

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, 2012



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yellowstone to Yukon Conservation Initiative
Bozeman, MT

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Initiative (a non-profit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2012, and the changes in its net assets and its cash flows for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana

April 05, 2013

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 493,081
Grants and pledges receivable	<u>52,870</u>
Total current assets	<u>545,951</u>

Total assets	\$ <u><u>545,951</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 20,430
Payroll liabilities	<u>3,288</u>
Total current liabilities	<u>23,718</u>

NET ASSETS

Unrestricted	313,665
Temporarily restricted	<u>208,568</u>
Total net assets	<u>522,233</u>

Total liabilities and net assets	\$ <u><u>545,951</u></u>
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The Notes to the Financial Statements are an integral part of these statements.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 235,500	\$ 1,185,379	\$ 1,420,879
Donations and membership	488,756	-	488,756
Event income	17,550	-	17,550
Other income	<u>207</u>	<u>-</u>	<u>207</u>
Total revenue and support	<u>742,013</u>	<u>1,185,379</u>	<u>1,927,392</u>
SATISFACTION OF TEMPORARY RESTRICTIONS			
	<u>1,707,811</u>	<u>(1,707,811)</u>	<u>-</u>
EXPENSES			
Program services:			
Vision awareness and action	224,998	-	224,998
Conservation science and action	1,899,088	-	1,899,088
Administration	160,001	-	160,001
Fundraising	<u>96,195</u>	<u>-</u>	<u>96,195</u>
Total expenses	<u>2,380,282</u>	<u>-</u>	<u>2,380,282</u>
CHANGE IN NET ASSETS	69,542	(522,432)	(452,890)
NET ASSETS, beginning of year	<u>244,123</u>	<u>731,000</u>	<u>975,123</u>
NET ASSETS, end of year	<u>\$ 313,665</u>	<u>\$ 208,568</u>	<u>\$ 522,233</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Vision Awareness & Action	Conservation Science & Action	Administration	Fundraising	Total
Bank charges	\$ -	\$ -	\$ 1,672	\$ -	\$ 1,672
Consulting services	16,367	60,596	5,500	705	83,168
Contract services	197,600	1,705,900	140,500	56,500	2,100,500
Payroll	6,719	120,008	6,839	35,066	168,632
Office	1,191	4,940	(140)	3,924	9,915
Travel	3,121	7,644	4,060	-	14,825
Insurance	<u>-</u>	<u>-</u>	<u>1,570</u>	<u>-</u>	<u>1,570</u>
Total	<u>\$ 224,998</u>	<u>\$ 1,899,088</u>	<u>\$ 160,001</u>	<u>\$ 96,195</u>	<u>\$ 2,380,282</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (452,890)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Changes in current assets and liabilities	
Grants and pledges receivable	494,880
Payroll liabilities	3,288
Accounts payable	<u>(3,910)</u>
Net cash flows from operating activities	<u>41,368</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	41,368
CASH AND CASH EQUIVALENTS, beginning of year	<u>451,713</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 493,081</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Yellowstone to Yukon Conservation Initiative (the Organization) was incorporated in 2000 for the purpose of maintaining and restoring the unique natural heritage of the Yellowstone to Yukon region, including its wilderness, wildlife, native animals and plants, and natural processes, in perpetuity. In carrying out this mission, the Organization conducts research, undertakes planning and education, and seeks to foster cooperation among groups within the region.

The program was started in 1995 by a network of U.S. and Canadian organizations, scientists, and individuals. In 2000 the program became two separate entities, Yellowstone to Yukon Conservation Initiative (a non-profit corporation incorporated pursuant to the laws of Montana, “Y2Y Montana”) and Yellowstone to Yukon Conservation Initiative Society (a non-profit Society incorporated pursuant to the laws of Alberta, Canada, “Y2Y Alberta”). 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 seven 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.

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 statement of activities as net assets released from restrictions.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 1. SUMMARY OF 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. At December 31, 2012, the Organization cash equivalents consisted of an interest-bearing checking account which is subject to limited coverage by the FDIC. At December 30, 2012, the bank balance for this account exceeded the insured limit by \$243,081. Effective January 1, 2013, the coverage for non-interest-bearing accounts reverted to \$250,000

Grants 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.

Income Taxes

Yellowstone to Yukon Conservation Initiative is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for income taxes in the accompanying financial statements.

The Organization is no longer subject to examinations by federal tax authorities for years before 2009.

Subsequent Events

Management has evaluated subsequent events through April 05, 2013, the date which the financial statements were available for issue.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 2. RELATED PARTY TRANSACTIONS

Y2Y Montana contracts with Y2Y Alberta for services rendered for the purpose of carrying out its charitable activities. Both of these organizations have the same Executive Director, and three out of seven board members are the same.

For the year ended December 31, 2012, Y2Y Montana paid Y2Y Alberta contract services in the amount of \$2,100,500. There was no outstanding payable balance to Y2Y Alberta for the year ended December 31, 2012.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Organization received 76% of its total revenue from three foundations during the year ended December 31, 2012.

NOTE 4. LEASES

The Organization leased office space in Missoula, Montana, under a one-year non-cancelable lease that expired in October 2012. Rental expense for the year ending December 31, 2012 was \$2,565. The lease was not renewed at the end of its term.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

Cabinet-Purcell Mountain Corridor Project	\$ 112,500
Partnerships	75,068
VA & A-Building Citizen Support	<u>21,000</u>
	<u>\$ 208,568</u>



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