

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.





Glacier National Park
CONSERVANCY

FINANCIAL REPORT

December 31, 2015 and 2014



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Glacier National Park Conservancy
Columbia Falls, Montana

We have audited the accompanying financial statements of the Glacier National Park Conservancy (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 from 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 the Glacier National Park Conservancy as of December 31, 2015 and 2014, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson Zurmuehlen & Co., P.C.

Missoula, Montana
June 6, 2016

FINANCIAL STATEMENTS

GLACIER NATIONAL PARK CONSERVANCY
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,829,401	\$ 996,077
Current promises to give	155,000	49,495
Prepaid expenses	17,404	19,374
Inventory	<u>250,799</u>	<u>317,262</u>
Total current assets	<u>2,252,604</u>	<u>1,382,208</u>
OTHER ASSETS		
Investments	472,899	895,407
Long-term promises to give, net of discount	94,796	
Donated artwork	<u>49,000</u>	<u>49,000</u>
Total other assets	<u>616,695</u>	<u>944,407</u>
PROPERTY AND EQUIPMENT, NET	<u>254,833</u>	<u>268,813</u>
Total assets	<u>\$ 3,124,132</u>	<u>\$ 2,595,428</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,450	\$ 18,354
Accrued expenses	66,604	54,042
Agency funding payable	55,923	57,233
Grants payable	<u>1,055,848</u>	<u>651,791</u>
Total current liabilities	<u>1,188,825</u>	<u>781,420</u>
NET ASSETS		
Unrestricted		
Undesignated	86,108	414,903
Board designated	<u>580,062</u>	<u>625,585</u>
	666,170	1,040,488
Temporarily restricted	969,444	477,927
Permanently restricted	<u>299,693</u>	<u>295,593</u>
Total net assets	<u>1,935,307</u>	<u>1,814,008</u>
Total liabilities and net assets	<u>\$ 3,124,132</u>	<u>\$ 2,595,428</u>

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

GLACIER NATIONAL PARK CONSERVANCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Merchandise sales, net of discounts	\$ 1,986,782	\$ -	\$ -	\$ 1,986,782
Less: Cost of goods sold	<u>(1,042,942)</u>	<u>-</u>	<u>-</u>	<u>(1,042,942)</u>
Net merchandise sales	943,840	-	-	943,840
Contributions and other public support	763,233	929,380	4,100	1,696,713
Donated goods and services	-	86,668	-	86,668
Other revenue	4,171	-	-	4,171
Investment income, net	7,411	-	-	7,411
Net assets released from restrictions	<u>524,531</u>	<u>(524,531)</u>	<u>-</u>	<u>-</u>
Funds available for program and supporting services	<u>2,243,186</u>	<u>491,517</u>	<u>4,100</u>	<u>2,738,803</u>
EXPENSES				
Program services				
Glacier	1,842,410	-	-	1,842,410
Agency	<u>29,939</u>	<u>-</u>	<u>-</u>	<u>29,939</u>
Total program services	<u>1,872,349</u>	<u>-</u>	<u>-</u>	<u>1,872,349</u>
Funds available for supporting services	<u>370,837</u>	<u>491,517</u>	<u>4,100</u>	<u>866,454</u>
Supporting services				
Fundraising	379,858	-	-	379,858
Administrative	<u>365,297</u>	<u>-</u>	<u>-</u>	<u>365,297</u>
Total supporting services	<u>745,155</u>	<u>-</u>	<u>-</u>	<u>745,155</u>
Total expenses	<u>2,617,504</u>	<u>-</u>	<u>-</u>	<u>2,617,504</u>
Change in net assets	(374,318)	491,517	4,100	121,299
NET ASSETS				
Beginning of year	<u>1,040,488</u>	<u>477,927</u>	<u>295,593</u>	<u>1,814,008</u>
End of year	<u>\$ 666,170</u>	<u>\$ 969,444</u>	<u>\$ 299,693</u>	<u>\$ 1,935,307</u>

The Notes to Financial Statements are an integral part of this statement.

