

**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.**





**FINANCIAL REPORT**

**December 31, 2018 and 2017**



## C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 and 2
 FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities.....	4 and 5
Statements of Functional Expenses .....	6 and 7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9 through 22

## 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, 2018 and 2017, 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 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.

**Emphasis-of-Matter**

As discussed in Note 1 to the financial statements, Glacier National Park Conservancy has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**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, 2018 and 2017, 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.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana

May 24, 2019

FINANCIAL STATEMENTS

GLACIER NATIONAL PARK CONSERVANCY  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,162,358	\$ 3,181,457
Promises to give	47,653	91,242
Prepaid expenses and other assets	57,960	30,794
Inventory	<u>293,171</u>	<u>434,452</u>
Total current assets	<u>1,561,142</u>	<u>3,737,945</u>
OTHER ASSETS		
Investments	4,116,991	1,862,393
Donated artwork	<u>5,000</u>	<u>5,000</u>
Total other assets	<u>4,121,991</u>	<u>1,867,393</u>
RESTRICTED INVESTMENTS	<u>1,222,804</u>	<u>1,201,448</u>
PROPERTY AND EQUIPMENT, NET	<u>722,031</u>	<u>314,485</u>
Total assets	<u>\$ 7,627,968</u>	<u>\$ 7,121,271</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 44,068	\$ 33,198
Accrued expenses	96,594	52,293
Agency funding payable	1,277,931	1,252,806
Grants payable	<u>2,661,356</u>	<u>2,352,596</u>
Total current liabilities	<u>4,079,949</u>	<u>3,690,893</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,186,256	2,166,258
Board designated	<u>1,731,341</u>	<u>554,259</u>
	2,917,597	2,720,517
With donor restrictions	<u>630,422</u>	<u>709,861</u>
Total net assets	<u>3,548,019</u>	<u>3,430,378</u>
Total liabilities and net assets	<u>\$ 7,627,968</u>	<u>\$ 7,121,271</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, 2018

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Merchandise sales, net of discounts	\$ 3,670,848	\$ -	\$ 3,670,848
Less: cost of goods sold	<u>(1,766,426)</u>	<u>-</u>	<u>(1,766,426)</u>
Net merchandise sales	1,904,422	-	1,904,422
Contributions and other public support	1,473,697	1,202,031	2,675,728
Donated goods and services	-	149,316	149,316
Other revenue	133,336	-	133,336
Investment income (loss), net	22,519	(31,198)	(8,679)
Net assets released from restrictions			
Time restriction releases	53,589	(53,589)	-
Purpose restriction releases	<u>1,345,999</u>	<u>(1,345,999)</u>	<u>-</u>
Funds available for program and supporting services	<u>4,933,562</u>	<u>(79,439)</u>	<u>4,854,123</u>
<b>EXPENSES</b>			
Program services			
Glacier	3,563,530	-	3,563,530
Agency	<u>39,845</u>	<u>-</u>	<u>39,845</u>
Total program services	<u>3,603,375</u>	<u>-</u>	<u>3,603,375</u>
Funds available for supporting services	<u>1,330,187</u>	<u>(79,439)</u>	<u>1,250,748</u>
Supporting services			
Fundraising	677,128	-	677,128
Administrative	<u>455,979</u>	<u>-</u>	<u>455,979</u>
Total supporting services	<u>1,133,107</u>	<u>-</u>	<u>1,133,107</u>
Total expenses	<u>4,736,482</u>	<u>-</u>	<u>4,736,482</u>
Change in net assets	197,080	(79,439)	117,641
<b>NET ASSETS</b>			
Beginning of year	<u>2,720,517</u>	<u>709,861</u>	<u>3,430,378</u>
End of year	<u>\$ 2,917,597</u>	<u>\$ 630,422</u>	<u>\$ 3,548,019</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, 2017

