

GREATER YELLOWSTONE COALITION, INC.

AUDITED FINANCIAL STATEMENTS

September 30, 2020 and 2019



AMATICS
CPA GROUP

**GREATER YELLOWSTONE COALITION, INC.
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Greater Yellowstone Coalition, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Greater Yellowstone Coalition, Inc., as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Amatics CPA Group
Bozeman, Montana
February 26, 2021



GREATER YELLOWSTONE COALITION, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 826,305	\$ 435,184
Board designated cash and cash equivalents	43,732	23,928
Investments	3,831,227	4,365,859
Board designated investments	3,103,417	2,412,932
Unconditional promises to give	491,703	186,570
Other receivables	-	3,069
Prepaid expenses	-	26,773
Retirement plan forfeitures	10,474	12,724
Fixed assets, net of accumulated depreciation	2,747,843	2,792,227
Endowment fund investments	3,571,328	3,324,095
Total assets	\$ 14,626,029	\$ 13,583,361

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 35,683	\$ 67,332
Other liabilities	9,753	154,453
Deferred revenue	-	90,650
Refundable advance	16,695	-
Accrued compensated absences	96,310	83,874
Retirement contributions payable	52,745	56,429
Paycheck protection program loan	398,100	-
Gift annuity obligations	71,982	77,823
Notes payable	1,000,000	1,000,000
Total liabilities	1,681,268	1,530,561
NET ASSETS		
Without donor restrictions:		
Undesignated	3,661,753	4,038,208
Board designated - board reserves	2,124,903	1,569,688
Board designated - building reserves	978,514	867,172
With donor restrictions	6,179,591	5,577,732
Total net assets	12,944,761	12,052,800
Total liabilities and net assets	\$ 14,626,029	\$ 13,583,361

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Patrons	\$ 1,609,113	\$ 542,539	\$ 2,151,652
Foundation grants	589,928	1,403,080	1,993,008
Special events	17,391	-	17,391
Investment return, net	277,175	357,233	634,408
Rental income	27,060	-	27,060
Miscellaneous	40,851	-	40,851
Endowment release of restrictions	110,000	(110,000)	-
Satisfaction of program restrictions	1,590,993	(1,590,993)	-
	<u>4,262,511</u>	<u>601,859</u>	<u>4,864,370</u>
EXPENSES			
Program services	3,178,810	-	3,178,810
Administration	445,076	-	445,076
Fundraising	348,523	-	348,523
	<u>3,972,409</u>	<u>-</u>	<u>3,972,409</u>
CHANGE IN NET ASSETS	290,102	601,859	891,961
Net assets, beginning of year	<u>6,475,068</u>	<u>5,577,732</u>	<u>12,052,800</u>
NET ASSETS, end of year	<u><u>\$ 6,765,170</u></u>	<u><u>\$ 6,179,591</u></u>	<u><u>\$ 12,944,761</u></u>

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Patrons	\$ 849,905	\$ 704,111	\$ 1,554,016
Foundation grants	349,959	443,502	793,461
Special events	611,006	-	611,006
Sales	18,903	-	18,903
Investment return, net	214,634	140,744	355,378
Rental income	29,419	-	29,419
Miscellaneous	29,743	-	29,743
Endowment release of restrictions	100,000	(100,000)	-
Satisfaction of program restrictions	1,464,487	(1,464,487)	-
	<u>3,668,056</u>	<u>(276,130)</u>	<u>3,391,926</u>
EXPENSES			
Program services	3,162,093	-	3,162,093
Administration	413,028	-	413,028
Fundraising	370,507	-	370,507
	<u>3,945,628</u>	<u>-</u>	<u>3,945,628</u>
CHANGE IN NET ASSETS	(277,572)	(276,130)	(553,702)
Net assets, beginning of year	<u>6,752,640</u>	<u>5,853,862</u>	<u>12,606,502</u>
NET ASSETS, end of year	<u><u>\$ 6,475,068</u></u>	<u><u>\$ 5,577,732</u></u>	<u><u>\$ 12,052,800</u></u>