GLACIER NATIONAL PARK CONSERVANCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Merchandise sales, net of discounts	\$ 1,492,671	\$ -	\$ -	\$ 1,492,671
Less: Cost of goods sold	<u>(795,205)</u>	<u>-</u>	<u>-</u>	<u>(795,205)</u>
Net merchandise sales	697,466	-	-	697,466
Contributions and other public support	752,211	415,720	5,350	1,173,281
Donated goods and services	-	108,752	-	108,752
Gain on disposal of assets	100	-	-	100
Other revenue	4,250	-	-	4,250
Investment income, net	22,555	-	-	22,555
Net assets released from restrictions	<u>406,168</u>	<u>(406,168)</u>	<u>-</u>	<u>-</u>
Funds available for program and supporting services	<u>1,882,750</u>	<u>118,304</u>	<u>5,350</u>	<u>2,006,404</u>
EXPENSES				
Program services				
Glacier	1,457,846	-	-	1,457,846
Agency	<u>31,731</u>	<u>-</u>	<u>-</u>	<u>31,731</u>
Total program services	<u>1,489,577</u>	<u>-</u>	<u>-</u>	<u>1,489,577</u>
Funds available for supporting services	<u>393,173</u>	<u>118,304</u>	<u>5,350</u>	<u>516,827</u>
Supporting services				
Fundraising	263,920	-	-	263,920
Administrative	<u>352,658</u>	<u>-</u>	<u>-</u>	<u>352,658</u>
Total supporting services	<u>616,578</u>	<u>-</u>	<u>-</u>	<u>616,578</u>
Total expenses	<u>2,106,155</u>	<u>-</u>	<u>-</u>	<u>2,106,155</u>
Change in net assets	(223,405)	118,304	5,350	(99,751)
NET ASSETS				
Beginning of year	<u>1,263,893</u>	<u>359,623</u>	<u>290,243</u>	<u>1,913,759</u>
End of year	<u>\$ 1,040,488</u>	<u>\$ 477,927</u>	<u>\$ 295,593</u>	<u>\$ 1,814,008</u>

The Notes to Financial Statements are an integral part of this statement.

**GLACIER NATIONAL PARK CONSERVANCY
STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 121,299	\$ (99,751)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	32,269	30,366
Gain on disposal of assets	-	(100)
Unrealized gain on investments	(2,741)	(12,080)
Realized loss on investments	582	53
Permanently restricted contributions	(4,100)	(5,350)
Noncash contributions	(2,773)	(1,229)
Changes in operating assets and liabilities:		
Promises to give	(105,505)	(24,034)
Prepaid expenses	1,970	(344)
Inventory	66,463	(29,780)
Accounts payable	(7,904)	5,894
Accrued expenses	12,562	21,056
Agency funding payable	(1,310)	16,768
Grants payable	<u>404,057</u>	<u>380,590</u>
Net cash flows from operating activities	<u>514,869</u>	<u>282,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for the purchase of investments	-	(52,930)
Cash received from the sale of investments	427,440	-
Cash paid for the purchase of property and equipment	(18,289)	(11,162)
Cash received from the sale property and equipment	<u>-</u>	<u>100</u>
Net cash flows from investing activities	<u>409,151</u>	<u>(63,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	<u>4,100</u>	<u>5,350</u>
Net cash flows from financing activities	<u>4,100</u>	<u>5,350</u>
Net change in cash and cash equivalents	928,120	223,417
Cash and cash equivalents at beginning of year	<u>996,077</u>	<u>772,660</u>
Cash and cash equivalents at end of year	<u>\$ 1,924,197</u>	<u>\$ 996,077</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contribution of marketable securities	<u>\$ 2,773</u>	<u>\$ 1,229</u>

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

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Glacier National Park Conservancy (the Conservancy), a private nonprofit 501(c)(3) organization, is the official philanthropic and outreach partner for Glacier National Park. It leads philanthropy initiatives and operates park bookstores within ten visitor centers and ranger stations in and around Glacier National Park, as well as bookstores at the National Bison Range, Grant-Kohrs Ranch National Historic Site, Bighole National Battlefield, and the Flathead National Forest. Funds are raised through merchandise revenue, donations, and grants. The Conservancy assures the ongoing Glacier National Park experience by funding transformative programs that protect Glacier National Park for current and future generations.