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Merchandise sales, net of discounts	\$ 3,555,540	\$ -	\$ 3,555,540
Less: cost of goods sold	<u>(1,707,788)</u>	<u>-</u>	<u>(1,707,788)</u>
Net merchandise sales	1,847,752	-	1,847,752
Contributions and other public support	1,304,207	816,199	2,120,406
Donated goods and services	-	177,395	177,395
Other revenue	15,553	-	15,553
Investment income (loss), net	(28,013)	56,693	28,680
Net assets released from restrictions			
Time restriction releases	676,957	(676,957)	-
Purpose restriction releases	<u>916,399</u>	<u>(916,399)</u>	<u>-</u>
Funds available for program and supporting services	<u>4,732,855</u>	<u>(543,069)</u>	<u>4,189,786</u>
<b>EXPENSES</b>			
Program services			
Glacier	2,928,918	-	2,928,918
Agency	<u>35,246</u>	<u>-</u>	<u>35,246</u>
Total program services	<u>2,964,164</u>	<u>-</u>	<u>2,964,164</u>
Funds available for supporting services	<u>1,768,691</u>	<u>(543,069)</u>	<u>1,225,622</u>
Supporting services			
Fundraising	554,653	-	554,653
Administrative	<u>391,003</u>	<u>-</u>	<u>391,003</u>
Total supporting services	<u>945,656</u>	<u>-</u>	<u>945,656</u>
Total expenses	<u>3,909,820</u>	<u>-</u>	<u>3,909,820</u>
Change in net assets	823,035	(543,069)	279,966
<b>NET ASSETS</b>			
Beginning of year	<u>1,897,482</u>	<u>1,252,930</u>	<u>3,150,412</u>
End of year	<u>\$ 2,720,517</u>	<u>\$ 709,861</u>	<u>\$ 3,430,378</u>

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

GLACIER NATIONAL PARK CONSERVANCY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

	<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	\$ 2,529,745	\$ 27,700	\$ -	\$ -	\$ 2,557,445
In-kind gifts	16,655	-	126,685	2,632	145,972
Salaries and wages	500,898	-	219,219	294,483	1,014,600
Payroll taxes and employee benefits	78,825	-	47,563	63,119	189,507
Computer	32,891	-	14,395	19,337	66,623
Occupancy	55,941	5,567	6,052	12,496	80,056
Office	140,732	2,294	30,665	25,667	199,358
Outreach	116,102	-	206,580	-	322,682
Professional services	27,422	-	12,001	16,122	55,545
Staff development	2,571	-	1,125	1,511	5,207
Travel	<u>18,707</u>	<u>-</u>	<u>8,187</u>	<u>10,998</u>	<u>37,892</u>
Total expenses before depreciation	3,520,489	35,561	672,472	446,365	4,674,887
Depreciation	<u>43,041</u>	<u>4,284</u>	<u>4,656</u>	<u>9,614</u>	<u>61,595</u>
Total expenses	<u>\$ 3,563,530</u>	<u>\$ 39,845</u>	<u>\$ 677,128</u>	<u>\$ 455,979</u>	<u>\$ 4,736,482</u>

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

GLACIER NATIONAL PARK CONSERVANCY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2017