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2020

	Program Services	Administration	Fundraising	Total
Personnel	\$ 1,706,868	\$ 328,331	\$ 213,410	\$ 2,248,609
Contracted services	104,871	57,863	23,439	186,173
Community outreach	20,605	1,369	781	22,755
Collaborative projects	968,228	-	-	968,228
Direct fundraising	4,269	208	9,019	13,496
Marketing and advertising	40,482	1,598	2,185	44,265
Information technology	61,504	10,424	14,223	86,151
Audit and legal fees	755	10,669	6	11,430
Insurance	28,017	10,124	2,144	40,285
Postage	6,664	277	5,348	12,289
Printing	18,971	116	49,744	68,831
Supplies	20,010	2,009	1,722	23,741
Travel	28,282	4,600	3,385	36,267
Training	2,053	(20)	301	2,334
Equipment	17,076	1,407	1,466	19,949
Rent	38,557	243	169	38,969
Interest	20,000	-	-	20,000
Communications	12,387	861	1,536	14,784
Miscellaneous	8,939	1,446	1,407	11,792
Utilities	9,778	1,367	954	12,099
Depreciation	60,494	12,184	17,284	89,962
	<u>\$ 3,178,810</u>	<u>\$ 445,076</u>	<u>\$ 348,523</u>	<u>\$ 3,972,409</u>
Total				

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2019

	Program Services	Administration	Fundraising	Total
Personnel	\$ 1,640,338	\$ 354,520	\$ 216,349	\$ 2,211,207
Contracted services	597,182	10,452	19,616	627,250
Community outreach	70,191	22	19	70,232
Collaborative projects	265,455	-	-	265,455
Direct fundraising	7,361	-	23,255	30,616
Marketing and advertising	64,572	635	3,325	68,532
Information technology	54,838	6,787	20,060	81,685
Board expenses	3,635	3,403	-	7,038
Audit and legal fees	4,886	8,605	10	13,501
Insurance	29,178	3,104	6,674	38,956
Postage	15,865	585	14,717	31,167
Printing	44,145	516	26,175	70,836
Supplies	83,390	2,096	3,731	89,217
Travel	54,792	2,891	13,312	70,995
Training	5,847	544	326	6,717
Equipment	50,568	1,689	5,663	57,920
Rent	43,922	130	40	44,092
Interest	20,720	-	-	20,720
Communications	18,877	3,374	5,788	28,039
Miscellaneous	12,271	1,252	3,676	17,199
Utilities	8,948	1,116	1,596	11,660
Depreciation	65,112	11,307	6,175	82,594
	<u>\$ 3,162,093</u>	<u>\$ 413,028</u>	<u>\$ 370,507</u>	<u>\$ 3,945,628</u>
Total				

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
STATEMENTS OF CASH FLOWS

	Years Ended September 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 891,961	\$ (553,702)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	89,962	82,594
Gain on disposal of fixed assets	(5,520)	-
Investment return, net	(634,408)	(355,378)
Donated stock	(19,182)	(65,111)
PRI loan forgiveness	-	(178,734)
(Increase) decrease in current assets:		
Receivables	(302,064)	1,235,527
Prepaid expenses	26,773	1,779
Retirement plan forfeitures	2,250	(5,904)
Increase (decrease) in current liabilities:		
Accounts payable	(31,649)	37,934
Other liabilities	(144,700)	(18,918)
Deferred revenues	(90,650)	(23,667)
Refundable advance	16,695	-
Retirement contributions payable	(3,684)	8,979
Accrued compensated absences	12,436	9,425
Gift annuity payable	(5,841)	4,282
Net cash provided (used) by operating activities	<u>(197,621)</u>	<u>179,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(45,578)	(244,966)
Proceeds from disposal of fixed assets	5,520	-
Purchase of investments	(848,731)	(2,059,757)
Proceeds from redemption of investments	<u>1,099,235</u>	<u>1,424,197</u>
Net cash provided (used) by investing activities	<u>210,446</u>	<u>(880,526)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>398,100</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	410,925	(701,420)
Cash and cash equivalents, beginning of year	<u>459,112</u>	<u>1,160,532</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 870,037</u>	<u>\$ 459,112</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash and cash equivalents	\$ 826,305	\$ 435,184
Board designated cash and cash equivalents	<u>43,732</u>	<u>23,928</u>
	<u>\$ 870,037</u>	<u>\$ 459,112</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash paid for interest	<u>\$ 20,000</u>	<u>\$ 22,800</u>

See the notes to financial statements.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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.

