

**GREATER YELLOWSTONE COALITION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**September 30, 2009**



**Junkermier • Clark**

**Campanella • Stevens • P.C.**

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Certified Public Accountants and Business Advisors

**GREATER YELLOWSTONE COALITION, INC.  
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**Junkermier • Clark  
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Certified Public Accountants and Business Advisors

**To the Board of Directors  
Greater Yellowstone Coalition, Inc.  
Bozeman, MT 59771-1874**

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying statement of financial position of Greater Yellowstone Coalition, Inc. (a nonprofit organization), as of September 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Greater Yellowstone Coalition, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Yellowstone Coalition, Inc., as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Bozeman, Montana  
February 16, 2010

**GREATER YELLOWSTONE COALITION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**Year Ended September 30, 2009**  
**(With Comparative Totals as of September 30, 2008)**

<b>ASSETS</b>					
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 78,015	\$ 540,030	\$ -	\$ 618,045	\$ 1,937,091
Short-term investments	1,443,560	6,512	-	1,450,072	1,311,206
Receivables:					
Foundations	-	850,000	-	850,000	411,979
Individuals	2,629	535,832	-	538,461	544,770
Prepaid expenses	17,241	-	-	17,241	18,074
Retirement plan forfeitures	1,958	-	-	1,958	9,334
Fixed assets, net of accumulated depreciation	1,301,324	-	-	1,301,324	20,677
Endowment fund investments	<u>23,743</u>	<u>-</u>	<u>1,869,898</u>	<u>1,893,641</u>	<u>1,932,672</u>
Total assets	<u>\$ 2,868,470</u>	<u>\$ 1,932,374</u>	<u>\$ 1,869,898</u>	<u>\$ 6,670,742</u>	<u>\$ 6,185,803</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payables	\$ 69,679	\$ -	\$ -	\$ 69,679	\$ 162,298
Other liabilities	101,065	-	-	101,065	82,913
Accrued compensated absences	49,542	-	-	49,542	61,066
Retirement contributions payable	41,102	-	-	41,102	75,249
Due to others	-	16,286	-	16,286	7,766
Gift annuity obligations	<u>62,646</u>	<u>-</u>	<u>-</u>	<u>62,646</u>	<u>50,899</u>
Total liabilities	<u>324,034</u>	<u>16,286</u>	<u>-</u>	<u>340,320</u>	<u>440,191</u>
<b>NET ASSETS</b>					
Unrestricted:					
Designated by the Board	914,335	-	-	914,335	876,335
Unrestricted	1,630,101	-	-	1,630,101	388,206
Temporarily restricted	-	1,916,088	-	1,916,088	2,611,173
Permanently restricted	<u>-</u>	<u>-</u>	<u>1,869,898</u>	<u>1,869,898</u>	<u>1,869,898</u>
Total net assets	<u>2,544,436</u>	<u>1,916,088</u>	<u>1,869,898</u>	<u>6,330,422</u>	<u>5,745,612</u>
Total liabilities and net assets	<u>\$ 2,868,470</u>	<u>\$ 1,932,374</u>	<u>\$ 1,869,898</u>	<u>\$ 6,670,742</u>	<u>\$ 6,185,803</u>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2009**  
**(With Comparative Totals as of September 30, 2008)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
<b>REVENUE AND SUPPORT</b>					
Members and patrons	\$ 1,078,272	\$ 117,244	\$ -	\$ 1,195,516	\$ 1,259,885
Foundation grants	100,000	1,649,243	-	1,749,243	1,511,954
Bad debt loss	-	(25,000)	-	(25,000)	-
Special events	130,182	-	-	130,182	103,205
Sales	1,083	80	-	1,163	6,847
Annual meeting	56,004	-	-	56,004	53,232
Interest	63,100	7,451	-	70,551	117,034
Endowment earnings	63,247	-	-	63,247	83,285
