



**FINANCIAL REPORT**

**December 31, 2019 and 2018**



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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, 2019 and 2018, 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.

**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, 2019 and 2018, 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 22, 2020

FINANCIAL STATEMENTS

GLACIER NATIONAL PARK CONSERVANCY  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,081,909	\$ 1,162,358
Promises to give	151,317	47,653
Prepaid expenses and other assets	73,787	57,960
Inventory	<u>422,466</u>	<u>293,171</u>
Total current assets	<u>1,729,479</u>	<u>1,561,142</u>
OTHER ASSETS		
Investments	4,704,910	4,116,991
Donated artwork	<u>-</u>	<u>5,000</u>
Total other assets	<u>4,704,910</u>	<u>4,121,991</u>
RESTRICTED INVESTMENTS	<u>137,818</u>	<u>1,222,804</u>
PROPERTY AND EQUIPMENT, NET	<u>753,475</u>	<u>722,031</u>
Total assets	<u>\$ 7,325,682</u>	<u>\$ 7,627,968</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 39,426	\$ 44,068
Accrued expenses	72,275	96,594
Agency funding payable	45,535	55,127
Funds held on behalf of Agency	137,818	1,222,804
Grants payable, current portion	<u>2,945,117</u>	<u>2,429,654</u>
Total current liabilities	<u>3,240,171</u>	<u>3,848,247</u>
NONCURRENT LIABILITIES		
Grants payable, net of current portion	<u>194,527</u>	<u>231,702</u>
NET ASSETS		
Without donor restrictions		
Undesignated	905,368	1,186,256
Board-designated	<u>2,099,892</u>	<u>1,731,341</u>
	3,005,260	2,917,597
With donor restrictions	<u>885,724</u>	<u>630,422</u>
Total net assets	<u>3,890,984</u>	<u>3,548,019</u>
Total liabilities and net assets	<u>\$ 7,325,682</u>	<u>\$ 7,627,968</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, 2019

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Merchandise sales, net of discounts	\$ 4,354,919	\$ -	\$ 4,354,919
Less: cost of goods sold	<u>(2,067,057)</u>	<u>-</u>	<u>(2,067,057)</u>
Net merchandise sales	2,287,862	-	2,287,862
Contributions and other public support	1,617,864	1,155,782	2,773,646
Donated goods and services	-	151,435	151,435
Other revenue	33,708	-	33,708
Investment income, net	127,446	88,722	216,168
Net assets released from restrictions			
Time restriction releases	47,653	(47,653)	-
Purpose restriction releases	<u>1,092,984</u>	<u>(1,092,984)</u>	<u>-</u>
Funds available for program and supporting services	<u>5,207,517</u>	<u>255,302</u>	<u>5,462,819</u>
<b>EXPENSES</b>			
Program services			
Glacier	3,958,214	-	3,958,214
Agency	<u>33,086</u>	<u>-</u>	<u>33,086</u>
Total program services	<u>3,991,300</u>	<u>-</u>	<u>3,991,300</u>
Funds available for supporting services	<u>1,216,217</u>	<u>255,302</u>	<u>1,471,519</u>
Supporting services			
Fundraising	746,847	-	746,847
Administrative	<u>381,707</u>	<u>-</u>	<u>381,707</u>
Total supporting services	<u>1,128,554</u>	<u>-</u>	<u>1,128,554</u>
Total expenses	<u>5,119,854</u>	<u>-</u>	<u>5,119,854</u>
Change in net assets	87,663	255,302	342,965
<b>NET ASSETS</b>			
Beginning of year	<u>2,917,597</u>	<u>630,422</u>	<u>3,548,019</u>
End of year	<u>\$ 3,005,260</u>	<u>\$ 885,724</u>	<u>\$ 3,890,984</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, 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 FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

EXPENSES	Program Services		Supporting Services		Total
	Glacier	Agency	Fundraising	Administrative	
Grants and awards	\$ 2,704,407	\$ 22,200	\$ -	\$ -	\$ 2,726,607
In-kind gifts	35,389	-	111,952	6,216	153,557
Salaries and wages	550,308	-	283,536	240,573	1,074,417
Payroll taxes and employee benefits	84,189	-	59,471	55,843	199,503
Computer	40,957	-	21,102	17,905	79,964
Occupancy	75,979	4,751	5,165	10,664	96,559
Office	127,017	291	36,141	16,302	179,751
Outreach	198,275	-	198,275	-	396,550
Professional services	24,458	-	12,601	10,692	47,751
Staff development	2,624	-	1,352	1,147	5,123
Insurance	35,344	2,210	2,403	4,961	44,918
Travel	20,385	-	10,503	8,911	39,799
Bad debt	769	-	396	336	1,501
Total expenses before depreciation	<u>3,900,101</u>	<u>29,452</u>	<u>742,897</u>	<u>373,550</u>	<u>5,046,000</u>
Depreciation	<u>58,113</u>	<u>3,634</u>	<u>3,950</u>	<u>8,157</u>	<u>73,854</u>
Total expenses	<u>\$ 3,958,214</u>	<u>\$ 33,086</u>	<u>\$ 746,847</u>	<u>\$ 381,707</u>	<u>\$ 5,119,854</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

