



Grand Teton National Park Foundation

Financial Report
September 30, 2017 and 2016

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RUDD & COMPANYSM

certified public accountants | business consultants

Independent Auditors' Report

To the Board of Directors
Grand Teton National Park Foundation
P.O. Box 249
Moose, WY 83012

We have audited the accompanying financial statements of Grand Teton National Park Foundation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016 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 Grand Teton National Park Foundation as of September 30, 2017 and 2016, 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.

Rudd & Company, PLLC

Bozeman, Montana
January 17, 2018

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE

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Grand Teton National Park Foundation

Statements of Financial Position September 30, 2017 and 2016

Assets	2017	2016
Cash and cash equivalents	\$ 3,938,858	\$ 4,340,130
Pledges receivable, current (see Note 4)	1,152,346	656,553
Prepays and other current assets	179,435	4,969
Total Current Assets	5,270,639	5,001,652
 Long-term Assets		
Pledges Receivable, One to Five Years (Net of Discount) (see Note 4)	2,973,364	11,403,622
Equipment (Net of Accumulated Depreciation) (see Note 7)	99,965	34,199
Investments at market value (see note 5)	1,876,910	1,748,893
Total Long-term Assets	4,950,239	13,186,714
	\$ 10,220,878	\$ 18,188,366
 Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 209,094	\$ 114,796
Accrued Expenses (see Note 8)	104,251	116,761
Total Liabilities	313,345	231,557
 Net Assets		
Unrestricted	628,291	112,775
Temporarily Restricted	9,279,242	17,844,034
Total Net Assets	9,907,533	17,956,809
	\$ 10,220,878	\$ 18,188,366

The Accompanying Notes are an Integral Part
of the Financial Statements.

Grand Teton National Park Foundation

Statements of Activities September 30, 2017 and 2016

September 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Contributions and grants	\$ 1,477,521	\$ 9,875,171	\$ -	\$ 11,352,692
Net assets becoming unrestricted	18,598,524	(18,598,524)	-	-
Total Support	20,076,045	(8,723,353)	-	11,352,692
Revenue:				
Net realized and unrealized gains and losses	838	95,423	-	96,261
Interest and dividend income	9,351	63,138	-	72,489
Total support and revenue	20,086,234	(8,564,792)	-	11,521,442
Expenses:				
Program Services:				
Grants and programs	18,355,707	-	-	18,355,707
Support Services:				
Management and general	563,870	-	-	563,870
Fundraising	651,141	-	-	651,141
Total support services	1,215,011	-	-	1,215,011
Total expenses	19,570,718	-	-	19,570,718
Change in Net Assets	515,516	(8,564,792)	-	(8,049,276)
Net assets:				
Beginning	112,775	17,844,034	-	17,956,809
Ending	\$ 628,291	\$ 9,279,242	\$ -	\$ 9,907,533

September 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Contributions and grants	\$ 1,321,453	\$ 12,805,222	\$ -	\$ 14,126,675
Net assets becoming unrestricted	5,654,785	(5,654,785)	-	-
Total Support	6,976,238	7,150,437	-	14,126,675
Revenue:				
Net realized and unrealized gains and losses	51,894	-	-	51,894
Interest income	5,804	41,649	-	47,453
Total support and revenue	7,033,936	7,192,086	-	14,226,022
Expenses:				
Program Services:				
Grants and programs	6,004,495	-	-	6,004,495
Support Services:				
Management and general	441,096	-	-	441,096
Fundraising	554,986	-	-	554,986
Total support services	996,082	-	-	996,082
Total expenses	7,000,577	-	-	7,000,577
Change in Net Assets	33,359	7,192,086	-	7,225,445
Net assets:				
Beginning	79,416	10,651,948	-	10,731,364
Ending	\$ 112,775	\$ 17,844,034	\$ -	\$ 17,956,809

The Accompanying Notes are an Integral Part
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Grand Teton National Park Foundation