Realized gain (loss) on sale of investments	(2,887)	-	-	(2,887)	20,526
Rental income	11,040	2,875	-	13,915	15,005
Retirement plan forfeitures	5,373	-	-	5,373	10,554
Unrealized gain on investments	64,782	-	-	64,782	(571,078)
Miscellaneous	4,947	35,076	-	40,023	116,679
Satisfaction of program restrictions	<u>2,482,054</u>	<u>(2,482,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,057,197</u>	<u>(695,085)</u>	<u>-</u>	<u>3,362,112</u>	<u>2,727,128</u>
<b>EXPENSES</b>					
Program services and fiscal sponsorship	1,940,385	-	-	1,940,385	2,477,290
Supporting services:					
Administrative	353,358	-	-	353,358	302,841
Fundraising	<u>483,559</u>	<u>-</u>	<u>-</u>	<u>483,559</u>	<u>502,896</u>
Total expenses	<u>2,777,302</u>	<u>-</u>	<u>-</u>	<u>2,777,302</u>	<u>3,283,027</u>
<b>CHANGE IN NET ASSETS</b>	1,279,895	(695,085)	-	584,810	(555,899)
Net assets, beginning of year	<u>1,264,541</u>	<u>2,611,173</u>	<u>1,869,898</u>	<u>5,745,612</u>	<u>6,301,511</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,544,436</u>	<u>\$ 1,916,088</u>	<u>\$ 1,869,898</u>	<u>\$ 6,330,422</u>	<u>\$ 5,745,612</u>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2009**  
**(With Comparative Totals as of September 30, 2008)**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Core Activities</b>	<b>Fiscal Sponsorships</b>	<b>2009 Total</b>	<b>2008 Total</b>
		<b>Administration</b>	<b>Fundraising</b>				
Salaries and wages	\$ 916,202	\$ 162,723	\$ 204,702	\$ 1,283,627	\$ 40,000	\$ 1,323,627	\$ 1,392,868
Payroll taxes	81,852	18,111	16,462	116,425	3,393	119,818	124,456
Employee benefits	153,489	42,830	42,217	238,536	6,022	244,558	295,002
Contracted services	141,443	69,048	24,110	234,601	117,328	351,929	428,651
Work study students	-	-	-	-	-	-	747
Advertising	9,049	-	997	10,046	385	10,431	58,049
Conferences	56,726	-	-	56,726	-	56,726	42,202
Board expenses	-	11,021	-	11,021	-	11,021	8,129
Depreciation	5,068	634	634	6,336	-	6,336	2,731
Direct mail	-	-	32,248	32,248	-	32,248	91,064
Donor recognition	-	-	1,275	1,275	-	1,275	4,663
Fact sheets and alerts	1,778	-	-	1,778	-	1,778	8,475
Gift annuity expense	-	-	12,192	12,192	-	12,192	16,161
Insurance	8,847	3,497	1,106	13,450	-	13,450	13,891
Minor equipment and maintenance	12,549	5,323	6,531	24,403	1,256	25,659	35,484
Newsletters	37,326	2,687	3,359	43,372	-	43,372	43,092
Other	-	-	-	-	-	-	107
Postage and mail processing	8,998	1,452	33,280	43,730	175	43,905	46,171
Printing	6,065	988	26,923	33,976	1,910	35,886	49,704
Professional fees	16,350	7,228	-	23,578	-	23,578	35,706
Property condo fees	-	836	-	836	-	836	-
Property taxes	-	328	-	328	-	328	-
Publications and dues	4,465	729	484	5,678	139	5,817	8,167
Rent	87,127	15,920	19,744	122,791	4,200	126,991	107,394
Small grants	21,320	-	-	21,320	1,000	22,320	157,792
Special events	57,546	209	10,424	68,179	-	68,179	87,398
Sponsorships	-	-	-	-	-	-	3,149
Sales	-	-	94	94	-	94	6,677
Supplies	16,898	2,844	15,071	34,813	684	35,497	50,409
Telephone	41,374	3,610	14,453	59,437	2,064	61,501	49,106
Training	2,053	495	4,225	6,773	-	6,773	3,075
Travel	72,361	2,845	13,028	88,234	2,943	91,177	112,507
<b>Total</b>	<b>\$ 1,758,886</b>	<b>\$ 353,358</b>	<b>\$ 483,559</b>	<b>\$ 2,595,803</b>	<b>\$ 181,499</b>	<b>\$ 2,777,302</b>	<b>\$ 3,283,027</b>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**STATEMENT OF CASH FLOWS**  
**(With Comparative Totals as of September 30, 2008)**

