

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.



**YELLOWSTONE TO YUKON
CONSERVATION INITIATIVE**

FINANCIAL REPORT

DECEMBER 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yellowstone to Yukon Conservation Initiative
Bozeman, Montana

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Initiative (a non-profit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

Auditor's 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 audits 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 financial statements. The procedures selected depend on the auditor's 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 entity'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 entity'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 Yellowstone to Yukon Conservation Initiative as of December 31, 2016 and 2015, 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.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana
May 19, 2017

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,335,698	\$ 684,248
Grants and member donations receivable	41,609	84,682
Prepaid expense	<u>-</u>	<u>1,695</u>
Total current assets	1,377,307	770,625
OTHER ASSETS		
Net pledge receivable	<u>58,236</u>	<u>58,236</u>
Total assets	<u>\$ 1,435,543</u>	<u>\$ 828,861</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 599,277	\$ 126,551
Payroll liabilities	<u>4,975</u>	<u>2,568</u>
Total current liabilities	<u>604,252</u>	<u>129,119</u>
NET ASSETS		
Unrestricted	274,596	367,492
Temporarily restricted	<u>556,695</u>	<u>332,250</u>
Total net assets	<u>831,291</u>	<u>699,742</u>
Total liabilities and net assets	<u>\$ 1,435,543</u>	<u>\$ 828,861</u>

The Notes to Financial Statements are an integral part of these statements.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 417,198	\$ 1,020,318	\$ 1,437,516
Donations and membership	413,729	-	413,729
Other income	<u>174</u>	<u>-</u>	<u>174</u>
Total revenue and support	<u>831,101</u>	<u>1,020,318</u>	<u>1,851,419</u>
 SATISFACTION OF			
TEMPORARY RESTRICTIONS	<u>795,873</u>	<u>(795,873)</u>	<u>-</u>
 EXPENSES			
Program services:			
Vision awareness and action	84,266	-	84,266
Conservation science and action	822,637	-	822,637
Policy	<u>200,384</u>	<u>-</u>	<u>200,384</u>
Total program services	1,107,287	-	1,107,287
Administration	602,705	-	602,705
Fundraising	<u>9,878</u>	<u>-</u>	<u>9,878</u>
Total expenses	<u>1,719,870</u>	<u>-</u>	<u>1,719,870</u>
Change in net assets	(92,896)	224,445	131,549
NET ASSETS, beginning of year	<u>367,492</u>	<u>332,250</u>	<u>699,742</u>
NET ASSETS, end of year	<u>\$ 274,596</u>	<u>\$ 556,695</u>	<u>\$ 831,291</u>

The Notes to Financial Statements are an integral part of this statement.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 172,000	\$ 1,081,875	\$ 1,253,875
Donations and membership	205,625	-	205,625
Contribution revenue	1,857	-	1,857
Other income	88	-	88
Total revenue and support	<u>379,570</u>	<u>1,081,875</u>	<u>1,461,445</u>
 SATISFACTION OF TEMPORARY RESTRICTIONS	 <u>970,325</u>	 <u>(970,325)</u>	 <u>-</u>
EXPENSES			
Program services:			
Vision awareness and action	224,929	-	224,929
Conservation science and action	858,308	-	858,308
Policy	71,848	-	71,848
Total program services	1,155,085	-	1,155,085
Administration	144,773	-	144,773
Fundraising	139,887	-	139,887
Total expenses	<u>1,439,745</u>	<u>-</u>	<u>1,439,745</u>
CHANGE IN NET ASSETS	(89,850)	111,550	21,700
NET ASSETS, beginning of year	<u>457,342</u>	<u>220,700</u>	<u>678,042</u>
NET ASSETS, end of year	<u>\$ 367,492</u>	<u>\$ 332,250</u>	<u>\$ 699,742</u>

The Notes to Financial Statements are an integral part of this statement.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Vision Awareness & Action	Conservation Science & Action	Policy	Administration	Fundraising	Total
Bank charges	\$ -	\$ -	\$ -	\$ 2,409	\$ -	\$ 2,409
Consulting services	-	103,445	-	7,400	2,073	112,918
Contract services	71,955	431,500	200,000	582,700	-	1,286,155
Payroll	6,679	224,599	143	(50)	-	231,371
Office	-	23,346	-	102	913	24,361
Travel	482	29,547	241	8,449	241	38,960
Information services	480	-	-	-	6,651	7,131
Special projects	4,670	10,200	-	-	-	14,870
Insurance	-	-	-	1,695	-	1,695
Total	<u>\$ 84,266</u>	<u>\$ 822,637</u>	<u>\$ 200,384</u>	<u>\$ 602,705</u>	<u>\$ 9,878</u>	<u>\$ 1,719,870</u>

The Notes to Financial Statements are an integral part of this statement.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Vision Awareness & Action	Conservation Science & Action	Policy	Administration	Fundraising	Total
Bank charges	\$ -	\$ 14	\$ -	\$ 1,656	\$ -	\$ 1,670
Consulting services	-	169,824	10,000	7,200	1,746	188,770
Contract services	191,300	475,450	53,700	103,000	115,000	938,450
Payroll costs	28,189	120,578	8,148	28,572	15,421	200,908
Office	-	2,283	-	98	131	2,512
Travel	-	15,019	-	2,552	-	17,571
Information services	440	-	-	-	7,589	8,029
Special projects	5,000	75,140	-	-	-	80,140
Insurance	-	-	-	1,695	-	1,695
Total	<u>\$ 224,929</u>	<u>\$ 858,308</u>	<u>\$ 71,848</u>	<u>\$ 144,773</u>	<u>\$ 139,887</u>	<u>\$ 1,439,745</u>