The Conservancy's grant making is organized around three core program areas, which are:

- ❖ *Preservation* – The Conservancy funds projects and programs that preserve Glacier National Park's heritage for all to explore in generations to come. Take a walk on Glacier National Park's trails or a drive along the Going-to-the-Sun Road, and you will pass by historic cabins, native wildflowers, exhibits about park wildlife, and ten visitor centers and ranger stations. With over 700 miles of trail and nearly 400 historic structures, countless artifacts and archaeology sites, and the storied Ptarmigan Tunnel, Glacier National Park stretches across one million acres of forest, prairie, and alpine parkland.
- ❖ *Research* – The Conservancy funds research on priority issues for Glacier National Park and assists in making informed conservation decisions that protect Glacier National Park's future. From climate and wildlife to citizen science and vegetation, Glacier National Park is a thriving laboratory home to over 1,200 plant species, 240 bird species, and 65 species of native mammals. Its habitat extends well beyond Glacier National Park's borders, making the Crown of the Continent one of the most biologically intact ecosystems in North America.
- ❖ *Education* – The Conservancy facilitates strategic education initiatives designed to engage current and future Glacier National Park stewards of all ages by funding programming, transportation, and endowments that ensure our children and grandchildren all have the opportunity to become a part of Glacier National Park's scientific, historic, and conservation story. Each fall and spring, buses arrive in Glacier National Park, dropping off over 7,000 school children eager to develop scientific and leadership skills. Families arrive for multigenerational guided park adventures. Teachers arrive to attend workshops designed to provide hands-on standards-based curriculum training for classroom and park learning. In the summer, Glacier Youth Corps sets out to repair trails, paint buildings, give public programs, and learn about careers in public lands.

The Conservancy also directs and supports national and local outreach initiatives including events, celebrations, and other activities that activate and expand community investment in Glacier National Park. Each program is designed to provide critical support necessary to help preserve and protect Glacier National Park, its inhabitants, its guests, and its visitors.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The primary sources of revenue for the Conservancy are merchandise sales and contributions. Individuals and business organizations comprise the majority of contributors. It is at least reasonably possible that national economic conditions could impact contributions in the near term.

Basis of Accounting

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.

Cash and Cash Equivalents

The Conservancy considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Conservancy maintains cash balances in several financial institutions. Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000. From time to time, certain bank accounts may exceed their insured limits. At December 31, 2015 and 2014, \$277,309 and \$61,718 of the Conservancy's accounts were uninsured, respectively.

Promises to Give

Unconditional promises to give (pledges) are recorded as receivables and revenue when the pledge is received. The Conservancy distinguishes between pledges received for each net asset category in accordance with donor restrictions, if any. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. Management reviews the individual pledges for collectability. Uncollectible pledges are expected to be insignificant. Accordingly, no allowance for uncollectible pledges is considered necessary at December 31, 2015 and 2014. Conditional pledges are not recorded in the accounting records until all donor conditions are met. As of December 31, 2015 and 2014, the Conservancy did not have any conditional pledges.

Inventory

Inventory consists primarily of merchandise for resale, including apparel, books, maps, and souvenir goods. Inventory is valued at the lower of cost or market, determined on a first-in, first-out basis. Donated items are recorded at estimated fair value on the date of donation. Amounts used during the year are included in program services expense in the statement of activities. Shipping billed to customers is included in merchandise sales revenue and freight costs are included in cost of goods sold.

Investments

Investments are carried at fair value, and consist of money market funds, brokered certificates of deposit, bonds, and mutual funds. Money market funds are valued at their carrying amount, which approximates fair value.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

The Conservancy invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of net assets.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value on the date of the contribution and are depreciated using the straight-line method over useful lives of 3 to 40 years. If a donor stipulates how long the asset must be used or what it must be used for, the contribution is recorded as restricted support. Leasehold improvements are amortized over the lesser of 10 years or the lease term. The Conservancy's capitalization policy requires expenditures to be capitalized based on various thresholds ranging from \$500 to \$5,000 depending on the expenditure's classification. Routine repairs and maintenance are expensed as incurred.

Donated Property

A piece of artwork was donated to the Conservancy during 2013. The donation was valued at fair market value by an appraisal of \$49,000.

Grants Payable and Agency Funding Payable

Unconditional promises to pay (grants payable) are recognized as an expense in the period in which they are approved by the Board of Directors. If the grants are to be paid over a period exceeding one year, they are recorded at the net present value of the future cash payments, using an applicable rate determined by management. The Conservancy controls certain cash for designated programs and projects, primarily for the National Park Service. These are reported on the statement of financial position as "Agency Funding Payable."