	<b>Years ended September 30</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 584,810	\$ (555,899)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,336	2,731
Reinvested interest, dividends and realized gains	(119,553)	(137,560)
Unrealized (gains)/losses on investments	(64,782)	571,078
(Increase) decrease in current assets:		
Receivables	(431,712)	160,824
Prepaid expenses	833	24,013
Retirement plan forfeitures	7,376	(9,056)
Increase (decrease) in current liabilities:		
Accounts payable	(92,619)	113,863
Other liabilities	18,152	16,960
Retirement contributions payable	(34,147)	3,190
Fiscal sponsorships	8,520	(26,117)
Accrued compensated absences	(11,524)	6,217
Gift annuity payable	11,747	15,715
Net cash provided (used) by operating activities	<u>(116,563)</u>	<u>185,959</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(15,500)	(15,500)
Purchase of property and equipment	(1,286,983)	(23,408)
Proceeds from redemption of investments	100,000	69,063
Net cash provided (used) by investing activities	<u>(1,202,483)</u>	<u>30,155</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,319,046)	216,114
Cash and cash equivalents, beginning of year	<u>1,937,091</u>	<u>1,720,977</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 618,045</u>	<u>\$ 1,937,091</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
In-kind donations of merchandise and services	<u>\$ 27,768</u>	<u>\$ 64,898</u>
Unrealized gains (losses) on investments	<u>\$ 64,782</u>	<u>\$ (571,078)</u>

See the notes to financial statements.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

Greater Yellowstone Coalition, Inc., (GYC) was formally organized and incorporated November 7, 1983, for the purpose of advocating and ensuring the preservation of the Greater Yellowstone Ecosystem.

The GYC's Board of Directors hires independent auditors and the Board officers review the annual financial audit with them.

**Fund Accounting:**

To ensure observance of limitations and restrictions placed on the use of resources available to GYC, its accounts are maintained in accordance with the principles of fund accounting, which includes the accrual basis of accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The financial position and activities of GYC are reported in three self-balancing fund groups according to the three classes of net assets as follows:

1. Unrestricted net assets fund, which maintains control of all resources, which are available for general purposes of GYC.
2. Temporarily restricted net asset funds, which include all resources upon which specific purpose or time restrictions have been placed by the donor or grantor.
3. Permanently restricted net asset funds, which represents resources obtained from outside donors who have placed restrictions on the use of the principal amounts of their gifts and/or the income earned on those gifts.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents:**

For purposes of the statement of cash flows, GYC considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents. Cash and cash equivalents is composed of money market, savings, and interest-bearing checking accounts.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments held in securities are insured by the Securities Investor Protection Corporation and additional insurance purchased by the broker-dealers.

**Contributions and Receivables:**

Contributions are recognized when the donor makes a promise to give to GYC that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets, upon satisfaction of restriction.

GYC uses the direct write-off method to determine uncollectible unconditional promises receivable.

**Fixed Assets and Depreciation:**

Purchased assets and capital leases over the capitalization policy of \$5,000 are carried at their historical cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, GYC reports expirations of donor restrictions when the the donated or acquired assets are placed in service as instructed by the donor. GYC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of equipment and amortization of capital leases is provided over the estimated useful lives of the respective assets on the straight-line and declining balance methods. Operating leases for equipment are expensed over the life of the lease. Estimated useful lives of the fixed assets are as follows:

Office equipment	3-5 years
Vehicles	5 years
Buildings	40 years

**Exempt Organization:**

Greater Yellowstone Coalition, Inc. qualifies as a publicly supported organization described in Internal Revenue Code Section 509(a)(1) and 170(b)(1)(A)(vi) and, therefore, is not subject to private foundation taxation. GYC is also exempt from federal income tax under Section 501(c)(3). Contributions of grantors and donors qualify for tax deductions.

**2008 Comparative Amounts**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with GYC's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**2. RECEIVABLES**

	<b>Foundation Receivables</b>	<b>Individual Receivables</b>
Due within one year	\$ 450,000	\$ 15,461
Due within five years	400,000	523,000
	\$ 850,000	\$ 538,461

**3. INVESTMENTS**

Effective October 1, 2008, GYC adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). In February 2008, the Financial Accounting Standards Board ("FASB") issued Staff Position No. SFAS 157-2, *Effective Date of FASB Statement No. 157*, which provides a one year deferral of the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, GYC has adopted the provision of SFAS 157 with respect to its financial assets and liabilities only.

SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2- Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The adoption of SFAS 157 did not have a material impact on GYC's financial position or changes in net assets and its cash flows.

	<b>Cost</b>	<b>Net Unrealized Gains/(Losses)</b>	<b>Fair Value (Level 1) 2009</b>
Marketable equity securities - short term	\$ 1,445,899	\$ 4,173	\$ 1,450,072
Marketable equity securities - endowment	1,962,930	(69,289)	1,893,641
Totals	\$ 3,408,829	\$ (65,116)	\$ 3,343,713

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**3. INVESTMENTS (Continued)**

Components of investment and interest income for the year ended September 30, 2009 consist of the following:

Interest and dividends	\$ 133,798
Unrealized gains and (losses)	64,782
Realized gains and (losses)	<u>(2,887)</u>
	<u>\$ 195,693</u>

**4. ENDOWMENT**

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During the year ended September 30, 2009, no fees were paid for management of endowment funds.

*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, and because the primary donor's gift document states "the income only is to be applied for such qualified projects as its Board of Directors shall determine...". As a result of this interpretation, GYC classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GYC in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, GYC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of GYC and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of GYC; and
- (7) The investment policies of GYC.

*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 GYC to retain as a fund of perpetual direction. GYC has a General Endowment Fund and several Montana Endowment Funds (associated with planned gifts received as a result of the Montana Endowment Tax Credit Law). As of the September 30, 2009, the General Endowment Fund has a deficiency of \$23,900. The Montana Endowment Fund had no such deficiency.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**4. ENDOWMENT (Continued)**

*Return Objectives and Risk Parameters*

GYC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that GYC must hold in perpetuity or for a donor-specified period(s). GYC expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, GYC 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). GYC targets a diversified asset allocation including cash equivalents, fixed income, 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*

GYC's Finance Committee and Endowment Subcommittee reviews the quarterly and fiscal year end account statements and returns of the endowment account and makes an annual recommendation to the Board of Directors regarding appropriations from the General Endowment Fund to the general operating account. The Board of Directors has authorized the Finance Committee and Endowment Subcommittee to appropriate for expenditure during the following fiscal year (commencing October 1, 20xx) up to 5% of the twelve quarter trailing average fair value of the assets of the General Endowment Fund as valued on the last business day of the fiscal year, as they deem necessary and appropriate. Such appropriation shall come first from accumulated interest and dividends not previously appropriated and then from any net appreciation (realized and unrealized) in the fair value of the assets of the General Endowment Fund over the historic dollar value of the General Endowment Fund. Income is defined as dividends from stocks and interest from bond funds. In addition, the Board may set aside and transfer to the general operating account or can designate for a project so much of the net appreciation, realized and unrealized, in fair market value of the assets of the endowment funds over historic value. The historic value is the value of all gifts and transfers to the fund as of the date of such transfer. In establishing this policy, GYC considered the long-term expected return on its endowment. Accordingly, over the long term, GYC expects the current spending policy to allow its endowment to grow. This is consistent with GYC's objective to preserve the fair value 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.

