

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, 2018 and 2017



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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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, Yellowstone to Yukon Conservation Initiative has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. Our opinions are not modified with respect to this matter.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana
June 24, 2019

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,784,821	\$ 2,647,344
Grants and member donations receivable	64,935	61,364
Prepaid expenses	<u>1,687</u>	<u>-</u>
Total current assets	3,851,443	2,708,708
OTHER ASSETS		
Net pledge receivable	<u>60,083</u>	<u>58,236</u>
Total assets	<u>\$ 3,911,526</u>	<u>\$ 2,766,944</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 563,051	\$ 854,537
Payroll liabilities	<u>5,293</u>	<u>6,855</u>
Total current liabilities	<u>568,344</u>	<u>861,392</u>
NET ASSETS		
Without donor restrictions	834,887	257,834
With donor restriction	<u>2,508,295</u>	<u>1,647,718</u>
Total net assets	<u>3,343,182</u>	<u>1,905,552</u>
Total liabilities and net assets	<u>\$ 3,911,526</u>	<u>\$ 2,766,944</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, 2018

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 702,056	\$ 3,404,227	\$ 4,106,283
Donations	377,673	8,614	386,287
Other income	<u>21,169</u>	<u>-</u>	<u>21,169</u>
Total revenue and support	<u>1,100,898</u>	<u>3,412,841</u>	<u>4,513,739</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>2,552,264</u>	<u>(2,552,264)</u>	<u>-</u>
EXPENSES			
Program services:			
Inspire and engage	750,720	-	750,720
Connect and protect	1,251,572	-	1,251,572
Integrate science conservation	143,685	-	143,685
Capital land acquisitions	<u>406,287</u>	<u>-</u>	<u>406,287</u>
Total program services	2,552,264	-	2,552,264
Administration	277,757	-	277,757
Fundraising	<u>246,088</u>	<u>-</u>	<u>246,088</u>
Total expenses	<u>3,076,109</u>	<u>-</u>	<u>3,076,109</u>
CHANGE IN NET ASSETS	577,053	860,577	1,437,630
NET ASSETS, beginning of year	<u>257,834</u>	<u>1,647,718</u>	<u>1,905,552</u>
NET ASSETS, end of year	<u>\$ 834,887</u>	<u>\$ 2,508,295</u>	<u>\$ 3,343,182</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, 2017

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 270,243	\$ 2,644,928	\$ 2,915,171
Donations	403,557	28,930	432,487
Other income	<u>3,025</u>	<u>-</u>	<u>3,025</u>
Total revenue and support	<u>676,825</u>	<u>2,673,858</u>	<u>3,350,683</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>1,582,835</u>	<u>(1,582,835)</u>	<u>-</u>
EXPENSES			
Program services:			
Inspire and engage	266,526	-	266,526
Connect and protect	1,193,477	-	1,193,477
Integrate science conservation	110,860	-	110,860
Capital land acquisitions	<u>368,265</u>	<u>-</u>	<u>368,265</u>
Total program services	1,939,128	-	1,939,128
Administration	181,896	-	181,896
Fundraising	<u>155,398</u>	<u>-</u>	<u>155,398</u>
Total expenses	<u>2,276,422</u>	<u>-</u>	<u>2,276,422</u>
CHANGE IN NET ASSETS	(16,762)	1,091,023	1,074,261
NET ASSETS, beginning of year	<u>274,596</u>	<u>556,695</u>	<u>831,291</u>
NET ASSETS, end of year	<u>\$ 257,834</u>	<u>\$ 1,647,718</u>	<u>\$ 1,905,552</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, 2018

	Program Services				Supporting Services			Total Expenses	
	Inspire and Engage	Connect and Protect	Integrate Science Conservation	Capital Land Acquisitions	Total Program Services	Administration	Fundraising		Total Supporting Services
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,878	\$ -	\$ 2,878	\$ 2,878
Consulting services	9,032	50,534	-	-	59,566	10,485	2,724	13,209	72,775
Contract services	680,384	881,878	143,685	406,287	2,112,234	250,373	242,859	493,232	2,605,466
Payroll	50,000	154,977	-	-	204,977	10,497	-	10,497	215,474
Office	-	47,727	-	-	47,727	1,570	95	1,665	49,392
Travel	(4,096)	47,364	-	-	43,268	(40)	410	370	43,638
Partner grant	15,400	69,092	-	-	84,492	2,000	-	2,000	86,492
Insurance	-	-	-	-	-	(6)	-	(6)	(6)
Total	<u>\$ 750,720</u>	<u>\$ 1,251,572</u>	<u>\$ 143,685</u>	<u>\$ 406,287</u>	<u>\$ 2,552,264</u>	<u>\$ 277,757</u>	<u>\$ 246,088</u>	<u>\$ 523,845</u>	<u>\$ 3,076,109</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, 2017

	Program Services				Supporting Services			Total Expenses	
	Inspire and Engage	Connect and Protect	Integrate Science Conservation	Capital Land Acquisitions	Total Program Services	Administration	Fundraising		Total Supporting Services
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,202	\$ -	\$ 3,202	\$ 3,202
Consulting services	-	48,971	-	-	48,971	7,500	1,680	9,180	58,151
Contract services	264,828	901,286	110,860	368,265	1,645,239	162,493	139,924	302,417	1,947,656
Payroll	-	172,341	-	-	172,341	-	-	-	172,341
Office	-	14,111	-	-	14,111	6,628	13,794	20,422	34,533
Travel	1,698	26,601	-	-	28,299	-	-	-	28,299
Partner grant	-	30,167	-	-	30,167	-	-	-	30,167
Insurance	-	-	-	-	-	2,073	-	2,073	2,073
Total	<u>\$ 266,526</u>	<u>\$ 1,193,477</u>	<u>\$ 110,860</u>	<u>\$ 368,265</u>	<u>\$ 1,939,128</u>	<u>\$ 181,896</u>	<u>\$ 155,398</u>	<u>\$ 337,294</u>	<u>\$ 2,276,422</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,437,630	\$ 1,074,261
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	(3,571)	(19,755)
Net pledges receivable	(1,847)	-
Prepaid expenses	(1,687)	-
Payroll liabilities	(1,562)	1,880
Accounts payable	<u>(291,486)</u>	<u>255,260</u>
Net cash flows from operating activities	<u>1,137,477</u>	<u>1,311,646</u>
Net change in cash and cash equivalents	1,137,477	1,311,646
Cash and cash equivalents, beginning of year	<u>2,647,344</u>	<u>1,335,698</u>
Cash and cash equivalents, end of year	<u>\$ 3,784,821</u>	<u>\$ 2,647,344</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 nine 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

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, 2018 and 2017

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 an account in which FDIC coverage is limited to \$250,000. At December 31, 2018 and 2017, the bank account exceeded insured limits by \$3,522,024 and \$2,189,021 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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, 2018 and 2017.

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.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2017 financial statements in order for them to be in conformity with the 2018 presentation. These reclassifications have no effect on previously reported change in net assets or net assets.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Yellowstone to Yukon Conservation Initiative has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no effect on the total change in net assets or total assets previously reported.

Subsequent Events

Management has evaluated subsequent events through June 24, 2019, the date which the financial statements were available for issue.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following financial assets are expected to be available to support the organization in the year ending December 31, 2019:

Cash and cash equivalents	\$ 3,784,821
Grants and member donations receivable	64,935
Less - amounts not available to be used within one year	<u>(894,332)</u>
	<u>\$ 2,955,424</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.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018 and 2017

NOTE 4. PLEDGE RECEIVABLE

At December 31, 2018 and 2017, the pledge receivable was comprised of the following amounts:

	<u>2018</u>	<u>2017</u>
Pledge receivable	\$ 100,000	\$ 100,000
Less - discount for pledge due in excess of one year	<u>(39,917)</u>	<u>(41,764)</u>
Net pledge receivable	<u>\$ 60,083</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, 2018 and 2017. Management has considered the collectability of this pledge and determined that no allowance for uncollectible pledges is deemed necessary.

NOTE 5. 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, 2018 and 2017, Y2Y Montana paid Y2Y Alberta contract services in the amount of \$2,058,979 and \$1,592,705, respectively. There were outstanding payable balances to Y2Y Alberta as of December 31, 2018 and 2017 of \$535,588 and \$854,537, respectively.

NOTE 6. CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2018, the Organization received 80% of its total revenue from eight foundations and during the year ended December 31, 2017, the Organization received 63% of its total revenue from six foundations.

NOTE 7. 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.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

NOTE 7. FUNCTIONAL EXPENSES (CONTINUED)

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 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	<u>2018</u>	<u>2017</u>
Inspire and engage	\$ 1,372,003	\$ 228,895
Connect and protect	497,461	977,336
Integrate science conservation	460,596	259,752
Capital land acquisitions	<u>178,235</u>	<u>181,735</u>
	<u>\$ 2,508,295</u>	<u>\$ 1,647,718</u>



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