	<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	\$ 1,993,867	\$ 22,500	\$ -	\$ -	\$ 2,016,367
In-kind gifts	-	-	148,688	5,592	154,280
Salaries and wages	488,748	-	156,662	248,987	894,397
Payroll taxes and employee benefits	84,373	-	36,652	57,422	178,447
Computer	28,839	-	9,262	14,721	52,822
Occupancy	51,911	5,783	5,488	11,941	75,123
Office	133,935	1,740	26,903	19,856	182,434
Outreach	61,236	-	153,243	-	214,479
Professional services	18,501	-	5,942	6,937	31,380
Staff development	6,746	-	2,167	7,035	15,948
Travel	<u>15,804</u>	<u>-</u>	<u>5,076</u>	<u>8,067</u>	<u>28,947</u>
Total expenses before depreciation	2,883,960	30,023	550,083	380,558	3,844,624
Depreciation	<u>44,958</u>	<u>5,223</u>	<u>4,570</u>	<u>10,445</u>	<u>65,196</u>
Total expenses	<u>\$ 2,928,918</u>	<u>\$ 35,246</u>	<u>\$ 554,653</u>	<u>\$ 391,003</u>	<u>\$ 3,909,820</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 117,641	\$ 279,966
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	61,595	65,196
Unrealized loss (gain) on investments	59,691	(52,337)
Realized loss on investments	125	47,466
Loss on disposal of property and equipment	-	7,572
Permanently restricted contributions	(3,600)	(4,000)
Noncash contributions	(21,669)	(28,091)
Changes in operating assets and liabilities:		
Promises to give	43,589	648,214
Prepaid expenses and other assets	(27,166)	(3,263)
Inventory	141,281	(166,563)
Accounts payable	10,870	(51,817)
Accrued expenses	44,301	736
Agency funding payable	25,125	1,197,742
Grants payable	<u>308,760</u>	<u>320,396</u>
Net cash flows from operating activities	<u>760,543</u>	<u>2,261,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for the purchase of investments	(2,314,101)	(2,329,825)
Cash paid for the purchase of property and equipment	<u>(469,141)</u>	<u>(66,757)</u>
Net cash flows from investing activities	<u>(2,783,242)</u>	<u>(2,396,582)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently restricted contributions	<u>3,600</u>	<u>4,000</u>
Net cash flows from financing activities	<u>3,600</u>	<u>4,000</u>
Net change in cash and cash equivalents	(2,019,099)	(131,365)
Cash and cash equivalents at beginning of year	<u>3,181,457</u>	<u>3,312,822</u>
Cash and cash equivalents at end of year	<u>\$ 1,162,358</u>	<u>\$ 3,181,457</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contribution of marketable securities	<u>\$ 21,669</u>	<u>\$ 28,091</u>

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

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**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 philanthropic initiatives and operates park bookstores in ten visitor centers and ranger stations in and around Glacier National Park, as well as bookstores at 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, 2018 and 2017

**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 (FASB).

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit-Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Conservancy has implemented ASU No. 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no effect on the total change in net assets or total net assets previously reported.

**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, 2018 and 2017, \$248,240 and \$198,860 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, 2018 or 2017. Conditional pledges are not recorded in the accounting records until all donor conditions are met. As of December 31, 2018 and 2017, the Conservancy did not have any conditional pledges.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory consists primarily of merchandise for resale, including apparel, books, maps, and souvenir goods. Inventory is valued at the lower of cost or net realizable value, determined on a rolling, average cost 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 statements of activities. Shipping billed to customers is included in merchandise sales revenue and freight costs are included in cost of goods sold.

**Investments and Restricted Investments**

Investments and restricted investments are carried at fair value and consist of brokered certificates of deposit, bonds, and mutual funds. Restricted investments represent invested insurance proceeds related to Sperry Chalet held on behalf of Glacier National Park.

**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 financial position.

**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 and the restriction is released when the asset is placed into service. The Conservancy has no policy for placing time restrictions on donated assets. 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 \$1,000 to \$5,000 depending on the expenditure's classification. In 2017, the minimum threshold for capitalization was raised from \$500 to \$1,000. Routine repairs and maintenance are expensed as incurred.