	Program Services		Supporting Services		Total
	Glacier	Agency	Fundraising	Administrative	
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	18,707	-	8,187	10,998	37,892
Total expenses before depreciation	3,520,489	35,561	672,472	446,365	4,674,887
Depreciation	43,041	4,284	4,656	9,614	61,595
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**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 342,965	\$ 117,641
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	73,854	61,595
Unrealized (gain) loss on investments	(121,639)	59,691
Realized loss on investments, net	3,911	125
Permanently restricted contributions	(9,750)	(3,600)
Noncash contributions	(44,501)	(21,669)
Changes in operating assets and liabilities:		
Promises to give	(103,664)	43,589
Prepaid expenses and other assets	(15,827)	(27,166)
Inventory	(129,295)	141,281
Accounts payable	(4,642)	10,870
Accrued expenses	(24,319)	44,301
Agency funding payable	(9,592)	3,769
Grants payable	<u>478,288</u>	<u>308,760</u>
Net cash flows from operating activities	<u>435,789</u>	<u>739,187</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for the purchase of investments	(5,508,413)	(5,918,748)
Cash received from the sale or maturity of investments	5,087,723	3,626,003
Cash paid for the purchase of property and equipment	<u>(105,298)</u>	<u>(469,141)</u>
Net cash flows from investing activities	<u>(525,988)</u>	<u>(2,761,886)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently restricted contributions	<u>9,750</u>	<u>3,600</u>
Net cash flows from financing activities	<u>9,750</u>	<u>3,600</u>
Net change in cash and cash equivalents	(80,449)	(2,019,099)
Cash and cash equivalents at beginning of year	<u>1,162,358</u>	<u>3,181,457</u>
Cash and cash equivalents at end of year	<u>\$ 1,081,909</u>	<u>\$ 1,162,358</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contribution of marketable securities	<u>\$ 44,501</u>	<u>\$ 21,669</u>

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

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**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, 2019 and 2018

**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).

**New Accounting Standards**

The Company adopted the following Accounting Standards Updates (ASU) in 2019:

- ASU 2016-01, *Financial Instruments- Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The main objective of this accounting standard was to enhance the reporting model for financial instruments and to provide users of the financial statements with more decision useful information. The standard was implemented on a retrospective basis. No measurement differences were noted as a result of the implementation of this standard.
- ASU 2018-03, *Technical Correction and Improvements to Financial Instruments- Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update provides clarity for certain aspects for ASU 2016-01. The standard was implemented on a retrospective basis. No measurement differences were noted as a result of the implementation of this standard.
- ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The main objective of ASU 2018-18 is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard was implemented on a retrospective basis. No measurement differences were noted as a result of the implementation of this standard.
- ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* including the subsequent revisions (collectively referred to as *Topic 606*). This accounting standard was issued to clarify the principles of recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards. The Company adopted Topic 606 using the modified retrospective method. Implementation of the standard did not have a material effect on the Company's methodology for the recognition of revenue.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

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

**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, 2019 and 2018, \$145,683 and \$248,240 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, management has determined no allowance for uncollectible pledges is considered necessary at December 31, 2019 or 2018. Conditional pledges are not recorded in the accounting records until all donor conditions are met. As of December 31, 2019 and 2018, 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 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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

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

**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. Routine repairs and maintenance are expensed as incurred.

**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. Cash is released by the Conservancy upon completion of the various projects and programs. While many projects and programs are generally expected to be completed within one year, there is considerable uncertainty given the nature of Glacier National Park operations. The Conservancy's management has reviewed all grants payable as of December 31, 2019 and 2018 and determined which project will more than likely be completed and paid within one year.

These grants payable have been classified as current on the statement of financial. Those projects and programs that are not expected to be completed within one year have been classified as long-term on the statement of financial position. In the case a grant is to be paid over a period exceeding one year, the grant is recorded at the net present value of the future cash payments, using an applicable rate determined by management. The Conservancy also controls certain assets 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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

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

**Classification of Net Assets (Continued)**

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, 2019 and 2018, respectively. In addition to the \$500,000 operating reserve, the Board has designated \$1,567,851 and \$1,204,863 of net assets designated for projects at December 31, 2019 and 2018, respectively and has created a board designated endowment in the amount of \$32,041 and \$26,478 at December 31, 2019 and 2018, 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 \$1,567,851 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.

