

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, 2014 and 2013



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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, 2014 and 2013, 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana

April 15, 2015

FINANCIAL STATEMENTS

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 349,903	\$ 397,129
Grants and member donations receivable	<u>295,091</u>	<u>247,232</u>
Total current assets	644,994	644,361
OTHER ASSETS		
Net pledge receivable	<u>56,379</u>	<u>-</u>
Total assets	<u>\$ 701,373</u>	<u>\$ 644,361</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 23,331</u>	<u>\$ 38,901</u>
Total current liabilities	<u>23,331</u>	<u>38,901</u>
NET ASSETS		
Unrestricted	457,342	448,392
Temporarily restricted	<u>220,700</u>	<u>157,068</u>
Total net assets	<u>678,042</u>	<u>605,460</u>
Total liabilities and net assets	<u>\$ 701,373</u>	<u>\$ 644,361</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, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 471,843	\$ 403,700	\$ 875,543
Donations and membership	259,216	-	259,216
Contribution revenue	56,379	-	56,379
Other income	<u>64</u>	<u>-</u>	<u>64</u>
Total revenue and support	<u>787,502</u>	<u>403,700</u>	<u>1,191,202</u>
SATISFACTION OF TEMPORARY RESTRICTIONS			
	<u>340,068</u>	<u>(340,068)</u>	<u>-</u>
EXPENSES			
Program services:			
Vision awareness and action	288,083	-	288,083
Conservation science and action	617,878	-	617,878
Policy	41,310	-	41,310
Administration	37,952	-	37,952
Fundraising	<u>133,397</u>	<u>-</u>	<u>133,397</u>
Total expenses	<u>1,118,620</u>	<u>-</u>	<u>1,118,620</u>
Change in net assets	8,950	63,632	72,582
NET ASSETS, beginning of year	<u>448,392</u>	<u>157,068</u>	<u>605,460</u>
NET ASSETS, end of year	<u>\$ 457,342</u>	<u>\$ 220,700</u>	<u>\$ 678,042</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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grant and foundation awards	\$ 308,764	\$ 652,068	\$ 960,832
Donations and membership	308,181	-	308,181
Other income	<u>112</u>	<u>-</u>	<u>112</u>
Total revenue and support	<u>617,057</u>	<u>652,068</u>	<u>1,269,125</u>
SATISFACTION OF TEMPORARY RESTRICTIONS			
	<u>703,568</u>	<u>(703,568)</u>	<u>-</u>
EXPENSES			
Program services:			
Vision awareness and action	168,017	-	168,017
Conservation science and action	850,066	-	850,066
Administration	67,317	-	67,317
Fundraising	<u>100,498</u>	<u>-</u>	<u>100,498</u>
Total expenses	<u>1,185,898</u>	<u>-</u>	<u>1,185,898</u>
CHANGE IN NET ASSETS	134,727	(51,500)	83,227
NET ASSETS, beginning of year	<u>313,665</u>	<u>208,568</u>	<u>522,233</u>
NET ASSETS, end of year	<u>\$ 448,392</u>	<u>\$ 157,068</u>	<u>\$ 605,460</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, 2014

	Vision Awareness & Action	Conservation Science & Action	Policy	Administration	Fundraising	Total
Bank charges	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ 1,767
Consulting services	10,000	84,422	-	8,006	1,320	103,748
Contract services	268,500	435,500	23,000	15,000	83,000	825,000
Payroll	8,706	88,764	18,310	9,745	42,802	168,327
Office	-	1,826	-	15	6,275	8,116
Travel	877	7,366	-	1,724	-	9,967
Insurance	-	-	-	1,695	-	1,695
Total	<u>\$ 288,083</u>	<u>\$ 617,878</u>	<u>\$ 41,310</u>	<u>\$ 37,952</u>	<u>\$ 133,397</u>	<u>\$ 1,118,620</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, 2013

	Vision Awareness & Action	Conservation Science & Action	Administration	Fundraising	Total
Bank charges	\$ -	\$ -	\$ 2,515	\$ -	\$ 2,515
Consulting services	600	85,410	5,700	1,630	93,340
Contract services	161,500	647,000	50,000	55,000	913,500
Payroll costs	5,558	108,801	5,304	38,317	157,980
Office	50	2,367	-	5,551	7,968
Travel	309	6,488	2,093	-	8,890
Insurance	-	-	1,705	-	1,705
Total	<u>\$ 168,017</u>	<u>\$ 850,066</u>	<u>\$ 67,317</u>	<u>\$ 100,498</u>	<u>\$ 1,185,898</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 72,582	\$ 83,227
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	(47,859)	(194,362)
Unconditional pledge receivable	(56,379)	-
Payroll liabilities	-	(3,288)
Accounts payable	<u>(15,570)</u>	<u>18,471</u>
Net cash flows from operating activities	<u>(47,226)</u>	<u>(95,952)</u>
Net change in cash and cash equivalents	(47,226)	(95,952)
Cash and cash equivalents, beginning of year	<u>397,129</u>	<u>493,081</u>
Cash and cash equivalents, end of year	<u>\$ 349,903</u>	<u>\$ 397,129</u>

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

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1. NATURE OF OPERATIONS

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 four out of eight 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

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 statements of activities as net assets released from restrictions.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
December 31, 2014 and 2013

NOTE 2. 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. The Organization's cash is deposited in an account in which FDIC coverage is limited to \$250,000. At December 31, 2014 and 2013, the bank account exceeded insured limits by \$184,066 and \$155,765, 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 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.

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, 2014 and 2013.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
December 31, 2014 and 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2011.

Reclassifications

Certain reclassifications have been made to the December 31, 2013, financial statement presentation to correspond to the December 31, 2014, format. These reclassifications had no effect on net assets.

Subsequent Events

Management has evaluated subsequent events through April 15, 2015, the date which the financial statements were available for issue.

NOTE 3. PLEDGE RECEIVABLE

At December 31, 2014, the pledge receivable was comprised of the following amounts:

Pledge receivable	\$ 100,000
Less - discount for pledge due in excess of one year	<u>(43,621)</u>
Net pledge receivable	<u><u>\$ 56,379</u></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 of 2.22% based on U.S. Treasury obligations. Management has considered the collectability of this pledge and determined that no allowance for uncollectible pledges is deemed necessary.

NOTE 4. 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 share the same President, Business Director, and four out of eight board members.

For the years ended December 31, 2014 and 2013, Y2Y Montana paid Y2Y Alberta contract services in the amount of \$802,000 and \$913,500, respectively. There were no outstanding payable balances to Y2Y Alberta as of December 31, 2014 and 2013.

YELLOWSTONE TO YUKON CONSERVATION INITIATIVE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
December 31, 2014 and 2013

NOTE 5. CONCENTRATION OF CREDIT RISK

The Organization received 77% and 83% of its total revenue from three foundations during the years ended December 31, 2014 and 2013, respectively.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Cabinet-Purcell Mountain Corridor Project	\$ 5,000	\$ 4,500
Partnerships	150,000	12,568
Flathead Valley Protection	4,000	-
Peace River Valley Collaboration	11,700	-
Public Presentations	15,000	-
Wolverine Research	35,000	-
Crown of the Continent	-	110,000
20th Anniversary Event	-	20,000
Yellowstone to Yukon Living Atlas	-	10,000
	<u>\$ 220,700</u>	<u>\$ 157,068</u>



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