**Donated Property**

A piece of artwork was donated to the Conservancy in 2013. At the date of donation, the item was recorded at a fair value of \$49,000 as determined by an appraisal. In 2017, the Conservancy became aware of facts that the initial appraisal value of this artwork was inflated and obtained a secondary opinion of the fair value. Based on the secondary opinion, the Conservancy recognized an impairment loss on this artwork totaling \$44,000 in 2017. The loss on the artwork is included in investment income in the accompanying statement of activities for the year ended December 31, 2017.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants Payable and Agency Funding Payable**

The Conservancy grants funding to projects and programs focused on preservation, research, and educational initiatives surrounding Glacier National Park. 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 also 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 net assets with donor restrictions or net assets without donor restrictions in accordance with donor stipulations. Net assets with donor restrictions consist of endowed gifts where donors have specified investment in perpetuity to support the Conservancy’s mission or gifts restricted as to purpose or time. When a donor restriction expires (time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions. All expenses are reported in net assets without donor restrictions, after applicable restrictions have been satisfied. The Board of Directors has adopted a policy for designating an operating reserve of \$500,000 along with other net assets for projects or uses at December 31, 2018 and 2017, respectively. In addition to the \$500,000 operating reserve, the Board has designated \$1,204,863 and \$54,259 of net assets for projects at December 31, 2018 and 2017, respectively and has created a board designated endowment in the amount of \$26,478 and \$28,493 at December 31, 2018 and 2017, respectively. In 2016, the Conservancy received an estate gift of \$1,139,615. In 2018, the Board of Directors designated these funds for capital projects. These funds are included in the \$1,204,863 of board designated net assets for projects above.

**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 is 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 revenue without donor restrictions in the statement of activities, unless restricted by the donor.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$14,265 and \$22,414 in 2018 and 2017, 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.

**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.

**Reclassifications**

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets for 2017 are unchanged due to these reclassifications.

**Subsequent Events**

Management has evaluated subsequent events through May 24, 2019, the date which the financial statements were available for issue.

GLACIER NATIONAL PARK CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2018 and 2017

**NOTE 2. INVESTMENTS**

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 55,052	\$ 26,316
Net unrealized (loss) gain	(59,691)	52,337
Net realized loss	(125)	(47,466)
Investment expenses	<u>(3,915)</u>	<u>(2,507)</u>
Total	<u><u>\$ (8,679)</u></u>	<u><u>\$ 28,680</u></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). The Conservancy’s policy for determining the timing of significant transfers between Levels 1 and 2 is at the end of the reporting period.

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, 2018 and 2017.

*Mutual funds:* Valued at daily closing price as reported by the fund. Mutual funds held by the Conservancy are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Conservancy are deemed to be actively traded.

*Debt securities:* Valued using pricing models maximizing the use of observable inputs for similar securities. For corporate bonds, this includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Brokered certificates of deposit:* Valued by discounting the related cash flows based on current yields of similar instruments and considering credit-worthiness of the issuer.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 2. INVESTMENTS (CONTINUED)**

A summary of the cost and fair value of investments at December 31, 2018 follows:

	2018		Fair Value
	Amortized Cost or Cost	Unrealized Gains (Losses)	
Money Market Funds	\$ 501,247	\$ -	\$ 501,247
Level 1			
Mutual Funds			
Foreign Large Blend	75,099	(5,425)	69,674
Large Growth	144,430	49,185	193,615
Small Value	46,173	6,605	52,778
	<u>265,702</u>	<u>50,365</u>	<u>316,067</u>
Level 2			
Debt Securities			
U.S. Treasury Note	448,064	1,054	449,118
Corporate Bonds			
AA-	25,000	(395)	24,605
A-	20,878	(231)	20,647
BBB	42,185	(2,038)	40,147
BBB+	15,838	(2,296)	13,542
Brokered Certificates of Deposit	3,996,000	(21,578)	3,974,422
	<u>4,547,965</u>	<u>(25,484)</u>	<u>4,522,481</u>
	<u>\$ 5,314,914</u>	<u>\$ 24,881</u>	<u>\$ 5,339,795</u>

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 2. INVESTMENTS (CONTINUED)**

A summary of the cost and fair value of investments at December 31, 2017 follows:

