



FINANCIAL REPORT

December 31, 2021 and 2020



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yellowstone to Yukon Conservation Initiative
Bozeman, Montana

Opinion

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Initiative (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yellowstone to Yukon Conservation Initiative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Yellowstone to Yukon Conservation Initiative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Yellowstone to Yukon Conservation Initiative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yellowstone to Yukon Conservation Initiative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana
October 31, 2022

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 3,514,127 | \$ 2,642,734 |
| Investments | 415,351 | - |
| Grants and member donations receivable | 193,949 | 28,237 |
| Accrued interest receivable | <u>-</u> | <u>11,144</u> |
| Total current assets | <u>4,123,427</u> | <u>2,682,115</u> |
| OTHER ASSETS | | |
| Net pledge receivable | <u>63,059</u> | <u>62,097</u> |
| Total assets | <u>\$ 4,186,486</u> | <u>\$ 2,744,212</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 213,146 | \$ 88,845 |
| Payroll liabilities | 2,041 | 3,213 |
| Current portion PPP loan | <u>-</u> | <u>32,629</u> |
| Total current liabilities | <u>215,187</u> | <u>124,687</u> |
| LONG-TERM LIABILITIES | | |
| Long-term portion PPP loan | <u>-</u> | <u>16,071</u> |
| Total liabilities | <u>215,187</u> | <u>140,758</u> |
| NET ASSETS | | |
| Without donor restrictions | 2,545,941 | 1,480,868 |
| With donor restriction | <u>1,425,358</u> | <u>1,122,586</u> |
| Total net assets | <u>3,971,299</u> | <u>2,603,454</u> |
| Total liabilities and net assets | <u>\$ 4,186,486</u> | <u>\$ 2,744,212</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, 2021

| | Without donor restrictions | With donor restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| Grant and foundation awards | \$ 493,107 | \$ 1,418,698 | \$ 1,911,805 |
| Donations | 1,220,751 | 231,411 | 1,452,162 |
| Investment income, net | 55,788 | - | 55,788 |
| Other income | <u>48,825</u> | <u>-</u> | <u>48,825</u> |
| Total revenue and support | <u>1,818,471</u> | <u>1,650,109</u> | <u>3,468,580</u> |
| | | | |
| NET ASSETS RELEASED FROM RESTRICTION | <u>1,347,337</u> | <u>(1,347,337)</u> | <u>-</u> |
| | | | |
| EXPENSES | | | |
| Program services: | | | |
| Inspire and engage | 416,102 | - | 416,102 |
| Connect and protect | 826,313 | - | 826,313 |
| Integrate science conservation | 174,640 | - | 174,640 |
| Capital land acquisitions | <u>397,285</u> | <u>-</u> | <u>397,285</u> |
| Total program services | 1,814,340 | - | 1,814,340 |
| Administration | 125,301 | - | 125,301 |
| Fundraising | <u>161,094</u> | <u>-</u> | <u>161,094</u> |
| Total expenses | <u>2,100,735</u> | <u>-</u> | <u>2,100,735</u> |
| | | | |
| CHANGE IN NET ASSETS | 1,065,073 | 302,772 | 1,367,845 |
| | | | |
| NET ASSETS, beginning of year | <u>1,480,868</u> | <u>1,122,586</u> | <u>2,603,454</u> |
| | | | |
| NET ASSETS, end of year | <u>\$ 2,545,941</u> | <u>\$ 1,425,358</u> | <u>\$ 3,971,299</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, 2020

| | Without donor restrictions | With donor restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| 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> |
| NET ASSETS RELEASED FROM RESTRICTION | | | |
| | <u>2,892,543</u> | <u>(2,892,543)</u> | <u>-</u> |
| EXPENSES | | | |
| 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 FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,085 | \$ - | \$ 1,085 |
| Consulting services | - | - | - | - | - | 14,035 | - | 14,035 |
| Contract services | 416,102 | 442,078 | 174,640 | 397,285 | 1,430,105 | 67,121 | 157,218 | 1,654,444 |
| Payroll | - | 328,407 | - | - | 328,407 | 34,293 | - | 362,700 |
| Office | - | 33,661 | - | - | 33,661 | 1,574 | 3,876 | 39,111 |
| Travel | - | 12,667 | - | - | 12,667 | 108 | - | 12,775 |
| Partner grant | - | 9,500 | - | - | 9,500 | 1,537 | - | 11,037 |
| Advertising and paid media | - | - | - | - | - | 1,783 | - | 1,783 |
| Insurance | - | - | - | - | - | 3,765 | - | 3,765 |
| Total | \$ 416,102 | \$ 826,313 | \$ 174,640 | \$ 397,285 | \$ 1,814,340 | \$ 125,301 | \$ 161,094 | \$ 2,100,735 |