**GREATER YELLOWSTONE COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**4. ENDOWMENT (Continued)**

Endowment net asset composition by type of fund as of September 30, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
Donor-restricted endowment funds	\$ 23,743	\$ -	\$ 1,869,898	\$ 1,893,641	\$ 1,932,672
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
Endowment net assets, beginning of year	\$ 62,774	\$ -	\$ 1,869,898	\$ 1,932,672	\$ 2,414,949
Investment return:					
Investment income, net	-	63,247	-	63,247	83,285
Net appreciation (depreciation)	-	(2,278)	-	(2,278)	(565,562)
Release per spending policy	(39,031)	(60,969)	-	(100,000)	-
	<u>\$ 23,743</u>	<u>\$ -</u>	<u>\$ 1,869,898</u>	<u>\$ 1,893,641</u>	<u>\$ 1,932,672</u>

**5. FIXED ASSETS**

Fixed assets at September 30, 2009 are as follows:

Land	\$ 600,000
Buildings	670,446
Vehicles	<u>73,219</u>
Total	1,343,665
Less: Accumulated depreciation	<u>(42,341)</u>
	<u>\$ 1,301,324</u>

On August 31, 2009, GYC purchased an existing building that will be remodeled to serve as GYC's headquarters office. The building is a few blocks from downtown Bozeman and functions now as a warehouse. The slow economy allowed GYC the opportunity to obtain excellent terms and the purchase was made solely with capital raised for this purpose; no funds were out of GYC's general operating or reserve funds. GYC is leasing the warehouse space to current users which will provide annual income to more than meet building operating costs until GYC is ready to complete the renovation. The investment in the building will provide GYC with significant savings on future rent costs while providing a much better work environment to accommodate small events as well as meetings with other conservation groups. The value of the building and the land are shown as assets on the Statement of Financial Position.

**6. DEFERRED CHARITABLE GIFT ANNUITY SPLIT-INTEREST AGREEMENTS**

GYC has received several charitable gift annuities that are restricted to GYC's Montana Endowment Fund and are deposited to separate accounts as required by Board policy. Under the annuity agreements, GYC agrees to pay the donor an annual sum, commencing on an agreed-upon date, for the remainder of the donor's life.

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**6. DEFERRED CHARITABLE GIFT ANNUITY SPLIT-INTEREST AGREEMENTS (Continued)**

The following summarizes the deferred charitable annuity obligations at September 30, 2009:

<u>Contributions Received</u>		<u>Annuity Obligation</u>		
<u>Fiscal year</u>	<u>Amount</u>	<u>Annual Payment</u>	<u>First Payment Date</u>	<u>Present Value of Obligation</u>
2000	\$ 22,000	\$1,650	12/31/2024	\$ 10,782
2000	28,239	8,218	9/30/2020	23,843
2001	22,000	1,650	12/31/2024	10,782
2002	10,000	2,420	12/31/2025	5,722
2002	<u>23,500</u>	1,763	12/31/2024	<u>11,517</u>
	<u>\$ 105,739</u>			<u>\$ 62,646</u>

**7. RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

Oil and Gas	\$ 93,784
Phosphate mining	33,399
Climate	15,162
Montanans Against Toxic Burning	16,286
Wildlife	96,891
Rivers and fish	19,160
Public lands	56,994
Yellowstone National Park Winter Use	1,022
National Park gateway community	12,884
Building	759,011
Other - for use on all programs	<u>827,781</u>
Total	<u>\$ 1,932,374</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for support in an amount determined by the Board.

The Board Designated Net Assets may not be spent without the permission of the Board of Directors. The Board designated these assets as reserves to assure that GYC has the flexibility to launch new initiatives, undertake long-term endeavors, and provide a cushion against fluctuations in cash flow.

**8. OPERATING LEASES**

GYC has an operating lease for office space in Bozeman, Montana which expires September 30, 2010. The option to extend the term of the lease is dependent upon mutual agreement between GYC and the landlord. It is incumbent upon GYC to notify the landlord, in writing, within sixty days of the expiration date of the lease of their desire to renew and extend the lease. The future minimum rental payments are \$90,756 per year.