	2017		Fair Value
	Amortized Cost or Cost	Unrealized Gains (Losses)	
Money Market Funds	\$ 65,119	\$ -	\$ 65,119
Level 1			
Mutual Funds			
Foreign Large Blend	68,502	9,061	77,563
Large Growth	144,431	62,206	206,637
Small Value	40,799	13,080	53,879
	<u>253,732</u>	<u>84,347</u>	<u>338,079</u>
Level 2			
Debt Securities			
Corporate Bonds			
AA-	25,000	(518)	24,482
BBB	26,966	(139)	26,827
Brokered Certificates of Deposit	2,611,000	36	2,609,334
	<u>2,662,966</u>	<u>(621)</u>	<u>2,660,643</u>
	<u>\$ 2,981,817</u>	<u>\$ 83,726</u>	<u>\$ 3,063,841</u>

These investments include funds held on behalf of Glacier National Park to be used in rebuilding the Sperry Chalet. These investments are reflected as an agency funding payable on the accompanying statement of financial position. Total investments held on behalf of Glacier National Park were \$1,222,804 and \$1,201,448 as of December 31, 2018 and 2017, respectively.

**NOTE 3. PROMISES TO GIVE**

The Conservancy held promises to give of \$47,653 and \$91,242 as of December 31, 2018 and 2017, respectively. All pledges are expected to be collected within one year and, therefore, are reported as current assets in the accompanying statement of financial position. At December 31, 2018, one pledge represented 100% of the total promises to give. At December 31, 2017, two pledges represented 58% of the total promises to give.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 3. PROMISES TO GIVE (CONTINUED)**

The table below summarizes the changes in fair value of promises to give for 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 91,242	\$ 739,456
Discount included in revenue	-	4,182
New pledges	10,000	24,561
Payments received	<u>(53,589)</u>	<u>(676,957)</u>
Balance, end of year	<u>\$ 47,653</u>	<u>\$ 91,242</u>

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building	\$ 669,218	\$ 397,190
Vehicles	43,971	43,971
Furniture and equipment	408,105	379,791
Leasehold improvements	45,558	45,558
Land	170,000	-
Construction in progress	-	<u>1,200</u>
Property and equipment	1,336,852	867,710
Accumulated depreciation	<u>(614,821)</u>	<u>(553,225)</u>
Property and equipment, net	<u>\$ 722,031</u>	<u>\$ 314,485</u>

Depreciation expense totaled \$61,595 and \$65,196 for 2018 and 2017, respectively.

**NOTE 5. ENDOWMENT**

The Conservancy's endowment consists of nine 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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 5. ENDOWMENT (CONTINUED)**

*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 net assets with donor restrictions (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 net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions, time and purpose restriction, until those amounts are appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by MUPMIFA.

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 net assets with donor restrictions. There were no funds with deficiencies in 2018 or 2017.

*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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 5. ENDOWMENT (CONTINUED)**

*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.

*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, 2018, follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 20,956	\$ -	\$ 20,956
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	324,443	324,443
Accumulated investment gains	<u>5,522</u>	<u>83,463</u>	<u>88,985</u>
Total	<u>\$ 26,478</u>	<u>\$ 407,906</u>	<u>\$ 434,384</u>

Endowment net asset composition by type of fund as of December 31, 2017, follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 20,956	\$ -	\$ 20,956
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	320,843	320,843
Accumulated investment gains	<u>7,537</u>	<u>114,661</u>	<u>122,198</u>
Total	<u>\$ 28,493</u>	<u>\$ 435,504</u>	<u>\$ 463,997</u>

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 5. ENDOWMENT (CONTINUED)**

Changes in the endowment net asset composition by fund type for the years ended December 31, 2018 and 2017, follow:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, January 1, 2017	\$ 24,790	\$ 374,811	\$ 399,601
Investment return, net	3,703	56,693	60,396
Contributions	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Endowment net assets, December 31, 2017	28,493	435,504	463,997
Investment loss, net	(2,015)	(31,198)	(33,213)
Contributions	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Endowment net assets, December 31, 2018	<u>\$ 26,478</u>	<u>\$ 407,906</u>	<u>\$ 434,384</u>

**NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were restricted for the following purposes or time as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Celebrate Fund	\$ 72,964	\$ 69,670
Discover Fund	43,071	9,235
Experience Fund	48,902	93,481
Research Fund	7,321	8,124
Building Fund	2,605	2,605
Unappropriated endowment earnings	83,463	114,661
Time restriction:		
Pledges receivable	47,653	91,242
Perpetual in nature:		
Theresa Williams Memorial	59,810	59,710
Red Bus Endowment	45,948	45,948
Backcountry Endowment	60,050	60,050
General Endowment	55,035	55,035
Trails Endowment	2,835	2,835
Robbins Endowment	32,215	30,215
Case Family Endowment	56,855	55,355
Discover Endowment	<u>11,695</u>	<u>11,695</u>
Net assets with donor restrictions	<u>\$ 630,422</u>	<u>\$ 709,861</u>

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 7. LEASES**

The Conservancy leases its administrative facilities under a lease expiring May 31, 2023. Minimum future lease payments under this agreement are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 21,000
2020	21,000
2021	21,000
2022	21,000
2023	<u>8,750</u>
Total	<u>\$ 92,750</u>

Rent expense in 2018 and 2017 totaled \$26,654 and \$26,360, respectively.

**NOTE 8. FUNDRAISING EXPENSES**

Fundraising expenses in 2018 and 2017 totaled \$677,128 and \$554,653, respectively, representing approximately 14.3% and 14.2% 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, 2018 and 2017, twelve and eight employees participated in the plan, respectively. The total contribution amount paid by the Conservancy was \$24,917 and \$23,641, in 2018 and 2017, respectively.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 10. LIQUIDITY AND AVAILABILITY**

The Glacier National Park Conservancy is supported by contributions and retail sales, both of which are seasonal in nature. The main retail season is during the summer months and philanthropic contributions, while more consistent historically throughout the year, increase materially in the 4th quarter. The main expenditures at the Conservancy are grants to Glacier National Park. These too are seasonal in nature with the bulk of funding releases coming in predictable blocks. This seasonal flow of revenue and expense has historically not been a challenge to operational liquidity. The Conservancy maintains short-term investments, currently in the amount of approximately \$2.5 million, in a rolling CD ladder with short term maturity dates. This provides liquid cash as needed throughout the year and adds earned revenue. The Conservancy Board of Directors has also established an operating reserve policy of \$500,000 which is maintained to address any short fall in cash for operations.

The following financial assets were expected to be available to support the organization in the years ended December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,162,358	\$ 3,181,457
Promises to give	47,653	91,242
Investments	4,116,991	1,862,393
Inventory	293,171	434,452
Property and equipment	722,031	314,485
Donated artwork	5,000	5,000
Prepaid expenses and other assets	57,960	28,476
Restricted investments	<u>1,222,804</u>	<u>1,201,448</u>
Total assets	<u>7,627,968</u>	<u>7,118,953</u>
Less: illiquid assets		
Inventory, property and equipment, donated art work, and prepaid expenses and other assets	<u>(1,078,162)</u>	<u>(784,731)</u>
Total financial assets	<u>6,549,806</u>	<u>6,334,222</u>
Less: restricted assets		
Board designated net assets	(1,731,341)	(554,259)
Endowment net assets, with donor restrictions	(407,906)	(435,504)
Agency held assets	(1,277,931)	(1,252,806)
Donor restricted assets	<u>(222,516)</u>	<u>(274,357)</u>
Total restricted assets	(3,639,694)	(2,516,926)
Less: grants committed to be paid in 2019	<u>(2,661,356)</u>	<u>(2,352,596)</u>
Available financial assets	<u>\$ 248,756</u>	<u>\$ 1,464,700</u>



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

[www.azworld.com](http://www.azworld.com)

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS