

**YELLOWSTONE TO YUKON  
CONSERVATION INITIATIVE**

**FINANCIAL REPORT**

**December 31, 2020 and 2019**



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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, 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.

### **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, 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.

*Anderson Zurmuehlen + Co, P.C.*

Billings, Montana

June 16, 2021

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,642,734	\$ 3,565,159
Grants and member donations receivable	28,237	86,350
Accrued interest receivable	<u>11,144</u>	<u>3,715</u>
Total current assets	2,682,115	3,655,224
<b>OTHER ASSETS</b>		
Net pledge receivable	<u>62,097</u>	<u>61,150</u>
Total assets	<u>\$ 2,744,212</u>	<u>\$ 3,716,374</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 88,845	\$ 666,423
Payroll liabilities	3,213	3,213
Current portion PPP loan	<u>32,629</u>	<u>-</u>
Total current liabilities	124,687	669,636
<b>LONG-TERM LIABILITIES</b>		
Long-term portion PPP loan	<u>16,071</u>	<u>-</u>
Total liabilities	<u>140,758</u>	<u>669,636</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,480,868	1,471,077
With donor restriction	<u>1,122,586</u>	<u>1,575,661</u>
Total net assets	<u>2,603,454</u>	<u>3,046,738</u>
Total liabilities and net assets	<u>\$ 2,744,212</u>	<u>\$ 3,716,374</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, 2020

	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grant and foundation awards	\$ 384,905	\$ 2,414,468	\$ 2,799,373
Donations	340,356	25,000	365,356
Other income	<u>21,056</u>	<u>-</u>	<u>21,056</u>
Total revenue and support	<u>746,317</u>	<u>2,439,468</u>	<u>3,185,785</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>			
	<u>2,892,543</u>	<u>(2,892,543)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services:			
Inspire and engage	877,474	-	877,474
Connect and protect	1,480,972	-	1,480,972
Integrate science conservation	252,772	-	252,772
Communications	55,564	-	55,564
Capital land acquisitions	<u>281,325</u>	<u>-</u>	<u>281,325</u>
Total program services	2,948,107	-	2,948,107
Administration	408,854	-	408,854
Fundraising	<u>272,108</u>	<u>-</u>	<u>272,108</u>
Total expenses	<u>3,629,069</u>	<u>-</u>	<u>3,629,069</u>
CHANGE IN NET ASSETS	9,791	(453,075)	(443,284)
NET ASSETS, beginning of year	<u>1,471,077</u>	<u>1,575,661</u>	<u>3,046,738</u>
NET ASSETS, end of year	<u>\$ 1,480,868</u>	<u>\$ 1,122,586</u>	<u>\$ 2,603,454</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, 2019

	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grant and foundation awards	\$ 564,500	\$ 1,585,193	\$ 2,149,693
Donations	683,813	39,990	723,803
Other income	<u>10,867</u>	<u>-</u>	<u>10,867</u>
Total revenue and support	<u>1,259,180</u>	<u>1,625,183</u>	<u>2,884,363</u>
 <b>NET ASSETS RELEASED FROM RESTRICTION</b>			
	<u>2,557,817</u>	<u>(2,557,817)</u>	<u>-</u>
 <b>EXPENSES</b>			
Program services:			
Inspire and engage	846,298	-	846,298
Connect and protect	1,242,979	-	1,242,979
Integrate science conservation	265,403	-	265,403
Capital land acquisitions	<u>202,137</u>	<u>-</u>	<u>202,137</u>
Total program services	2,556,817	-	2,556,817
Administration	352,676	-	352,676
Fundraising	<u>271,314</u>	<u>-</u>	<u>271,314</u>
Total expenses	<u>3,180,807</u>	<u>-</u>	<u>3,180,807</u>
 CHANGE IN NET ASSETS	 636,190	 (932,634)	 (296,444)
NET ASSETS, beginning of year	<u>834,887</u>	<u>2,508,295</u>	<u>3,343,182</u>
NET ASSETS, end of year	<u>\$ 1,471,077</u>	<u>\$ 1,575,661</u>	<u>\$ 3,046,738</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, 2020

	Program Services					Supporting Services		Total Expenses	
	Inspire and Engage	Connect and Protect	Integrate Science Conservation	Communications	Capital Land Acquisitions	Total Program Services	Administration		Fundraising
Bank charges	\$ -	\$ 673	\$ -	\$ -	\$ -	\$ 673	\$ 275	\$ -	\$ 948
Consulting services	-	-	-	-	-	-	10,516	-	10,516
Contract services	856,900	1,143,369	252,772	55,564	281,325	2,589,930	360,287	268,897	3,219,114
Payroll	-	233,174	-	-	-	233,174	28,923	-	262,097
Office	2,575	69,909	-	-	-	72,484	212	3,211	75,907
Travel	(2,001)	9,847	-	-	-	7,846	1,387	-	9,233
Partner grant	20,000	24,000	-	-	-	44,000	3,000	-	47,000
Insurance	-	-	-	-	-	-	4,254	-	4,254
Total	<u>\$ 877,474</u>	<u>\$ 1,480,972</u>	<u>\$ 252,772</u>	<u>\$ 55,564</u>	<u>\$ 281,325</u>	<u>\$ 2,948,107</u>	<u>\$ 408,854</u>	<u>\$ 272,108</u>	<u>\$ 3,629,069</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, 2019