The Notes to Financial Statements are an integral part of this statement.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 STATEMENTS OF CASH FLOWS
 Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 131,549	\$ 21,700
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Grants and member donations receivable	43,073	210,409
Prepaid expenses	1,695	(1,695)
Pledge receivable	-	(1,857)
Payroll liabilities	2,407	2,568
Accounts payable	<u>472,726</u>	<u>103,220</u>
Net cash flows from operating activities	<u>651,450</u>	<u>334,345</u>
Net change in cash and cash equivalents	651,450	334,345
Cash and cash equivalents, beginning of year	<u>684,248</u>	<u>349,903</u>
Cash and cash equivalents, end of year	<u>\$ 1,335,698</u>	<u>\$ 684,248</u>

The Notes to Financial Statements are an integral part of these statements.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1. NATURE OF OPERATIONS

Organization

Yellowstone to Yukon Conservation Initiative (Y2Y Montana, the Organization) was incorporated in 2000 pursuant to the laws of Montana and qualifies for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

Y2Y Montana along with Yellowstone to Yukon Conservation Initiative Society (Y2Y Alberta) and Yellowstone to Yukon Conservation Initiative Foundation (Y2YCIF) forms the Yellowstone to Yukon (Y2Y) group. The Y2Y group works together to fund, facilitate, and operate activities and programs that will connect and protect habitat from Yellowstone to Yukon so people and nature can thrive.

It is the intention of Y2Y Montana and Y2Y Alberta that the two entities operate seamlessly, with one set of programs and activities addressing the region as a whole. Only four out of eight board members are the same for both boards so there is not common control for the two organizations. Therefore, the accompanying financial statements represent only the financial position, changes in net assets, and cash flows from Y2Y Montana.

NOTE 2. SIGNIFICANT ACCOUNTING POLICES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, (GAAP), as codified by the Financial Accounting Standards Board.

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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 the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
December 31, 2016 and 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization's cash is deposited in an account in which FDIC coverage is limited to \$250,000. At December 31, 2016 and 2015, the bank account exceeded insured limits by \$1,087,542 and \$441,816, respectively.

Grants, Member Donations and Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All promises to give are considered collectible.

Unconditional promises to give are recognized as an asset and contribution revenue in the period the promise is received. Pledges receivable are recorded at their net realizable value, which is net of a discount and loss allowance.

An allowance for uncollectible pledges is estimated based on management's analysis of outstanding obligations and the Organization's collection history and is recorded as an adjustment to contribution support and the allowance for uncollectible pledges during the fiscal year when the allowance is deemed necessary. Management has determined that no allowance is necessary at December 31, 2016 and 2015.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
December 31, 2016 and 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Y2Y Montana is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these statements.

The Organization is no longer subject to examinations by federal and state tax authorities for years before 2013.

Reclassifications

Certain reclassifications have been made to the December 31, 2015, financial statement presentation to correspond to the December 31, 2016, format. These reclassifications have had no effect on previously reported net assets or change in net assets.

Subsequent Events

Management has evaluated subsequent events through May 19, 2017, the date which the financial statements were available for issue.

NOTE 3. PLEDGE RECEIVABLE

At December 31, 2016 and 2014, the pledge receivable was comprised of the following amounts:

	<u>2016</u>	<u>2015</u>
Pledge receivable	\$ 100,000	100,000
Less - discount for pledge due in excess of one year	<u>(41,764)</u>	<u>(41,764)</u>
Net pledge receivable	<u>\$ 58,236</u>	<u>\$ 58,236</u>

The pledge will be received upon the donor's death. The discount is based on the donor's estimated life expectancy using actuarial tables and a risk-free discount rate based on U.S. Treasury obligations of 2.22% at December 31, 2016 and 2015. Management has considered the collectability of this pledge and determined that no allowance for uncollectible pledges is deemed necessary.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
 December 31, 2016 and 2015

NOTE 4. RELATED PARTY TRANSACTIONS

Y2Y Montana contracts with Y2Y Alberta for services rendered for the purpose of carrying out its charitable activities. Y2Y Montana is related to Y2Y Alberta through common management and four common members on their respective Board of Directors.

For the years ended December 31, 2016 and 2015, Y2Y Montana paid Y2Y Alberta contract services in the amount of \$1,279,200 and \$938,450, respectively. There were no outstanding payable balances to Y2Y Alberta as of December 31, 2016 and 2015.

NOTE 5. CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2016, the Organization received 78% of its total revenue from four foundations and during the year ended December 31, 2015, the Organization received 82% of its total revenue from three foundations.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

	<u>2016</u>	<u>2015</u>
Vision awareness and action	\$ 149,000	\$ 65,000
Conservation science and action	257,695	247,250
Greater Yellowstone Ecosystem	-	20,000
Policy	150,000	-
	<u>\$ 556,695</u>	<u>\$ 332,250</u>



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