,133</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.

**10. 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. The contribution 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. 4% of compensation). GYC recognized \$33,074 in contribution expense for the year ended September 30, 2015.



**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**11. 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, 2015:

<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	\$ 7,526
2000	28,239	8,218	9/30/2020	26,255
2001	22,000	1,650	12/31/2024	7,449
2002	10,000	2,420	12/31/2025	6,291
2002	23,500	1,763	12/31/2024	10,426
2010	20,000	800	12/31/2030	628
2010	20,000	800	12/31/2022	1,238
2011	10,000	720	3/31/2011	3,856
	<u>\$ 155,739</u>			<u>\$ 63,669</u>

**12. OPERATING LEASES**

Equipment Leases

In December 2011, Greater Yellowstone Coalition, Inc. 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) was \$2,520. This is a related party transaction, as the primary owner of the leasing company is a current GYC board member.

GYC also leases office equipment under short term operating lease agreements.

Occupancy Leases

GYC has entered into an operating lease for space in Cody, Wyoming through October 2017. 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.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**12. OPERATING LEASES (Continued)**

Subleases

In the Bozeman, Montana building owned by GYC, five 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 \$1,750. GYC received \$40,300 in rental income for the year ended September 30, 2015.

**13. RELATED PARTIES**

During the year ended September 30, 2015, a total of \$1,100,911 was contributed and/or pledged to GYC by board members. All of these contributions were recorded as revenues.

**14. SUBSEQUENT EVENTS**

After September 30, 2015, the separate Cycle Greater Yellowstone entity was dissolved and going forward its operations are being handled internally by Greater Yellowstone Coalition.

Management has evaluated subsequent events through February 29, 2016, 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, 2015**

**ASSETS**

	<u>Greater Yellowstone Coalition</u>	<u>Cycle Greater Yellowstone</u>	<u>Eliminating Entries</u>	<u>Consolidated Balances</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,515,494	\$ 7,469	\$ -	\$ 1,522,963
Short-term investments	2,267,498	-	-	2,267,498
Receivables:				
Foundations	417,678	-	-	417,678
Individuals	531,986	-	-	531,986
Cycle Greater Yellowstone	333,000	-	(333,000)	-
Other	550	18,921	-	19,471
Prepaid expenses	4,132	-	-	4,132
Retirement plan forfeitures	11,436	-	-	11,436
Fixed assets, net of accumulated depreciation	2,747,736	-	-	2,747,736
Endowment fund investments	<u>2,742,167</u>	<u>-</u>	<u>-</u>	<u>2,742,167</u>
 Total assets	 <u>\$ 10,571,677</u>	 <u>\$ 26,390</u>	 <u>\$ (333,000)</u>	 <u>\$ 10,265,067</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>				
Accounts payable	\$ 16,964	\$ 15,000	\$ -	\$ 31,964
Other liabilities	204,533	8,000	(8,000)	204,533
Deferred revenue	350	-	-	350
Accrued compensated absences	53,191	-	-	53,191
Retirement contributions payable	24,894	-	-	24,894
Due to others	13,657	-	-	13,657
Gift annuity obligations	63,669	-	-	63,669
Notes payable	<u>1,500,000</u>	<u>325,000</u>	<u>(325,000)</u>	<u>1,500,000</u>
 Total liabilities	 <u>1,877,258</u>	 <u>348,000</u>	 <u>(333,000)</u>	 <u>1,892,258</u>
 <b>NET ASSETS</b>				
Unrestricted:				
Board designated	1,761,766	-	-	1,761,766
Unrestricted	2,744,824	(345,000)	-	2,399,824
Temporarily restricted	2,207,743	23,390	-	2,231,133
Permanently restricted	<u>1,980,086</u>	<u>-</u>	<u>-</u>	<u>1,980,086</u>
 Total net assets	 <u>8,694,419</u>	 <u>(321,610)</u>	 <u>-</u>	 <u>8,372,809</u>
 Total liabilities and net assets	 <u>\$ 10,571,677</u>	 <u>\$ 26,390</u>	 <u>\$ (333,000)</u>	 <u>\$ 10,265,067</u>