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 or grantor imposed restrictions. Accordingly, net assets of GYC and changes therein are classified as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets to be held in perpetuity for board-designated purposes.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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

Receivables

Grants receivable and unconditional promises to give (i.e. pledges receivable) are measured at fair value on the date a written unconditional promise to give is received from the donor. The fair value is measured using an income approach which incorporates inputs including estimated timing of cash receipts and an appropriate present value discount factor if receivables are expected to be collected in future years. Conditional grants and pledges receivable are not recognized until they become unconditional, as in, when the conditions are substantially met. Intentions to give do not have legally enforceable documentation and, as such, are considered conditional and are not recognized until payment is received by GYC. The Organization 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.

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional donor promises to give (i.e. pledges receivable) are reported at fair value at the date there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. Contributions of donor-restricted gifts are recognized at the time of the gift. The gifts are reported either as net assets without donor restrictions or net assets with donor restrictions if they were received with donor stipulations that sufficiently limit the use of the donated assets. When donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants

The Organization receives grants from private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as revenue and support in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended or other conditions are satisfied. Reimbursable grants are recorded when the qualifying expenditures are incurred.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events

Revenue from special events consist of receipts from ticket sales and sponsorships for the Cycle Greater Yellowstone event, Winter Wildlife tours, and other fundraising events. Ticket sales are comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the amount paid for the ticket and the exchange element. Sponsorships are a contribution but for some events that may entitle the sponsor to a specified number of event tickets, in which case a portion of the sponsorship is an exchange transaction similar to a ticket sale and the remainder is a contribution. Management has deemed the exchange element not material to the overall financial statements.

The 2020 Cycle Greater Yellowstone event was cancelled due to COVID-19. This resulted in an estimated \$475,000 decrease in revenue and expense for fiscal 2020.

Management and the Board of Directors decided to discontinue the Cycle Greater Yellowstone event going forward.

Deferred Revenue

Deferred revenue consisted of amounts received in fiscal 2019 for the 2020 Cycle Greater Yellowstone event. There was no deferred revenue at the end of fiscal 2020.

Advertising

Advertising costs are expensed as incurred.

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

Assets 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 net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation of capitalized assets 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, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Directly identifiable expenses are charged to programs and supporting services. Costs that relate to more than one function and are allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

Resources Available and Unavailable for General Expenditure

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of September 30, 2020, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. The Organization has other assets limited to use for donor-restricted purposes that are not expected to be spent in the coming year, which are not included. Additionally, the Board of Directors has designated certain investments to be held for certain purposes as described in Note 10. Because of the Board of Directors' designation, those investments are not considered to be available for general expenditures within the next year; however, the Board could make them available, if necessary.

Change in Accounting Principle

In fiscal year 2020, GYC adopted the new accounting standards related to accounting for revenue and contracts with customers (FASB Accounting Standards Updates (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

ASU 2014-09 established a new contract and control-based revenue recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. The GYC has implemented ASU 2014-09 under the modified retrospective method and adjusted the presentation in the financial statements accordingly. The adoption of this standard did not have a significant impact on the financial statements.

ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The GYC implemented the provisions of ASU 2018-08 applicable to contributions received under modified prospective basis. The adoption of this standard did not have a significant impact on the 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, 2020 and 2019, the Company's cash in bank deposits exceeded the federally insured limits by \$785,137 and \$379,389, respectively.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give, due in:		
Less than one year	\$ 491,703	\$ 136,570
One to five years	-	50,000
Total unconditional promises to give	<u>\$ 491,703</u>	<u>\$ 186,570</u>

In addition to the unconditional promises to give recognized above, Greater Yellowstone Coalition, Inc. is named as the beneficiary of conditional gifts and bequests, the fair value of which are not determinable.

4. INVESTMENTS

Investment balances as of September 30, 2020 consist of the following:

	<u>Cost</u>	<u>Unrealized Gains/(Losses)</u>	<u>Fair Value</u>
Marketable securities			
Money market funds	<u>\$ 3,831,227</u>	<u>\$ -</u>	<u>\$ 3,831,227</u>
Marketable securities - board designated			
Money market funds	454,196	-	454,196
Mutual funds - foreign large blend	574,060	(5,256)	568,804
Mutual funds - intermediate term bonds	526,306	40,368	566,674
Mutual funds - large blend	403,563	109,916	513,479
Mutual funds - large growth	287,638	79,194	366,832
Mutual funds - long term bond	82,496	4,671	87,167
Mutual funds - short term bond	196,822	6,430	203,252
Mutual funds - world bond	<u>323,640</u>	<u>19,373</u>	<u>343,013</u>
	<u>2,848,721</u>	<u>254,696</u>	<u>3,103,417</u>
Marketable securities - endowment			
Mutual funds - foreign large blend	833,211	86,841	920,052
Mutual funds - intermediate term bonds	554,426	38,857	593,283
Mutual funds - large growth	528,915	199,687	728,602
Mutual funds - large blend	524,271	183,170	707,441
Mutual funds - long term bond	67,489	3,358	70,847
Mutual funds - short term bond	201,437	4,623	206,060
Mutual funds - world bond	<u>327,835</u>	<u>17,208</u>	<u>345,043</u>
	<u>3,037,584</u>	<u>533,744</u>	<u>3,571,328</u>
	<u>\$ 9,717,532</u>	<u>\$ 788,440</u>	<u>\$ 10,505,972</u>

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

4. INVESTMENTS (Continued)

Investment balances as of September 30, 2019 consist of the following:

	<u>Cost</u>	<u>Unrealized Gains/(Losses)</u>	<u>Fair Value</u>
Marketable securities			
Money market funds	\$ 3,765,797	\$ -	\$ 3,765,797
Certificates of deposit	510,000	826	510,826
Mutual funds - intermediate government	24,381	356	24,737
Mutual funds - intermediate term bonds	-	-	-
Mutual funds - large blend	<u>63,805</u>	<u>694</u>	<u>64,499</u>
	<u>4,363,983</u>	<u>1,876</u>	<u>4,365,859</u>
Marketable securities - board designated			
Mutual funds - foreign large blend	520,347	(31,719)	488,628
Mutual funds - intermediate term bonds	525,332	19,114	544,446
Mutual funds - large blend	405,322	53,109	458,431
Mutual funds - large growth	302,969	22,605	325,574
Mutual funds - long term bond	75,758	135	75,893
Mutual funds - short term bond	183,399	2,543	185,942
Mutual funds - world bond	<u>309,222</u>	<u>24,796</u>	<u>334,018</u>
	<u>2,322,349</u>	<u>90,583</u>	<u>2,412,932</u>
Marketable securities - endowment			
Mutual funds - foreign large blend	676,865	43,533	720,398
Mutual funds - intermediate term bonds	613,372	22,822	636,194
Mutual funds - large growth	510,697	100,701	611,398
Mutual funds - large blend	604,947	231,912	836,859
Mutual funds - long term bond	52,655	94	52,749
Mutual funds - short term bond	163,130	979	164,109
Mutual funds - world bond	<u>280,251</u>	<u>22,137</u>	<u>302,388</u>
	<u>2,901,917</u>	<u>422,178</u>	<u>3,324,095</u>
	<u>\$ 9,588,249</u>	<u>\$ 514,637</u>	<u>\$ 10,102,886</u>

5. FAIR VALUE MEASUREMENTS

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.

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5. FAIR VALUE MEASUREMENTS (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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Further, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Marketable securities - fair value is based on quoted market prices for those securities

Certificates of deposit - fair value is based on cost of the investment plus accumulated earnings

Unconditional promises to give - fair value is the discounted net present value of expected future cash flows

The following table sets forth the Organization's assets at fair value as of September 30, 2020 and 2019, by level within the fair value hierarchy:

	<u>2020</u>	<u>2019</u>
Mutual funds - Level 1	\$ 6,220,549	\$ 5,826,263
Certificates of deposit - Level 2	\$ -	\$ 510,826
Unconditional promises to give - Level 3	\$ 491,703	\$ 186,570

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5. FAIR VALUE MEASUREMENTS (Continued)

The reconciliation of the change in pledges receivable measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

Unconditional promises to give, beginning of year	\$	186,570
Additional promises		428,486
Payments received		<u>(123,353)</u>
Net present value of unconditional promises to give, end of year		<u>\$ 491,703</u>

6. 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 years ended September 30, 2020 and 2019, fees paid for management of endowment funds were \$9,719 and \$7,080, respectively.

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 retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation 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.