**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 \$8,733 and \$14,265 in 2019 and 2018, respectively.



GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

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

**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 2018 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets for 2018 are unchanged due to these reclassifications.

**Subsequent Events**

Management has evaluated subsequent events through May 22, 2020, the date which the financial statements were available for issue.

The COVID-19 outbreak in the United States has caused disruption to the Conservancy and Glacier National Park. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. Therefore, the Conservancy expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Additionally, subsequent to December 31, 2019, the Conservancy's investment portfolio has declined in value due to volatile market conditions related to the COVID-19 pandemic. Because of the uncertainty of future market conditions and the potential impact of pending federal legislation, the Conservancy's management is uncertain whether the decline in fair value is permanent or temporary.

On April 10, 2020, the Conservancy received loan proceeds in the amount of \$193,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

GLACIER NATIONAL PARK CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2019 and 2018

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

**Subsequent Events (Continued)**

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Conservancy intends to use the proceeds for purposes consistent with the PPP requirements. While the Conservancy currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it is possible the Conservancy may be ineligible for forgiveness of the loan, in whole or in part.

**NOTE 2. INVESTMENTS**

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 97,398	\$ 55,052
Net unrealized gain (loss)	121,639	(59,691)
Net realized gain (loss)	1,089	(125)
Investment expenses	<u>(3,958)</u>	<u>(3,915)</u>
Total	<u>\$ 216,168</u>	<u>\$ (8,679)</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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**NOTE 2. INVESTMENTS (CONTINUED)**

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, 2019 and 2018.

*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.

*Money market funds:* Valued at the daily closing price reported by the fund sponsor from an actively traded exchange.

*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.

A summary of the cost and fair value of investments and restricted investments at December 31, 2019 follows:

	2019		
	Amortized Cost or Cost	Unrealized Gains (Losses)	Fair Value
Level 1			
Money Market Funds	\$ 12,158	\$ -	\$ 12,158
Mutual Funds			
Foreign Large Blend	92,064	6,976	99,040
Large Growth	144,444	97,858	242,302
Small Value	<u>46,173</u>	<u>18,706</u>	<u>64,879</u>
	<u>294,839</u>	<u>123,540</u>	<u>418,379</u>
Level 2			
Debt Securities			
Corporate Bonds			
A-	20,531	279	20,810
BBB	15,172	286	15,458
BBB+	15,715	363	16,078
BBB-	26,967	(314)	26,653
Brokered Certificates of Deposit	<u>4,332,344</u>	<u>13,006</u>	<u>4,345,350</u>
	<u>4,410,729</u>	<u>13,620</u>	<u>4,424,349</u>
	<u>\$ 4,705,568</u>	<u>\$ 137,160</u>	<u>\$ 4,842,728</u>

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**NOTE 2. INVESTMENTS (CONTINUED)**

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

	2018		
	<u>Amortized Cost or Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Level 1			
Money Market Funds	\$ 501,247	\$ -	\$ 501,247
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>766,949</u>	<u>50,365</u>	<u>817,314</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	<u>3,996,000</u>	<u>(21,578)</u>	<u>3,974,422</u>
	<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>

These investments include funds held on behalf of Glacier National Park to be used in rebuilding the Sperry Chalet. These investments are reflected as funds held on behalf of Agency on the accompanying statements of financial position. Total investments held on behalf of Glacier National Park were \$137,818 and \$1,222,804 as of December 31, 2019 and 2018, respectively.

**NOTE 3. PROMISES TO GIVE**

The Conservancy held promises to give of \$151,317 and \$47,653 as of December 31, 2019 and 2018, respectively. All pledges are expected to be collected within one year and, therefore, are reported as current assets in the accompanying statements of financial position. At December 31, 2019, one pledge represented 66% of the total promises to give. At December 31, 2018, one pledge represented 21% of the total promises to give.

GLACIER NATIONAL PARK CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2019 and 2018

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

The table below summarizes the changes in fair value of promises to give for 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 47,653	\$ 91,242
New pledges	151,317	10,000
Payments received	<u>(47,653)</u>	<u>(53,589)</u>
Balance, end of year	<u>\$ 151,317</u>	<u>\$ 47,653</u>

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Building	\$ 684,986	\$ 669,218
Vehicles	43,971	43,971
Furniture and equipment	496,000	408,105
Leasehold improvements	47,192	45,558
Land	<u>170,000</u>	<u>170,000</u>
Property and equipment	1,442,149	1,336,852
Accumulated depreciation	<u>(688,674)</u>	<u>(614,821)</u>
Property and equipment, net	<u>\$ 753,475</u>	<u>\$ 722,031</u>

Depreciation expense totaled \$73,854 and \$61,595 for 2019 and 2018, 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.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**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 2019 or 2018.

*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, 2019 and 2018

**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 fund 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 returns.