	Program Services				Supporting Services		Total Expenses	
	Inspire and Engage	Connect and Protect	Integrate Science Conservation	Capital Land Acquisitions	Total Program Services	Administration		Fundraising
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,043	\$ -	\$ 3,043
Consulting services	16,254	-	-	-	16,254	12,282	2,471	31,007
Contract services	824,544	881,016	265,403	202,137	2,173,100	291,878	266,671	2,731,649
Payroll	-	229,912	-	-	229,912	30,493	-	260,405
Office	-	38,696	-	-	38,696	8,739	2,083	49,518
Travel	-	35,438	-	-	35,438	2,590	89	38,117
Partner grant	5,500	57,906	-	-	63,406	-	-	63,406
Insurance	-	11	-	-	11	3,651	-	3,662
Total	<u>\$ 846,298</u>	<u>\$ 1,242,979</u>	<u>\$ 265,403</u>	<u>\$ 202,137</u>	<u>\$ 2,556,817</u>	<u>\$ 352,676</u>	<u>\$ 271,314</u>	<u>\$ 3,180,807</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (443,284)	\$ (296,444)
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	58,113	(21,415)
Net pledges receivable	(947)	(1,067)
Accrued interest receivable	(7,429)	(3,715)
Prepaid expenses	-	1,687
Payroll liabilities	-	(2,080)
Accounts payable	<u>(577,578)</u>	<u>103,372</u>
Net cash flows from operating activities	<u>(971,125)</u>	<u>(219,662)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	<u>48,700</u>	<u>-</u>
Net cash flows from financing activities	<u>48,700</u>	<u>-</u>
Net change in cash and cash equivalents	(922,425)	(219,662)
Cash and cash equivalents, beginning of year	<u>3,565,159</u>	<u>3,784,821</u>
Cash and cash equivalents, end of year	<u>\$ 2,642,734</u>	<u>\$ 3,565,159</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**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 (Society) and Yellowstone to Yukon Conservation Initiative Foundation (Foundation) 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 the Society that the two entities operate seamlessly, with one set of programs and activities addressing the region as a whole. Only three out of twelve 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 (FASB).

**Classification of Net Assets**

Y2Y Montana reports information regarding its financial position and activities according to two classes: net assets without donor restrictions and net assets with donor restrictions. The net assets are reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Y2Y Montana’s management and the board of directors.

*Net assets with donor restrictions* – Net assets with donor restrictions result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations, including those limited by donors or outside third parties to a specific time period or purpose, and those that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Y2Y Montana.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2020 and 2019

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Net Assets (Continued)**

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statement of activities. When restrictions are satisfied in the same year received, the contributions are included in net assets without donor restrictions.

**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 accounts in which FDIC coverage is limited to \$250,000. At December 31, 2020 and 2019, the bank account exceeded insured limits by \$350,000 and \$973,727, 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. 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, 2020 and 2019.

**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.

**Subsequent Events**

Management has evaluated subsequent events through June 16, 2021, the date which the financial statements were available for issue.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2020 and 2019

**NOTE 3. LIQUIDITY AND AVAILABILITY**

The following financial assets are expected to be available to support the Organization as of the years ending December 31, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,642,734	\$ 3,565,159
Grants and member donations receivable	28,237	86,350
Accrued interest receivable	11,144	3,715
Less - amounts not available to be used within one year	<u>-</u>	<u>(377,982)</u>
	<u>\$ 2,682,115</u>	<u>\$ 3,277,242</u>

Y2Y Montana receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Y2Y Montana's exposure to liquidity risk relates to accounts payable and accrued liabilities and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Y2Y Montana manages its liquidity and reserves with the following guiding principles: operating within a prudent range of financial soundness and stability, documenting when authorized payments become due, and maintaining adequate liquid assets and reserves to fund operating needs.

**NOTE 4. PLEDGE RECEIVABLE**

At December 31, 2020 and 2019, the pledge receivable was comprised of the following amounts:

	<u>2020</u>	<u>2019</u>
Pledge receivable	\$ 100,000	\$ 100,000
Less - discount for pledge due in excess of one year	<u>(37,903)</u>	<u>(38,850)</u>
Net pledge receivable	<u>\$ 62,097</u>	<u>\$ 61,150</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, 2020 and 2019. 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, 2020 and 2019

**NOTE 5. PAYCHECK PROTECTION PROGRAM (PPP LOAN)**

On May 1, 2020, the Organization received loan proceeds in the amount of \$48,700 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months following the end of the covered period. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan and has filed for forgiveness, final approval has not been received.

**NOTE 6. RELATED PARTY TRANSACTIONS**

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

For the years ended December 31, 2020 and 2019, Y2Y Montana paid the Society contract services in the amount of \$2,847,661 and \$2,335,577, respectively. There were outstanding payable balances to the Society as of December 31, 2020 and 2019, of \$88,845 and \$660,874, respectively. There was an outstanding receivable balance from the Society as of December 31, 2019, of \$10,000.

**NOTE 7. CONCENTRATION OF CREDIT RISK**

During the year ended December 31, 2020, the Organization received 79% of its total revenue from thirteen foundations, and during the year ended December 31, 2019, the Organization received 71% of its total revenue from eight foundations.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2020 and 2019

**NOTE 8. FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include administrative contract services, payroll expenses, and office expenses, which are allocated on the basis of estimated time and effort spent administrating the programs.

**NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Inspire and engage	\$ 93,238	\$ 827,043
Connect and protect	163,575	55,225
Integrate science conservation	222,228	298,647
Capital land acquisitions	<u>643,545</u>	<u>394,746</u>
	<u>\$ 1,122,586</u>	<u>\$ 1,575,661</u>

**NOTE 10. RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including US federal and state governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Y2Y Montana and its operations in future periods.





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