GREATER YELLOWSTONE COALITION, INC.
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6. ENDOWMENT (Continued)

As of September 30, 2020 and 2019, endowment net asset composition by type of fund is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
September 30, 2020:			
Donor-restricted endowment funds			
Original donor-restricted gift amounts to be maintained in perpetuity	\$ -	\$ 2,011,792	\$ 2,011,792
Accumulated investment earnings	-	<u>1,559,536</u>	<u>1,559,536</u>
	<u>\$ -</u>	<u>\$ 3,571,328</u>	<u>\$ 3,571,328</u>
September 30, 2019:			
Donor-restricted endowment funds			
Original donor-restricted gift amounts to be maintained in perpetuity	\$ -	\$ 1,982,350	\$ 1,982,350
Accumulated investment earnings	-	<u>1,341,745</u>	<u>1,341,745</u>
	<u>\$ -</u>	<u>\$ 3,324,095</u>	<u>\$ 3,324,095</u>

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, 2020 and 2019, 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). The endowment fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Institution.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

6. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

For the purpose of making distributions, the fund shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments. The distribution of endowment fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the Endowment Fund's real assets over time. The Board will seek to reduce the variability of annual endowment fund distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Board will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the endowment fund's spending policy, its target asset allocation, or both.

Greater Yellowstone General Endowment Fund: It is Greater Yellowstone Coalition's policy to distribute an amount, not to exceed 5% annually, of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investment over a ten-year time horizon.

Change in endowment net assets for the years ended September 30, 2020 and 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Balances, September 30, 2018	\$ -	\$ 3,283,351	\$ 3,283,351
Investment return:			
Investment return, net	-	140,744	140,744
Released for expenditure	-	(100,000)	(100,000)
Balances, September 30, 2019	-	3,324,095	3,324,095
Investment return:			
Investment return, net	-	357,233	357,233
Released for expenditure	-	(110,000)	(110,000)
Balances, September 30, 2020	<u>\$ -</u>	<u>\$ 3,571,328</u>	<u>\$ 3,571,328</u>

7. FIXED ASSETS

Fixed assets at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 828,341	\$ 828,341
Buildings	2,426,140	2,426,140
Office equipment	33,369	33,369
Vehicles	<u>164,834</u>	<u>165,246</u>
	3,452,684	3,453,096
Less: accumulated depreciation	<u>(704,841)</u>	<u>(660,869)</u>
	<u>\$ 2,747,843</u>	<u>\$ 2,792,227</u>

GREATER YELLOWSTONE COALITION, INC.
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8. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Greater Yellowstone Coalition, Inc. was granted a \$398,100 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with the guidance for conditional contributions when there is no longer a measurable performance or other barrier and an obligation to return the loan. Proceeds from the loan are eligible for forgiveness if used for payroll costs, group health benefits, rent, and utilities. No contribution revenue has been recorded for the year ended September 30, 2020. The Organization will be required to repay any remaining balance, plus accrued interest at 1%, in monthly payments commencing upon notification of non-forgiveness or partial forgiveness. The Organization expects the loan to be forgiven in full during fiscal year 2021.

9. 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 were due in five years on April 30, 2020 (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. On December 2, 2019, the \$1,000,000 loan's maturity date was extended to April 30, 2025.

During the year ended September 30, 2019, the remaining \$178,734 of the PRI loans was forgiven, based on the Organization's ability to generate matching contributions, as delineated by the loan holder. The amounts are recognized as revenue in the year of loan forgiveness. As of September 30, 2019, the grazing allotment retirement loan with an original balance of \$500,000 had a balance of \$0.

10. BOARD DESIGNATED NET ASSETS

Net assets the Board of Directors has designated and may not be spent without the permission of the Board of Directors as of September 30, 2020 and 2019 are as follows:

	2020	2019
Board reserve	\$ 2,124,903	\$ 1,569,688
Building reserve	978,514	867,172
	\$ 3,103,417	\$ 2,436,860

The Board reserve was established to assure that the Organization has flexibility to launch new initiatives, undertake long term endeavors, and provide a cushion against fluctuations in cash flow. The building reserve was established to provide funds for normal repair and long term maintenance of the Organization's headquarters building in Bozeman, Montana.