Classification of Net Assets

The Conservancy classifies contributions as unrestricted, temporarily restricted, or permanently restricted net assets in accordance with donor stipulations. Permanently restricted net assets consist of endowed gifts where donors have specified investment in perpetuity to support the Conservancy's mission. Temporarily restricted net assets include gifts restricted as to purpose or time. When a donor restriction expires (time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. All expenses are reported in unrestricted net assets, after applicable restrictions have been satisfied.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

The Board of Directors has adopted a policy for designating an operating reserve approximating six months of operating expenses for the year ended December 31, 2014 and \$500,000 for the year ended December 31, 2015, and has designated net assets for other projects or uses at December 31, 2015 and 2014.

In-Kind Donations

The Conservancy seeks and receives the volunteer efforts of community members to attain its goals. A variety of skilled individuals, including biologists, naturalists, researchers, and others, donate time and services to the Conservancy. The value of donated services meeting the criteria of GAAP for recognition are reported as donated services in the statement of activities with a corresponding expense recorded in program expenses. The value of donated services is determined by the donors as the usual fee they would receive for such services in the normal course of their profession. The Conservancy receives donations of supplies and other materials for use in its activities. These gifts are recorded at their estimated fair value on the date of donation. Donated goods are recorded as unrestricted revenue in the statement of activities, unless restricted by the donor.

Expense Allocations

Grant awards and cost of goods sold are allocated to program services according to the portion of cost directly related to the program. Compensation, payroll taxes, employee benefits, professional fees, travel expenses, office expense, and computer-related expenses are allocated to program services according to a time study analyzing the portion of cost benefiting each program, principally on the basis of staff time. Insurance, depreciation, and occupancy are allocated based on square footage and outreach is split equally between program services and fundraising.

Advertising Costs

The Conservancy expenses the costs of advertising as incurred. Advertising expense totaled \$28,006 and \$10,441 in 2015 and 2014, respectively.

Income Taxes

The Conservancy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This code section enables the Conservancy to accept donations that qualify as charitable contributions to the donor. However, income from certain activities not directly related to the Conservancy's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been recorded in the accompanying financial statements because management has determined the amount is not significant.

With few exceptions, the Conservancy, the Fund, and the Association are no longer subject to examinations by federal taxing authorities for years prior to 2012.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 6, 2016, the date which the financial statements were available for issue.

NOTE 2. INVESTMENTS

The following summarizes net investment income (loss) in the statements of activities:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 12,264	\$ 11,988
Net unrealized gain (loss)	(2,741)	11,880
Net realized gain	582	-
Investment expenses	<u>(2,694)</u>	<u>(1,313)</u>
Total	<u>\$ 7,411</u>	<u>\$ 22,555</u>

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market Approach* – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades, or other sources;
- *Cost Approach* – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- *Income Approach* – Uses valuation techniques to convert future amounts to a single preset amount based on current market expectations about the future amounts (includes present value techniques). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investments are valued using the market approach and are carried at fair value using quoted prices in active markets (Level 1 inputs) or quoted prices in active markets for similar assets that are observable through the measurement date (Level 2 inputs).

**GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2015 and 2014

NOTE 2. INVESTMENTS (CONTINUED)

A summary of the cost and fair value of investments at December 31, 2015 and 2014 follows:

	2015		
	Amortized Cost or Cost	Unrealized Gains (Losses)	Fair Value
Money Market Accounts	<u>\$ 6,973</u>	<u>\$ -</u>	<u>\$ 6,973</u>
Level 1			
Mutual Funds			
Foreign Large Blend	58,670	(5,279)	53,391
Large Growth	73,446	15,602	89,048
Large Value	61,708	6,117	67,825
Small Value	31,168	1,147	32,315
Stocks			
Healthcare	<u>1,270</u>	<u>41</u>	<u>1,311</u>
	<u>226,262</u>	<u>17,628</u>	<u>243,890</u>
Level 2			
Corporate Bonds			
BBB	24,042	(261)	23,781
BBB-	<u>200,000</u>	<u>(1,745)</u>	<u>198,255</u>
	<u>224,042</u>	<u>(2,006)</u>	<u>222,036</u>
	<u>\$ 457,277</u>	<u>\$ 15,622</u>	<u>\$ 472,899</u>
	2014		
	Cost	Unrealized Gains (Losses)	Fair Value
Money market accounts	<u>\$ 18,791</u>	<u>\$ -</u>	<u>\$ 18,791</u>
Level 1			
Mutual Funds			
Foreign Large Blend	58,670	(3,592)	55,078
Large Growth	73,447	13,927	87,374
Large Value	56,592	8,296	64,888
Small Value	31,168	3,021	34,189
Stocks			
Healthcare	1,264	5	1,269
Energy	<u>37,719</u>	<u>360</u>	<u>38,079</u>
	<u>258,860</u>	<u>22,017</u>	<u>280,877</u>
Level 2			
Bonds			
BBB	74,066	(962)	73,104
BBB-	175,000	(2,590)	172,410
Brokered Certificates of Deposit	<u>350,000</u>	<u>225</u>	<u>350,225</u>
	<u>599,066</u>	<u>(3,327)</u>	<u>595,739</u>
	<u>\$ 876,717</u>	<u>\$ 18,690</u>	<u>\$ 895,407</u>