**GREATER YELLOWSTONE COALITION, INC.**  
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**8. OPERATING LEASES (Continued)**

GYC has also entered into an operating lease for space in Idaho Falls, Idaho through March 31, 2010. At the expiration of the original term, the lease will be automatically renewed for successive one-year terms if neither the lessee nor lessor submits a written notice of termination at least 60 days prior to the end of the lease term. The future minimum lease payments are \$6,960 per year.

GYC has also entered into an operating lease for space in Cody, Wyoming through February 28, 2010. The future minimum lease payments are \$5,676 per year.

GYC is under month-to-month lease agreements for office space in Jackson, Wyoming. The future minimum lease payments for these spaces is \$11,814 per year.

**9. NONCANCELABLE SUBLEASES**

GYC subleases a small amount of office space to various organizations under year-to-year or month-to-month lease agreements. GYC received \$13,915 of rental income for September 30, 2009.

**10. PENSION PLANS**

**Profit Sharing Plan**

In 1996, GYC adopted a defined contribution pension plan that covers all employees that have worked at least one year (and 1,000 hours) for GYC. The amount contributed each year is at the discretion of the Board of Directors. Employees are vested in a six year graduation schedule starting with 20% vested after two years. GYC recognized \$90,977 expense for the year ended September 30, 2009.

This Plan includes two contribution formulas. The first formula provides for a contribution allocated in the same ratio that each participant's compensation for the plan year bears to the total compensation of all participants (i.e. 5% of compensation). The second formula provides for an amount which is determined by multiplying the employer's discretionary contribution times a fraction of which the numerator is the hours of qualified hours of service of a participant, and the denominator is the total hours of service of all participants eligible to share in this benefit, resulting in an equal dollar amount per qualified hours worked (i.e. \$1 per hour worked).

**11. DIRECT MAIL**

Costs for direct mail are expensed as incurred. GYC expensed \$32,248 direct mail costs for the year ended September 30, 2009.

**12. CONCENTRATION OF CASH DEPOSIT AND UNSECURED CASH BALANCE**

Greater Yellowstone Coalition, Inc. manages its credit risk for cash by maintaining deposits in a variety of financial institutions. At times throughout the fiscal year, typically in December and January when a significant proportion of contributions and grants are received, cash in the organization's general checking account exceeded amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Funds not needed within the next month or two are moved to money market accounts and/or certificates of deposit with other financial institutions.

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**13. CHANGE IN MANAGEMENT**

Michael Scott, Executive Director of GYC the past seven years, left in late 2008 to accept a position as Program Officer for the Environment with the William and Flora Hewlett Foundation. GYC co-founder, Rick Reese, and Mike Clark stepped in to guide GYC as Interim Executive Directors for a few months during the search for a new Executive Director. The search resulted in the hiring of Mike Clark, who guided GYC from 1994-2001 and led numerous successful conservation drives, most notably the effort to prevent the opening of the New World Mine near Yellowstone National Park in 1996. Since his first tour with GYC, Mike has been a consultant for many nonprofits and Executive Director of Yellowstone Heritage, a conservation group dedicated to ranchland preservation in Greater Yellowstone. His experiences on the regional and worldwide conservation stage these past eight years make him more valuable to Greater Yellowstone and GYC than ever. The expenses for our search to fill this leadership position are included in these financial reports as administrative expenses.

**14. BUILDING PURCHASE**

On August 31, 2009, GYC purchased an existing building that will be remodeled to serve as the organization's headquarters office. The building is a few blocks from downtown Bozeman and functions now as a warehouse. The slow economy provided an opportunity to obtain excellent terms and the purchase was made solely with capital raised for this purpose; no general operating or reserve funds were used. We continue to lease the warehouse space to current users, which will provide annual income to more than meet the building operating costs until we are ready to complete the renovation. The investment in the building will provide GYC with significant savings on future rent costs while providing a much better work environment with room to accommodate small events as well as meetings with other conservation groups.

The value of the building and the land are shown as assets on the Balance Sheet, and includes costs for professional services (engineers, architects, attorneys, and such) incurred toward the purchase of the building.