



Grand Teton National Park Foundation

Financial Report
September 30, 2016 and 2015

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RUDD & COMPANY^{INC}

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, 2016 and 2015 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, 2016 and 2015, 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 5, 2017

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE | HELENA

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Grand Teton National Park Foundation

Statements of Financial Position September 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 4,340,130	\$ 7,114,543
Pledges receivable, current	656,553	524,736
Prepays and other current assets	4,969	18,396
Total Current Assets	5,001,652	7,657,675
 Long-term Assets		
Pledges Receivable, One to Five Years (Net of Discount)	11,403,622	3,198,207
Equipment (Net of Accumulated Depreciation)	34,199	47,432
Investments at market value	1,748,893	-
Total Long-term Assets	13,186,714	3,245,639
	\$ 18,188,366	\$ 10,903,314
 Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 114,796	\$ 98,115
Accrued Expenses	116,761	73,835
Total Liabilities	231,557	171,950
 Net Assets		
Unrestricted	112,775	79,416
Temporarily Restricted	17,844,034	10,651,948
Total Net Assets	17,956,809	10,731,364
	\$ 18,188,366	\$ 10,903,314

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

Grand Teton National Park Foundation

Statements of Activities September 30, 2016 and 2015

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 and dividend 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

September 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Contributions and grants	\$ 1,193,995	\$ 3,994,412	\$ -	\$ 5,188,407
Net assets becoming unrestricted	2,690,911	(2,685,911)	(5,000)	-
Total Support	3,884,906	1,308,501	(5,000)	5,188,407
Revenue:				
Interest income	5,351	7,330	-	12,681
Total support and revenue	3,890,257	1,315,831	(5,000)	5,201,088
Expenses:				
Program Services:				
Grants and programs	3,097,814	-	-	3,097,814
Support Services:				
Management and general	315,005	-	-	315,005
Fundraising	531,054	-	-	531,054
Total support services	846,059	-	-	846,059
Total expenses	3,943,873	-	-	3,943,873
Change in Net Assets	(53,616)	1,315,831	(5,000)	1,257,215
Net assets:				
Beginning	133,032	9,336,117	5,000	9,474,149
Ending	\$ 79,416	\$ 10,651,948	\$ -	\$ 10,731,364

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

Grand Teton National Park Foundation

Statements of Functional Expenses September 30, 2016 and 2015

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
Postage	5,447	5,025	10,051	20,523
Office expense	5,241	6,955	9,931	22,127
Technology and information	8,381	8,381	5,635	22,397
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
Bank charges	3,309	3,309	3,410	10,028
Insurance	-	10,882	-	10,882
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

September 30, 2015	Program Services	Management and General	Fundraising	Total
Grants to National Park Service	\$ 2,639,797	\$ -	\$ -	\$ 2,639,797
Salaries and related expenses	329,215	255,586	286,518	871,319
Campaign fundraising expenses	36,446	-	145,786	182,232
Office rent and utilities	32,478	16,237	16,239	64,954
Publications and newsletter	16,578	-	20,261	36,839
Outside services	8,274	5,240	14,066	27,580
Postage	8,031	2,868	8,222	19,121
Office expense	7,800	1,733	7,800	17,333
Technology and information	5,296	5,457	5,296	16,049
Appreciation and cultivation	3,116	814	9,619	13,549
Professional fees and consulting	-	10,525	-	10,525
Professional development	794	3,884	4,148	8,826
Bank charges	3,239	704	3,099	7,042
Insurance	1,517	3,155	1,395	6,067
Board expense	1,644	448	1,644	3,736
Special Project expense	3,390	-	-	3,390
Travel	199	1,592	199	1,990
Total expenses before depreciation	3,097,814	308,243	524,292	3,930,349
Depreciation	-	6,762	6,762	13,524
Total expenses	\$ 3,097,814	\$ 315,005	\$ 531,054	\$ 3,943,873

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

Grand Teton National Park Foundation

Statements of Cash Flows September 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in Net Assets	\$ 7,225,445	\$ 1,257,215
Depreciation expense	13,233	13,524
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net realized and unrealized gains and losses	(51,894)	-
Decrease (increase) in pledges receivable	(8,337,232)	849,205
Decrease (increase) in prepaid assets	13,427	(2,448)
Increase in accounts payable	16,681	61,400
Increase in accrued expenses	42,926	5,260
Net cash provided (used) by operating activities	(1,077,414)	2,184,156
Cash Flows from Investing Activities		
Acquisition of property and equipment	-	(29,097)
Purchase of investments	(1,830,605)	-
Disposal of investments	133,606	-
Net cash used by investing activities	(1,696,999)	(29,097)
Net increase (decrease) in cash	(2,774,413)	2,155,059
Cash and Cash Equivalents		
Beginning	7,114,543	4,959,484
Ending	<u>\$ 4,340,130</u>	<u>\$ 7,114,543</u>
Supplemental Disclosure of Cash Flow Information		
Non cash gift-in-kind donations	<u>\$ 63,053</u>	<u>\$ 29,328</u>