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 3. PROMISES TO GIVE

Promises to give at December 31, 2015 and 2014, consist of:

	<u>2015</u>	<u>2014</u>
Promises to give	\$ 255,000	\$ 49,495
Less discount	<u>(5,204)</u>	<u>-</u>
Total	<u>\$ 249,796</u>	<u>\$ 49,495</u>

The discount on long-term promises to give is based on a present value calculation using the risk-free rate of return in accordance with GAAP. The applicable rate at December 31, 2015, ranged from .65% to 1.31%. At December 31, 2015, one pledge represents 78% of the total promises to give.

The table below summarizes the changes in fair value of promises to give for 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 49,495	\$ 15,661
Discount included in revenue	(5,204)	-
New pledges	255,000	49,495
Payments received	(49,495)	-
Write-offs and adjustments	<u>-</u>	<u>(15,661)</u>
Balance, end of year	<u>\$ 249,796</u>	<u>\$ 49,495</u>

The aggregate annual maturities of promises to give as of December 31, 2015, are as follows:

2016	\$ 155,000
2017	50,000
2018	<u>50,000</u>
	255,000
Less discount factor	<u>(5,204)</u>
Net promises to give	<u>\$ 249,796</u>

GLACIER NATIONAL PARK CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2015 and 2014

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Building	\$ 391,390	\$ 391,390
Vehicles	36,914	36,914
Furniture and equipment	330,352	317,898
Construction in progress	<u>5,103</u>	<u>-</u>
Property and equipment	763,759	746,202
Accumulated depreciation	<u>(508,926)</u>	<u>(477,389)</u>
Property and equipment, net	<u>\$ 254,833</u>	<u>\$ 268,813</u>

Depreciation expense totaled \$32,269 and \$30,366 for 2015 and 2014, respectively.

NOTE 5. ENDOWMENT

The Conservancy's endowment consists of eight funds established for the purpose of preserving and supporting Glacier National Park, and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations made to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by MUPMIFA.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 5. ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with MUPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the fund and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the fund; and
- The investment policies of the fund.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Conservancy to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies in 2015 or 2014.

Return Objectives and Risk Parameters

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Conservancy must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield of 5%. The Conservancy expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy targets a diversified asset allocation including cash equivalents, bonds, and equity securities to achieve its long-term return objectives within prudent risk constraints.

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 5. ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Conservancy's spending policy allows for an annual distribution of 90% of the endowment fund annual return on investment for any endowment exceeding \$50,000. Investment returns on endowment funds under \$50,000 are maintained in the specific fund until the fund reaches or exceeds \$50,000. The Conservancy expects its spending policy to allow the endowment to grow and to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Conservancy adopted the practice of appropriating actual endowment earnings in 2013.

Endowment net asset composition by type of fund as of December 31, 2015, follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment fund	\$ -	\$ -	\$ 299,693	\$ 299,693
Board-designated endowment funds	<u>55,515</u>	<u>-</u>	<u>-</u>	<u>55,515</u>
Total	<u>\$ 55,515</u>	<u>\$ -</u>	<u>\$ 299,693</u>	<u>\$ 355,208</u>

Endowment net asset composition by type of fund as of December 31, 2014, follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment fund	\$ -	\$ -	\$ 295,593	\$ 295,593
Board-designated endowment funds	<u>50,394</u>	<u>-</u>	<u>-</u>	<u>50,394</u>
Total	<u>\$ 50,394</u>	<u>\$ -</u>	<u>\$ 295,593</u>	<u>\$ 345,987</u>

**GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2015 and 2014

NOTE 5. ENDOWMENT (CONTINUED)