Statements of Functional Expenses September 30, 2017 and 2016

September 30, 2017	Program Services	Management and General	Fundraising	Total
Grants to National Park Service	\$ 17,726,546	\$ -	\$ -	\$ 17,726,546
Salaries and related expenses	528,369	417,133	444,942	1,390,444
Campaign fundraising expenses	35,068	-	105,205	140,273
Office rent and utilities	9,283	74,267	9,283	92,833
Publications and newsletter	16,502	2,357	28,288	47,147
Technology and information	7,200	11,057	7,457	25,714
Outside services	8,327	7,592	8,572	24,491
Office expense	6,258	9,611	6,482	22,351
Postage	5,470	4,863	9,928	20,261
Insurance	-	14,651	-	14,651
Board expense	6,715	2,286	5,287	14,288
Professional fees and consulting	2,403	4,427	5,818	12,648
Professional development	116	6,940	4,511	11,567
Appreciation and cultivation	781	1,562	8,816	11,159
Bank charges	2,579	2,579	2,657	7,815
Travel	90	840	190	1,120
Total expenses before depreciation	18,355,707	560,165	647,436	19,563,308
Depreciation	-	3,705	3,705	7,410
Total expenses	\$ 18,355,707	\$ 563,870	\$ 651,141	\$ 19,570,718

September 30, 2016	Program Services	Management and General	Fundraising	Total
Grants to National Park Service	\$ 5,301,085	\$ -	\$ -	\$ 5,301,085
Salaries and related expenses	546,018	330,830	337,977	1,214,825
Campaign fundraising expenses	77,947	-	105,652	183,599
Office rent and utilities	12,691	38,072	12,691	63,454
Publications and newsletter	17,413	2,713	25,879	46,005
Outside services	10,722	9,721	11,046	31,489
Technology and information	8,381	8,381	5,635	22,397
Office expense	5,241	6,955	9,931	22,127
Postage	5,447	5,025	10,051	20,523
Appreciation and cultivation	1,189	2,470	13,738	17,397
Professional fees and consulting	5,371	5,800	5,491	16,662
Professional development	184	7,750	5,031	12,965
Insurance	-	10,882	-	10,882
Bank charges	3,309	3,309	3,410	10,028
Board expense	4,097	2,238	1,495	7,830
Special Project expense	5,067	-	-	5,067
Travel	333	333	343	1,009
Total expenses before depreciation	6,004,495	434,479	548,370	6,987,344
Depreciation	-	6,617	6,616	13,233
Total expenses	\$ 6,004,495	\$ 441,096	\$ 554,986	\$ 7,000,577

The Accompanying Notes are an Integral Part
of the Financial Statements.

Grand Teton National Park Foundation

Statements of Cash Flows September 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in Net Assets	\$ (8,049,276)	\$ 7,225,445
Depreciation expense	7,410	13,233
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Net realized and unrealized gains and losses	(96,261)	(51,894)
Decrease (increase) in pledges receivable	7,934,465	(8,337,232)
Decrease (increase) in prepaid assets	(174,466)	13,427
Increase in accounts payable	94,298	16,681
Increase (decrease) in accrued expenses	(12,510)	42,926
Net cash used by operating activities	(296,340)	(1,077,414)
Cash Flows from Investing Activities		
Acquisition of property and equipment	(73,176)	-
Purchase of investments	(649,592)	(1,830,605)
Disposal of investments	617,836	133,606
Net cash used by investing activities	(104,932)	(1,696,999)
Net decrease in cash	(401,272)	(2,774,413)
Cash and Cash Equivalents		
Beginning	4,340,130	7,114,543
Ending	<u>\$ 3,938,858</u>	<u>\$ 4,340,130</u>
Supplemental Disclosure of Cash Flow Information		
Non cash gift-in-kind donations	<u>\$ 126,103</u>	<u>\$ 63,053</u>

The Accompanying Notes are an Integral Part
of the Financial Statements.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Grand Teton National Park Foundation (the Foundation) is a private, nonprofit organization whose mission is to fund projects and programs that preserve and enhance Grand Teton National Park's cultural, historic, and natural resources and to help others learn about and protect the park's unique features. Budget limitations, combined with increasing visitation, led the National Park Service to create partnerships with organizations like Grand Teton National Park Foundation to raise private money for special park needs. The Foundation facilitated the multimillion-dollar Craig Thomas Discovery and Visitor Center, a public-private facility that opened in 2007 and privately funded a 150-seat high-definition auditorium addition that opened in April 2011. Private gifts also support ongoing commitments in the park each year as well as one-time projects that improve the park, the visitor experience, and advance the organization's mission. The Foundation is funding ongoing wildlife initiatives that include conservation research on several species and the installation of bear-resistant food storage boxes; Youth Conservation Program, a summer teen work-and-learn program that improves heavily-used trails while providing participants with an outdoor education; Pura Vida, a multicultural program that brings diverse students into the park for education, mentoring, and recreation; NPS Academy, an internship program for college students from diverse backgrounds; Mountains to Main Street brought urban students to Grand Teton for workshops and leadership training. Restoration work continued at Mormon Row and Lucas-Fabian Homestead, two of the park's cultural sites, and funding for Hammer Corp, a volunteer group that provides labor for cultural resource restoration projects in Grand Teton. In addition, the Foundation and the park completed the fourth year of backcountry construction and the second year of frontcountry construction on a popular trail system as part of Inspiring Journeys: A Campaign for Jenny Lake. This multiyear \$19 million restoration of the park's most popular destination is in the process of renewing damaged trails and clarifying wayfinding. The project will also introduce significant interpretive content and completely re-envision the visitor complex and facility. The goal is to greatly improve the overall visitor experience for the one million people who visit this area. In fiscal year 2017, the Foundation and its conservation partners completed a \$23 million campaign and helped the National Park Service successfully purchase a State of Wyoming school tract, located within Grand Teton National Park that could have been sold at auction and developed. Purchasing the property for Grand Teton National Park protected critical wildlife habitat, migration routes, and iconic views in the heart of the park so park visitors will continue to enjoy a landscape that is free from private development.