GREATER YELLOWSTONE COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2020 and 2019 consist of the following:

	2020	2019
Subject to passage of time:		
Unconditional promises to give, not restricted by donors but are unavailable for expenditure until received	\$ 475,500	\$ 100,500
Subject to expenditure for specific purpose:		
Land	71,559	152,463
Water	5,000	-
Wildlife	2,040,001	1,914,604
Unconditional promises to give, the proceeds from which have been restricted by donors for		
Land	3,717	26,802
Wildlife	12,486	59,268
Endowment earnings	1,559,536	1,341,745
	3,692,299	3,494,882
Endowment to be held in perpetuity	2,011,792	1,982,350
	\$ 6,179,591	\$ 5,577,732

12. RELATED PARTIES

During the years ended September 30, 2020 and 2019, \$223,526 and \$133,092 were contributed to GYC by board members. As of September 30, 2020 and 2019, pledges receivable from board members totaled \$0 and \$5,000, respectively.

13. 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.

GREATER YELLOWSTONE COALITION, INC.
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13. DEFERRED CHARITABLE GIFT ANNUITY SPLIT-INTEREST AGREEMENTS (Continued)

The following summarizes the deferred charitable annuity obligations at September 30, 2020 and 2019:

<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 2020</u>	<u>Present Value of Obligation 2019</u>
2000	\$ 22,000	\$1,650	12/31/2024	\$ 10,755	\$ 10,014
2000	28,239	8,218	9/30/2020	35,482	34,933
2001	22,000	1,650	12/31/2024	10,755	10,014
2002	10,000	2,420	12/31/2025	-	7,942
2002	23,500	1,763	12/31/2024	14,458	13,691
2011	<u>10,000</u>	720	3/31/2011	<u>532</u>	<u>1,229</u>
	<u>\$ 115,739</u>			<u>\$ 71,982</u>	<u>\$ 77,823</u>

14. PENSION 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. Vesting occurs in a six year graduating schedule starting with 20% after two years or upon attaining age 59 and 1/2, whichever comes first. 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. a percentage of compensation). GYC recognized \$70,175 and \$76,056 in contribution expense for the years ended September 30, 2020 and 2019, respectively.

15. OPERATING LEASES

Equipment Leases

GYC leases office equipment under short term operating lease agreements.

Occupancy Leases

GYC leases office space in Cody, Wyoming, under an operating lease agreement through November 2019. After November 2019, the lease continued on a month-to-month basis at \$500 per month.

GYC leases office space in Jackson, Wyoming, under an operating lease agreement through July 2023. Future minimum lease payments for this space are \$19,488, 19,488, and \$16,240 for the fiscal years 2021, 2022, and 2023, respectively.

GYC leases office space in Driggs, Idaho. The lease term is month-to-month with 30 days advance notice of termination. The lease payments for this space are \$500 per month.

Subleases

GYC leases space to two tenants in its Bozeman, Montana building. In addition, GYC subleases space in its Jackson, Wyoming office to another tenant. Rental revenue is recognized as rent is due. The lease terms range from month-to-month to three years and monthly payments range from \$350 to \$1,850. GYC received \$27,060 and \$29,419 in rental income for the years ended September 30, 2020 and 2019, respectively.

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16. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets		
Cash and cash equivalents	\$ 870,037	\$ 459,112
Unconditional promises to give	491,703	186,570
Other receivables	-	3,069
Retirement plan forfeitures	10,474	12,724
Investments	<u>10,505,972</u>	<u>10,102,886</u>
	11,878,186	10,764,361
Unavailable for general expenditure in one year		
Board designated funds	3,103,417	2,406,861
Donor restricted endowment funds	2,011,792	1,982,350
Donor restricted endowment fund earnings	1,449,536	1,231,744
Donor restricted funds	1,555,744	1,566,659
Deferred payroll	-	89,235
Unconditional promises to give due in more than one year	<u>-</u>	<u>50,000</u>
	<u>8,120,489</u>	<u>7,326,849</u>
Total financial resources available for general expenditure	<u>\$ 3,757,697</u>	<u>\$ 3,437,512</u>

The Organization's endowment fund consists of donor-restricted endowments. Income from donor-restricted endowments is subject to appropriation by the Board (see Note 6). Board-designated funds are not considered available for general expenditure in the next year, but would be available as determined by the Board if necessary.

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

17. SUBSEQUENT EVENTS

Economic Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact revenues, net income and cash flows in future years, though such potential impact is unknown at this time. In April 2020, Greater Yellowstone Coalition, Inc. received a Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA) for \$398,100 (see Note 8); management expects the full amount of that loan to be forgiven in fiscal year 2021.

Date of Management Evaluation

Management has evaluated subsequent events through February 26, 2021, the date on which the financial statements were available to be issued.