Changes in the endowment net asset composition by fund type for the years ended December 31, 2015 and 2014, follow:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2014	\$ 27,711	\$ -	\$ 290,243	\$ 317,954
Investment return				
Investment income	10,565	-	-	10,565
Net depreciation	<u>13,431</u>	<u>-</u>	<u>-</u>	<u>13,431</u>
Total investment return	23,996	-	-	23,996
Contributions	-	-	5,350	5,350
Fees and other expenses	<u>(1,313)</u>	<u>-</u>	<u>-</u>	<u>(1,313)</u>
Endowment net assets, December 31, 2014	50,394	-	295,593	345,987
Investment return				
Investment income	10,584	-	-	10,584
Net appreciation	<u>(2,769)</u>	<u>-</u>	<u>-</u>	<u>(2,769)</u>
Total investment return	7,815	-	-	7,815
Contributions	-	-	4,100	4,100
Fees and other expenses	<u>(2,694)</u>	<u>-</u>	<u>-</u>	<u>(2,694)</u>
Endowment net assets, December 31, 2015	<u>\$ 55,515</u>	<u>\$ -</u>	<u>\$ 299,693</u>	<u>\$ 355,208</u>

NOTE 6. RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Theresa Williams Memorial	\$ 59,710	\$ 59,610
Red Bus Endowment	45,948	45,948
Backcountry Endowment	50,050	50,050
General Endowment	55,035	55,035
Trails Endowment	2,835	2,835
Robbins Endowment	24,215	22,215
Case Family Endowment	50,205	48,205
Discover Endowment	<u>11,695</u>	<u>11,695</u>
	<u>\$ 299,693</u>	<u>\$ 295,593</u>

GLACIER NATIONAL PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 6. RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Celebrate Fund	\$ 77,581	\$ 80,082
Discover Fund	410,885	114,058
Experience Fund	468,432	206,788
Research Fund	<u>12,546</u>	<u>76,999</u>
	<u>\$ 969,444</u>	<u>\$ 477,927</u>

NOTE 7. LEASES

The Conservancy leases its administrative facilities under a lease expiring June 1, 2016. The lease contains a renewal option for an additional two-year period. Minimum future lease payments under this agreement total \$10,200 for the year ending December 31, 2016.

Rent expense in 2015 and 2014 totaled \$22,825 and \$24,114, respectively.

NOTE 8. FUNDRAISING EXPENSES

Fundraising expenses in 2015 and 2014 totaled \$379,858 and \$263,920, respectively, representing approximately 14.5% and 12.5% of total expenses, respectively.

NOTE 9. PENSION PLAN

The Conservancy maintains a defined contribution retirement plan. The plan operates under Section 403(b) of the Internal Revenue Code and uses TIAA-CREF Retirement Annuities to provide benefits. The Administrator of the plan is Glacier National Park Conservancy. To be eligible for the plan, employees must be employed for two years and work 1,000 hours or more in a calendar year.

The Conservancy pays 5% of regular salary to the plan for covered employees. When made, the contribution is fully vested to the participant. Contributions are invested, at the discretion of the participant, in one or more of the funding vehicles available to the participant under the plan. The normal retirement age is 65 years. During the years end December 31, 2015 and 2014, six and nine employees participated in the plan, respectively. The total contribution amount paid by the Conservancy was \$19,104 and \$31,121, in 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

GLACIER NATIONAL PARK CONSERVANCY
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Glacier</u>	<u>Agency</u>	<u>Fundraising</u>	<u>Administrative</u>	
EXPENSES					
Grants and awards	\$ 1,254,762	\$ 20,000	\$ -	\$ -	\$ 1,274,762
Salaries and wages	358,277	-	202,669	249,396	810,342
Payroll taxes and employee benefits	28,996	-	21,659	31,421	82,076
Outreach	40,423	-	113,680	-	154,103
Professional services	3,923	144	2,589	5,035	11,691
Travel	12,415	270	4,858	9,446	26,989
Staff development	1,929	42	755	1,467	4,193
Office	69,390	2,338	21,424	42,126	135,278
Occupancy	37,128	4,341	4,341	10,114	55,924
Computer	<u>13,743</u>	<u>299</u>	<u>5,378</u>	<u>10,457</u>	<u>29,877</u>
Total expenses before depreciation	1,820,986	27,434	377,353	359,462	2,585,235
Depreciation	<u>21,424</u>	<u>2,505</u>	<u>2,505</u>	<u>5,835</u>	<u>32,269</u>
Total expenses	<u>\$ 1,842,410</u>	<u>\$ 29,939</u>	<u>\$ 379,858</u>	<u>\$ 365,297</u>	<u>\$ 2,617,504</u>



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