A brief description of the Foundation's programs and supporting services follows:

Program services: The Foundation provides private financial support for special projects that enhance and protect Grand Teton National Park's treasured resources.

Management and general: Management and general consist of finance, human resources and information systems support to the Foundation's Board of Directors and staff.

Fundraising: The Foundation incurs expenses to support the acquisition of contributions and grants to program services and other strategic goals.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting: The accompanying financial statements of the Foundation are presented in accordance with the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its financial standards, codified in Section 958 "Not for Profit Entities." Under FASB No. 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Temporarily restricted net assets: The Foundation reports gifts of cash and other restricted support received with donor stipulations that limit the use of donated assets as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Support and revenue recognition: All contribution support is considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Cash and Cash Equivalents: For the purpose of reporting cash flows, the Foundation considers demand deposits, money market accounts and all other investments with an original maturity of three months or less to be cash and cash equivalents.

Investments: Investments in debt securities and equity securities with readily determinable market values are presented at fair market value and unrealized gains are recognized in the statement of activities in accordance with FASB ASC 958-320.

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

Income Taxes: The Foundation is exempt from federal income taxes under Internal Revenue Code Section 509(a)(1) and, therefore, has made no provision for federal income taxes. The Foundation files form 990 and did not incur any excise or unrelated business income taxes in 2017 or 2016. The years ended September 30, 2016, 2015, and 2014 remain open to tax examination.

Donated Services, Materials, Property and Facilities: The financial statements of the Foundation reflect in-kind donations as revenues in the period received and as assets, expenses or decreases of liabilities, depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as increases in temporarily restricted net assets. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For 2017, in-kind donations were \$126,103, which was all expensed. For 2016, in-kind donations were \$63,053, which was all expensed.

Property and Equipment: Acquisitions of property and equipment in excess of \$500 are capitalized. Equipment is stated at cost net of accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives of five years. Depreciation expense for the years ended September 30, 2017 and 2016 was \$7,410 and \$13,233, respectively.

Property and equipment are recorded at historical cost or, if donated, at the estimated fair market values at the date of donation based on independent appraisals. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.

Note 2. Related Party Transactions

The Foundation receives donations from members of the Board of Directors. All donations from Board members are handled in accordance with normal course of business operations and consistent with Foundation policy before being recognized on the books as income. Related party revenues were \$162,500 and \$5,237,700 for 2017 and 2016 respectively. Pledge receivables from related parties at September 30, 2017 and 2016 were \$242,000 and \$4,973,784, respectively.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 3. Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of cash and cash equivalents. The Foundation is aware of the risk and actively works to reduce or eliminate it by depositing cash and cash equivalents with various financial institutions. However, due to the unpredictable nature of donations and program disbursements, there are times when the deposits exceed the \$250,000 FDIC per institution limitation. At September 30, 2017, the Foundation had cash bank balances of \$4,041,361, book balances of \$3,938,858, and was \$9,143 in excess of the FDIC insurance coverage at the financial institutions. At September 30, 2016, the Foundation had cash bank balances of \$4,505,351, book balances of \$4,340,130, and was \$132,864 in excess of the FDIC insurance coverage at the financial institutions.

Note 4. Pledges Receivable

Pledges receivable consist of signed pledge forms from various private donors. The total amount of pledge receivables is \$4,395,139 and 12,378,132 for 2017 and 2016, respectively. The time frame for collecting varies from one to five years depending on the pledge. The long-term portion is shown net of discounts of \$219,429 and \$267,957 for 2017 and 2016, respectively. The rate used to calculate the discounts is the mid-term Applicable Federal Rate (AFR) for the month the pledge becomes a signed receivable. The allowance for doubtful pledge receivables is \$50,000 for both 2017 and 2016.