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
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,367,845 | \$ (443,284) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Noncash gain on forgiveness of PPP loan | (48,700) | - |
| Unrealized gain on investments | (60,158) | - |
| Changes in operating assets and liabilities: | | |
| Grants and member donations receivable | (165,712) | 58,113 |
| Net pledges receivable | (962) | (947) |
| Accrued interest receivable | 11,144 | (7,429) |
| Payroll liabilities | (1,172) | - |
| Accounts payable | 124,301 | (577,578) |
| Net cash flows from operating activities | <u>1,226,586</u> | <u>(971,125)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (349,600) | - |
| Reinvested dividends | <u>(5,593)</u> | <u>-</u> |
| Net cash flows from investing activities | <u>(355,193)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from PPP loan | <u>-</u> | <u>48,700</u> |
| Net cash flows from financing activities | <u>-</u> | <u>48,700</u> |
| Net change in cash and cash equivalents | 871,393 | (922,425) |
| Cash and cash equivalents, beginning of year | <u>2,642,734</u> | <u>3,565,159</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,514,127</u> | <u>\$ 2,642,734</u> |
| NON-CASH FINANCING ACTIVITIES | | |
| Non-cash gain on forgiveness of PPP loan | <u>\$ 48,700</u> | <u>\$ -</u> |

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 thirteen 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, 2021 and 2020

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.

Restrictions are categorized into the following projects:

- Inspire and Engage - Focused on inspiring local, regional, and global constituents to believe in and act on large landscape conservation.
- Connect and Protect - Focused on studying habitat needs of wildlife.
- Integrate Science Conservation - Focused on integrative science and application.
- Capital Land Acquisitions - Focused on land acquisitions.
- Development - Focused on raising and sustaining resources to conduct work.

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, 2021 and 2020, the bank account exceeded insured limits by \$1,569,741 and \$350,000, 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, 2021 and 2020.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021 and 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Net Investment Income

The Organization records its debt and equity securities at fair value in the statements of financial position. Net investment income or loss (including realized and unrealized gains and losses on investments and interest) is included in the statements of activities, net of investment expenses.

Fair Value Measurements

The Organization adopted accounting standards addressing fair value measurements. These standards establish a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three input levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020:

- Cash and money funds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments considering the credit-worthiness of the issuer.
- Mutual funds: Valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held at year-end. The NAV is quoted in an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2021 and 2020

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.

Subsequent Events

Management has evaluated subsequent events through October 31, 2022, 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, 2021, and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,514,127 | \$ 2,642,734 |
| Investments | 415,351 | - |
| Grants and member donations receivable | 193,949 | 28,237 |
| Accrued interest receivable | - | 11,144 |
| Less: amounts not available to be used within one year | <u>(138,008)</u> | <u>-</u> |
| | <u>\$ 3,985,419</u> | <u>\$ 2,682,115</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, 2021 and 2020

NOTE 4. INVESTMENTS

The following table presents by level, within the fair value hierarchy, the Organization's investments at fair value, as of December 31, 2021:

| | <u>Cost</u> | <u>Unrealized Gains</u> | <u>Fair Value (Level 1)</u> |
|---------------|-------------------|-----------------------------|---------------------------------|
| Mutual funds: | | | |
| Domestic | <u>\$ 355,193</u> | <u>\$ 60,158</u> | <u>\$ 415,351</u> |

Net investment income as of December 31, 2021, is summarized as follows:

| | |
|--|------------------|
| Interest, dividends and realized gains, net fees | \$ 6,251 |
| Correction to prior year accrued interest | (11,144) |
| Foreign exchange differences | 523 |
| Unrealized gains | <u>60,158</u> |
| Total investment income | <u>\$ 55,788</u> |

NOTE 5. PLEDGE RECEIVABLE

At December 31, 2021 and 2020, the pledge receivable was comprised of the following amounts:

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Pledge receivable | \$ 100,000 | \$ 100,000 |
| Less: discount for pledge due in excess of one year | <u>(36,941)</u> | <u>(37,903)</u> |
| Net pledge receivable | <u>\$ 63,059</u> | <u>\$ 62,097</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, 2021 and 2020. 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, 2021 and 2020

NOTE 6. 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), provided 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. Yellowstone to Yukon received notice that the loan was forgiven in full and is recorded in other income for the year ended December 31, 2021.

NOTE 7. 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, 2021 and 2020, Y2Y Montana transferred to the Society \$1,237,206 and \$2,847,661, respectively, for contract services. There were outstanding payable balances to the Society as of December 31, 2021 and 2020, of \$210,895 and \$88,845, respectively. There was an outstanding receivable balance from the Society as of December 31, 2021 of \$69,405.

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.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021 and 2020

NOTE 9. NET ASSETS

Net assets with donor restrictions are as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|---------------------|---------------------|
| Inspire and engage | \$ 14,782 | \$ 93,238 |
| Connect and protect | 524,916 | 163,575 |
| Integrate science conservation | 410,900 | 222,228 |
| Capital land acquisitions | 424,760 | 643,545 |
| Development | <u>50,000</u> | <u>-</u> |
| | <u>\$ 1,425,358</u> | <u>\$ 1,122,586</u> |

The Board has also designated net assets without donor restrictions of \$1,500,000 as an operating reserve and \$350,000 as an opportunity fund reserve.

NOTE 10. SUBSEQUENT EVENT

As a result of economic uncertainty and volatility in financial markets, the mutual funds held by the Organization have incurred significant declines in fair value since December 31, 2021. The markets continue to evolve rapidly, and the Organization's management is not able at this time to estimate the full impact on the financial statements but expects to hold the investments long-term.