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

Endowment net asset composition by type of fund as of December 31, 2019, follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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	-	334,193	334,193
Accumulated investment gains	11,085	172,185	183,270
Total	<u>\$ 32,041</u>	<u>\$ 506,378</u>	<u>\$ 538,419</u>

Endowment net asset composition by type of fund as of December 31, 2018, follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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	5,522	83,463	88,985
Total	<u>\$ 26,478</u>	<u>\$ 407,906</u>	<u>\$ 434,384</u>

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**NOTE 5. ENDOWMENT (CONTINUED)**

Changes in the endowment net asset composition by fund type for the years ended December 31, 2019 and 2018, follow:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ 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	26,478	407,906	434,384
Investment gain, net	5,563	88,722	94,285
Contributions	<u>-</u>	<u>9,750</u>	<u>9,750</u>
Endowment net assets, December 31, 2019	<u>\$ 32,041</u>	<u>\$ 506,378</u>	<u>\$ 538,419</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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restriction:		
Celebrate Fund	\$ 67,940	\$ 72,964
Discover Fund	31,602	43,071
Experience Fund	114,506	48,902
Research Fund	11,376	7,321
Building Fund	2,605	2,605
Unappropriated endowment earnings	172,185	83,463
Time restriction:		
Pledges receivable	151,317	47,653
Perpetual in nature:		
Theresa Williams Memorial	59,810	59,810
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	34,215	32,215
Case Family Endowment	59,605	56,855
Discover Endowment	<u>16,695</u>	<u>11,695</u>
Net assets with donor restrictions	<u>\$ 885,724</u>	<u>\$ 630,422</u>



GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**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>	
2020	\$ 21,000
2021	21,000
2022	21,000
2023	8,750
Total	<u>\$ 71,750</u>

Rent expense in 2019 and 2018 totaled \$27,545 and \$26,654, respectively.

**NOTE 8. FUNDRAISING EXPENSES**

Fundraising expenses in 2019 and 2018 totaled \$746,847 and \$677,128, respectively, representing approximately 14.6% and 14.3% of total expenses, respectively.

**NOTE 9. RETIREMENT PLANS**

As a benefit to help provide retirement income, the Conservancy offers to all eligible employees a Simple IRA plan that was established by Board Resolution on January 1, 2019. Prior to January 1, 2019, the Conservancy maintained a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code and used TIAA-CREF Retirement Annuities to provide benefits. To be eligible for the 403(b) plan, employees must have been employed for two years and worked 1,000 hours or more in a calendar year. The Conservancy paid 5% of regular salary to the 403(b) plan for covered employees. When made, the contribution were fully vested to the participant. During the year end December 31, 2018, eight employees participated in the plan.

The Simple IRA plan replaced the 403(b) plan that was discontinued on December 31, 2018. The retirement benefit, or plan year, is set-up on a calendar year basis extending from January 1 through December 31. The Conservancy will contribute a dollar for dollar match of up to 3% of an eligible employees' compensation, on a monthly basis as a retirement benefit. Employees who are reasonably expected to receive at least \$5,000 in compensation during the plan year are eligible to participate. When an employee becomes eligible, he or she also becomes fully and immediately vested in the benefits arising from all contributions made to his or her respective Simple IRA. During the year end December 31, 2019, twelve employees participated in the plan. The total retirement contribution amounts paid by the Conservancy were \$23,530 and \$24,917, in 2019 and 2018, respectively.

GLACIER NATIONAL PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2019 and 2018

**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 for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,081,909	\$ 1,162,358
Promises to give	151,317	47,653
Investments	4,704,910	4,116,991
Inventory	422,466	293,171
Property and equipment	753,475	722,031
Donated artwork	-	5,000
Prepaid expenses and other assets	73,787	57,960
Restricted investments	<u>137,818</u>	<u>1,222,804</u>
Total assets	<u>7,325,682</u>	<u>7,627,968</u>
Less: illiquid assets		
Inventory, property and equipment, donated art work, and prepaid expenses and other assets	<u>(1,249,728)</u>	<u>(1,078,162)</u>
Total financial assets	<u>6,075,954</u>	<u>6,549,806</u>
Less: restricted assets		
Board designated net assets	(2,099,892)	(1,731,341)
Endowment net assets, with donor restrictions	(506,378)	(407,906)
Agency funding payable	(45,535)	(55,127)
Funds held on behalf of Agency	(137,818)	(1,222,804)
Donor restricted assets	<u>(379,346)</u>	<u>(222,516)</u>
Total restricted assets	(3,168,969)	(3,639,694)
Less: grants committed to be paid in 2020	<u>(2,945,117)</u>	<u>(2,429,654)</u>
Available financial assets (liabilities)	<u>\$ (38,132)</u>	<u>\$ 480,458</u>



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