Note 5. Investments

A long term investment policy was revised in 2015 and is specific to capital reserve funds that support the Craig Thomas Discovery and Visitor Center and only those temporarily restricted funds are invested in debt and equity securities.

	September 30, 2017		September 30, 2016	
	Cost	Approximate Market Value	Cost	Approximate Market Value
Vanguard	\$ 875,622	\$ 948,184	\$ 853,900	\$ 886,095
Family Management Securities	895,467	928,726	812,044	862,798
	<u>\$ 1,771,089</u>	<u>\$ 1,876,910</u>	<u>\$ 1,665,944</u>	<u>\$ 1,748,893</u>

Unrealized gains and losses on investment securities at September 30 are as follows:

	2017	2016
Net unrealized gains	\$ 105,821	\$ 93,591
Net unrealized losses	-	(10,642)
Net realized gains	12,312	-
Net realized losses	(21,872)	(31,055)
	<u>\$ 96,261</u>	<u>\$ 51,894</u>

In accordance with FASB ASC 958-320, the unrealized gains on debt and equity securities with readily determinable market values are reported in the statement of revenues and expenses.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 6. Fair Value Measurement

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets at Fair Value as of September 30, 2017

	Level 1	Level 2	Level 3	Total
Cash reserves	\$ 56,096	\$ -	\$ -	\$ 56,096
Mutual funds				
Index funds	948,184	-	-	948,184
Fixed income funds	318,072	-	-	318,072
Equity funds	554,558	-	-	554,558
Total mutual funds	1,820,814	-	-	1,820,814
Total assets at fair value	\$ 1,876,910	\$ -	\$ -	\$ 1,876,910

Assets at Fair Value as of September 30, 2016

	Level 1	Level 2	Level 3	Total
Cash reserves	\$ 1,263	\$ -	\$ -	\$ 1,263
Mutual funds				
Index funds	886,095	-	-	886,095
Equity funds	519,349	-	-	519,349
Specialty funds	342,186	-	-	342,186
Total mutual funds	1,747,630	-	-	1,747,630
Total assets at fair value	\$ 1,748,893	\$ -	\$ -	\$ 1,748,893

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 7. Property and Equipment

Property and equipment at September 30, 2017 and 2016 consist of the following:

Equipment (net of \$72,623 depreciation) 2017	\$99,965
Equipment (net of \$65,212 depreciation) 2016	\$34,199

Note 8. Accrued Expenses

Accrued expenses consist of payroll liabilities, accrued expenses, and other short term liabilities.

	<u>2017</u>	<u>2016</u>
Payroll liabilities	\$ 77,195	\$ 116,612
Accrued expenses	27,056	149
Total Accrued Expenses	<u>\$ 104,251</u>	<u>\$ 116,761</u>

Note 9. Temporarily Restricted Net Assets

The Foundation has temporarily restricted net assets of \$9,279,242 and \$17,844,034 for 2017 and 2016, respectively. This amount consists of various donations received that are to be used for several different specific projects.

Note 10. Permanently Restricted Net Assets

The Foundation has no permanently restricted net assets.

Note 11. Interest Expense

The Foundation did not have any interest expense for the years presented in these financial statements or pay any cash interest.

Note 12. Retirement Plan

As of January 1, 2009 the Foundation adopted a qualifying "Safe Harbor 401(k) Plan" under which employees become eligible to participate upon reaching age 21. The Foundation will contribute to the Plan on the employees' behalf an amount equal to 3% of employee compensation. Safe Harbor employer contributions are fully vested. The expense for the years ended September 30, 2017 and 2016 was \$45,890 and \$18,970, respectively.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2017 and 2016

Note 13. Line of Credit

In October 2014, the Foundation acquired an unsecured campaign line of credit with Rocky Mountain Bank to facilitate the construction funding for the Jenny Lake Trails project. The line shall not exceed \$1,500,000 with an interest rate fixed at four (4.0%) percent per annum. Any outstanding amount is due October 10, 2018. The Foundation also has an unsecured operating line of credit with Wells Fargo. The line shall not exceed \$200,000 with an interest rate fixed at four and 5/100 (4.05%) percent per annum. There has not been any borrowing on the campaign line of credit or the operating line of credit as of the date of these financial statements.

Note 14. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 17, 2018, the date the financial statements were available to be issued.