

**YELLOWSTONE TO YUKON  
CONSERVATION INITIATIVE**

**FINANCIAL REPORT**

**December 31, 2019 and 2018**



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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, 2019 and 2018, 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, 2019 and 2018, 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 the provisions of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

*Anderson Zurmuehlen + Co, P.C.*

Billings, Montana  
June 25, 2020

FINANCIAL STATEMENTS

**YELLOWSTONE TO YUKON CONSERVATION INITIATIVE**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,565,159	\$ 3,784,821
Grants and member donations receivable	86,350	64,935
Accrued interest receivable	3,715	-
Prepaid expenses	<u>-</u>	<u>1,687</u>
Total current assets	3,655,224	3,851,443
<b>OTHER ASSETS</b>		
Net pledge receivable	<u>61,150</u>	<u>60,083</u>
Total assets	<u>\$ 3,716,374</u>	<u>\$ 3,911,526</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 666,423	\$ 563,051
Payroll liabilities	<u>3,213</u>	<u>5,293</u>
Total current liabilities	<u>669,636</u>	<u>568,344</u>
 <b>NET ASSETS</b>		
Without donor restrictions	1,471,077	834,887
With donor restriction	<u>1,575,661</u>	<u>2,508,295</u>
Total net assets	<u>3,046,738</u>	<u>3,343,182</u>
Total liabilities and net assets	<u>\$ 3,716,374</u>	<u>\$ 3,911,526</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, 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 ACTIVITIES  
Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>			
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>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>			
	<u>2,552,264</u>	<u>(2,552,264)</u>	<u>-</u>
<b>EXPENSES</b>			
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>
<b>CHANGE IN NET ASSETS</b>	577,053	860,577	1,437,630
<b>NET ASSETS, beginning of year</b>	<u>257,834</u>	<u>1,647,718</u>	<u>1,905,552</u>
<b>NET ASSETS, end of year</b>	<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 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		Total Supporting Services
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,043	\$ -	\$ 3,043	\$ 3,043
Consulting services	16,254	-	-	-	16,254	12,282	2,471	14,753	31,007
Contract services	824,544	881,016	265,403	202,137	2,173,100	291,878	266,671	558,549	2,731,649
Payroll	-	229,912	-	-	229,912	30,493	-	30,493	260,405
Office	-	38,696	-	-	38,696	8,739	2,083	10,822	49,518
Travel	-	35,438	-	-	35,438	2,590	89	2,679	38,117
Partner grant	5,500	57,906	-	-	63,406	-	-	-	63,406
Insurance	-	11	-	-	11	3,651	-	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>\$ 623,990</u>	<u>\$ 3,180,807</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)
<b>Total</b>	<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  
 STATEMENTS OF CASH FLOWS  
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (296,444)	\$ 1,437,630
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	(21,415)	(3,571)
Net pledges receivable	(1,067)	(1,847)
Accrued interest receivable	(3,715)	-
Prepaid expenses	1,687	(1,687)
Payroll liabilities	(2,080)	(1,562)
Accounts payable	<u>103,372</u>	<u>(291,486)</u>
Net cash flows from operating activities	<u>(219,662)</u>	<u>1,137,477</u>
Net change in cash and cash equivalents	(219,662)	1,137,477
Cash and cash equivalents, beginning of year	<u>3,784,821</u>	<u>2,647,344</u>
Cash and cash equivalents, end of year	<u>\$ 3,565,159</u>	<u>\$ 3,784,821</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**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 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.

**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, 2019 and 2018

**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, 2019 and 2018, the bank account exceeded insured limits by \$973,727 and \$3,522,024, 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, 2019 and 2018.

**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, 2019 and 2018

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

**New Accounting Pronouncement**

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* including the subsequent revisions (collectively referred to as *Topic 606*). This accounting standard was issued to clarify the principles of recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). 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 25, 2020, 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 as of the years ending December 31, 2019, and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,565,159	\$ 3,784,821
Grants and member donations receivable	86,350	64,935
Accrued interest receivable	3,715	-
Less - amounts not available to be used within one year	<u>(377,982)</u>	<u>(894,332)</u>
	<u>\$ 3,277,243</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, 2019 and 2018

**NOTE 4. PLEDGE RECEIVABLE**

At December 31, 2019 and 2018, the pledge receivable was comprised of the following amounts:

	<u>2019</u>	<u>2018</u>
Pledge receivable	\$ 100,000	\$ 100,000
Less - discount for pledge due in excess of one year	<u>(38,850)</u>	<u>(39,917)</u>
Net pledge receivable	<u>\$ 61,150</u>	<u>\$ 60,083</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, 2019 and 2018. 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 three common members on their respective Board of Directors.

For the years ended December 31, 2019 and 2018, Y2Y Montana paid Y2Y Alberta contract services in the amount of \$2,335,577 and \$2,058,979, respectively. There were outstanding payable balances to Y2Y Alberta as of December 31, 2019 and 2018, of \$660,874 and \$535,588, respectively. There were outstanding receivable balances from Y2Y Alberta as of December 31, 2019 and 2018, of \$10,000 and \$-0-, respectively.

**NOTE 6. CONCENTRATION OF CREDIT RISK**

During the year ended December 31, 2019, the Organization received 71% of its total revenue from eight foundations and during the year ended December 31, 2018, the Organization received 80% of its total revenue from eight 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, 2019 and 2018

**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>2019</u>	<u>2018</u>
Inspire and engage	\$ 827,043	\$ 1,372,003
Connect and protect	55,225	497,461
Integrate science conservation	298,647	460,596
Capital land acquisitions	<u>394,746</u>	<u>178,235</u>
	<u>\$ 1,575,661</u>	<u>\$ 2,508,295</u>

**NOTE 9. SUBSEQUENT EVENTS**

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as “COVID19”. 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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