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

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2016 and 2015

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 a new Hammer Corp volunteer group provided labor for the cultural resource restoration projects. In addition, the Foundation and the park completed the second year of backcountry construction and the first year of frontcountry construction on a popular trail system as part of Inspiring Journeys: A Campaign for Jenny Lake. This multiyear \$18 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 material and completely re-envision the visitor complex and facilities. The goal is to greatly improve the overall visitor experience for the one million people who visit this area each year in celebration of the National Park Service's centennial in 2016. In spring of 2016 the Foundation and its conservation partners began raising \$23 million to purchase a State of Wyoming school tract, located within Grand Teton National Park that could be sold at auction and developed. Purchasing the property for Grand Teton National Park will protect 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, 2016 and 2015

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 2016 or 2015. The years ended September 30, 2015, 2014, and 2013 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 2016, in-kind donations were \$63,053, which was all expensed. For 2015, in-kind donations were \$29,328, 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, 2016 and 2015 was \$13,233 and \$13,524, 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 at arm's length, including a signed pledge form, before being recognized on the books as income. Related party revenues were \$5,237,700 and \$399,320 for 2016 and 2015 respectively. Pledge receivables from related parties at September 30, 2016 and 2015 were \$4,973,784 and \$371,154, respectively.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2016 and 2015

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, 2016, the Foundation had cash bank balances of \$4,505,351, book balances of \$4,340,129, and was \$132,864 in excess of the FDIC insurance coverage at the financial institutions. At September 30, 2015, the Foundation had cash bank balances of \$8,048,474, book balances of \$7,114,543, and was \$954,267 in excess of the FDIC insurance coverage at the financial institutions. There were two large checks (\$750,000 and \$82,800) which had been written several weeks earlier that were outstanding at year end.

Note 4. Pledges Receivable

Pledges receivable consist of signed pledge forms from various private donors. The total amount of pledge receivables is \$12,378,132 and 3,931,696 for 2016 and 2015, 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 \$267,957 and \$158,753 for 2016 and 2015, 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 2016 and 2015.

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, 2016		September 30, 2015	
	Cost	Approximate Market Value	Cost	Approximate Market Value
Vanguard	\$ 853,900	\$ 886,095	\$ -	\$ -
Family Management Securities	812,044	862,798	-	-
	<u>\$ 1,665,944</u>	<u>\$ 1,748,893</u>	<u>\$ -</u>	<u>\$ -</u>

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

	2016	2015
Net unrealized gains	\$ 93,591	\$ -
Net unrealized losses	(10,642)	-
Net realized gains	-	-
Net realized losses	(31,055)	-
	<u>\$ 51,894</u>	<u>\$ -</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, 2016 and 2015

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, 2016

	Level 1	Level 2	Level 3	Total
Cash reserves	\$ 1,263	\$ -	\$ -	\$ 1,263
Mutual funds				
Index funds	886,095	-	-	886,095
Fixed income funds	519,349	-	-	519,349
Equity 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

Assets at Fair Value as of September 30, 2015

	Level 1	Level 2	Level 3	Total
Cash reserves	\$ -	\$ -	\$ -	\$ -
Metal funds				
Index funds	-	-	-	-
Equity funds	-	-	-	-
Specialty funds	-	-	-	-
Total mutual funds	-	-	-	-
Total assets at fair value	\$ -	\$ -	\$ -	\$ -

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2016 and 2015

Note 7. Property and Equipment

Property and equipment at September 30, 2016 and 2015 consist of the following:

Equipment (net of \$65,212 depreciation) 2016	\$34,199
Equipment (net of \$51,979 depreciation) 2015	\$47,432

Note 8. Accrued Expenses

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

	<u>2016</u>	<u>2015</u>
Payroll liabilities	\$ 116,612	\$ 73,835
Accrued expenses	149	-
Total Accrued Expenses	<u>\$ 116,761</u>	<u>\$ 73,835</u>

Note 9. Temporarily Restricted Net Assets

The Foundation has temporarily restricted net assets of \$17,844,034 and \$10,651,948 for 2016 and 2015, 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 had permanently restricted net assets of \$5,000 in 2014. During 2015 the donor removed the restriction and the amount was reclassified to temporarily 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, 2016 and 2015 was \$18,970 and \$17,780, respectively.

Grand Teton National Park Foundation

Notes to the Financial Statements September 30, 2016 and 2015

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 \$2,300,000 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 5, 2017, the date the financial statements were available to be issued.

Antelope Flats Campaign

A 640-acre parcel of land in Grand Teton National Park that was owned by the State of Wyoming had potential to be sold at auction after December 31, 2016. The Foundation and its conservation partners raised \$23 million in seven months to protect critical wildlife habitat, migration routes, and iconic views in the heart of the park. The private funding, combined with \$23 million from federal sources, allowed Grand Teton National Park to purchase the \$46 million imperiled tract on December 12, 2016 for permanent inclusion in the park. The state gained much needed funding for its public school system and park visitors will continue to enjoy a landscape that is free from private development.

As part of a collaborative fundraising effort, National Park Foundation (NPF) secured a loan that allowed both NPF and the Foundation to accommodate the use of multi-year pledge commitments to both NPF and the Foundation. NPF is the sole borrower and the loan is full recourse to NPF only, but GTNPF pledges receivable will be among the sources of repayment for NPF's loan.