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2015**

	<b>Greater Yellowstone Coalition</b>	<b>Cycle Greater Yellowstone</b>	<b>Eliminating Entries</b>	<b>Consolidated Balances</b>
<b>REVENUE AND SUPPORT</b>				
Members and patrons	\$ 2,300,123	\$ 16,766	\$ -	\$ 2,316,889
Foundation grants	511,600	-	-	511,600
Bad debt loss	(1,243)	-	-	(1,243)
Special events	75,100	452,776	-	527,876
Sales	17,989	60,018	-	78,007
Interest	30,625	-	-	30,625
Endowment earnings	42,741	-	-	42,741
Realized gain on sale of investments	6,074	-	-	6,074
Rental income	40,300	-	-	40,300
Retirement plan forfeitures	1,833	-	-	1,833
Unrealized gain on investments	(161,415)	-	-	(161,415)
Miscellaneous	9,985	43,494	-	53,479
	<u>2,873,712</u>	<u>573,054</u>	<u>-</u>	<u>3,446,766</u>
Total revenue and support				
<b>EXPENSES</b>				
Program services	1,919,376	552,705	-	2,472,081
Supporting services:				
Administrative	285,108	-	-	285,108
Fundraising	122,359	-	-	122,359
	<u>2,326,843</u>	<u>552,705</u>	<u>-</u>	<u>2,879,548</u>
Total expenses				
<b>CHANGE IN NET ASSETS</b>	546,869	20,349	-	567,218
Net assets, beginning of year	<u>8,147,550</u>	<u>(341,959)</u>	<u>-</u>	<u>7,805,591</u>
<b>NET ASSETS, end of year</b>	<u>\$ 8,694,419</u>	<u>\$ (321,610)</u>	<u>\$ -</u>	<u>\$ 8,372,809</u>

**GREATER YELLOWSTONE COALITION, INC.**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2015**

	<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>		
Personnel	\$ 1,107,932	\$ 190,908	\$ 93,962	\$ -	\$ -	\$ -	\$ -	\$ 1,392,802
Contracted and IT services	205,509	52,331	1,569	392,954	-	-	-	652,363
Advertising	-	-	-	14,396	-	-	-	14,396
Community outreach and board expenses	14,381	6,734	118	-	-	-	-	21,233
Depreciation	67,020	3,256	3,708	-	-	-	-	73,984
Insurance	15,804	5,562	540	8,770	-	-	-	30,676
Interest	18,580	917	341	-	-	-	-	19,838
Minor equipment and maintenance	17,320	2,417	500	37,712	-	-	-	57,949
Miscellaneous	-	8,718	8,147	-	-	-	-	16,865
Partnerships and special projects	291,115	-	-	24,825	-	-	-	315,940
Postage and printing	39,052	3,883	1,300	2,172	-	-	-	46,407
Professional fees	5,525	515	300	-	-	-	-	6,340
Property taxes and condo fees	12	279	-	-	-	-	-	291
Publications and dues	953	189	26	-	-	-	-	1,168
Rent	27,235	-	-	1,792	-	-	-	29,027
Service fees	-	2,429	9,714	16,983	-	-	-	29,126
Special events, sales and sponsorships	30,815	345	949	3,000	-	-	-	35,109
Supplies	8,572	2,457	94	16,340	-	-	-	27,463
Travel	36,321	2,496	236	32,731	-	-	-	71,784
Utilities	33,230	1,672	855	1,030	-	-	-	36,787
<b>Total</b>	<b><u>\$ 1,919,376</u></b>	<b><u>\$ 285,108</u></b>	<b><u>\$ 122,359</u></b>	<b><u>\$ 552,705</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,879,548</u></b>