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**Big Bend Conservancy**

*Financial Statements*

**June 30, 2019**

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# Big Bend Conservancy

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## Report of Independent Auditors

The Board of Directors of  
Big Bend Conservancy

We have audited the accompanying financial statements of Friends of Big Bend National Park, dba Big Bend Conservancy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*HATTER & ASSOCIATES, LLP*

Hatter & Associates, LLP

Fort Worth, Texas

April 22, 2020

**Big Bend Conservancy**  
**Statement of Financial Position**  
**June 30, 2019**

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**ASSETS**

Cash and cash equivalents	\$	143,122
Grants and other receivables		30,609
Prepaid expense		18,628
Cash and cash equivalents - restricted for endowments		78,153
Beneficial interest in endowment assets held by community foundation		148,334
	\$	<u>418,846</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$	17,819
Unearned revenue		8,800
		<u>26,619</u>

**Net Assets**

Without donor restrictions:

General operations		123,410
Board-designated for specific purpose		25,000
Board-designated for endowment		744
		<u>149,154</u>

With donor restrictions:

Subject to endowment spending policy		225,743
Restricted for purpose or future periods		17,330
		<u>243,073</u>
	\$	<u>418,846</u>

**Big Bend Conservancy**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operations	Board Designated	Total		
<b>Support and Revenue</b>					
Contributions and grants	\$ 219,724	\$ 25,000	\$ 244,724	\$ 126,433	\$ 371,157
Membership dues income	57,599	-	57,599	-	57,599
Event revenue of \$68,172 net of direct benefit to donors	19,320	-	19,320	32,950	52,270
Investment return, net	122	-	122	9,447	9,569
Other income	582	-	582	-	582
Net assets released from restriction	5,000	-	5,000	(5,000)	-
	<u>302,347</u>	<u>25,000</u>	<u>327,347</u>	<u>163,830</u>	<u>491,177</u>
<b>Expenses</b>					
Program services:					
Promote Big Bend National Park	186,595	-	186,595	-	186,595
Supporting services:					
Management and general	37,673	-	37,673	-	37,673
Fundraising	18,969	-	18,969	-	18,969
	<u>56,642</u>	<u>-</u>	<u>56,642</u>	<u>-</u>	<u>56,642</u>
	<u>243,237</u>	<u>-</u>	<u>243,237</u>	<u>-</u>	<u>243,237</u>
Change in net assets	59,110	25,000	84,110	163,830	247,940
Net assets - beginning of year	64,300	744	65,044	79,243	144,287
Net assets - End of Year	<u>\$ 123,410</u>	<u>\$ 25,744</u>	<u>\$ 149,154</u>	<u>\$ 243,073</u>	<u>\$ 392,227</u>

*See accompanying notes to financial statements*

**Big Bend Conservancy**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	Program Service		Supporting Services			Total Program and Supporting Services
	Promote Big Bend National Park	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 67,272	\$ 12,068	\$ 9,656	\$ 21,724	\$ 88,996	
Payroll taxes	5,146	923	739	1,662	6,808	
Total salaries and related expenses	72,418	12,991	10,395	23,386	95,804	
Contract services and supplies	7,179	-	-	-	7,179	
Public event supplies and other	47,810	-	-	-	47,810	
Grant to others	16,158	-	-	-	16,158	
Professional fees	-	11,755	-	11,755	11,755	
Administrative supplies	2,097	685	470	1,155	3,252	
Office expense	5,952	4,062	830	4,892	10,844	
Telephone	1,857	563	267	830	2,687	
Postage & shipping	2,239	564	321	885	3,124	
Liability insurance	-	2,673	-	2,673	2,673	
Outside printing	7,138	534	365	899	8,037	
Dues & subscriptions	-	562	4,166	4,728	4,728	
Advertising	50	-	-	-	50	
Bank service charges	1,524	273	219	492	2,016	
Travel	17,285	1,947	169	2,116	19,401	
Board meetings	4,888	1,064	702	1,766	6,654	
Special events	-	-	1,065	1,065	1,065	
Cost of direct benefit to donors	-	15,902	-	15,902	15,902	
	186,595	53,575	18,969	72,544	259,139	
Less expenses included with revenues on the statement of activities:						
Cost of direct benefit to donors	-	(15,902)	-	(15,902)	(15,902)	
Total functional expenses	\$ 186,595	\$ 37,673	\$ 18,969	\$ 56,642	\$ 243,237	

See accompanying notes to financial statements

**Big Bend Conservancy**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

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<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 247,940
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions restricted for endowments	(78,153)
Reinvested investment return	(9,447)
Change in:	
Grants and other receivable	(16,359)
Prepaid expense	(18,628)
Account payable	17,819
Accrued expenses	(3,014)
Unearned revenue	8,800
Net cash provided by operating activities	<u>148,958</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of investments	(66,900)
Increase in cash and cash equivalents - restricted for endowments	<u>(78,153)</u>
Net cash used in investing activities	(145,053)
<b>Cash Flows from Financing Activities</b>	
Contributions restricted for endowments	<u>78,153</u>
Net cash provided by financing activities	<u>78,153</u>
Net change in cash	82,058
Cash at beginning of year	<u>61,064</u>
Cash at End of Year	<u><u>\$ 143,122</u></u>

# Big Bend Conservancy

## Notes to Financial Statements

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### 1. History and Summary of Significant Accounting Policies

#### *Nature of Operations*

Friends of Big Bend National Park, dba Big Bend Conservancy (the Organization), was incorporated in June 1996. The Organization's mission is to promote, protect, and raise funds for Big Bend National Park and the Rio Grande Wild and Scenic River. The Organization works with the National Park Service to determine funding of projects to improve and preserve Big Bend National Park and the Rio Grande Wild and Scenic River.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

#### *Financial Statement Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – net assets available for use in general operations and not subject to donor-imposed restrictions. These may be designated for specific purposes by action of the Board of Directors.
- *Net Assets With Donor Restrictions* – net assets subject to donor-imposed restrictions that will be met either by occurrence of a specific event or the passage of time, or are perpetual in nature are classified as net assets with donor restrictions. When a restriction expires, 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. Investment income and contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenue.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donor restricted net assets are primarily held in the investment accounts.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain indirect costs related primarily to salary and benefits, travel, office, administrative, and other, have been allocated among the programs and supporting services benefited primarily by time and effort of applicable staff.



# **Big Bend Conservancy**

## **Notes to Financial Statements**

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### **1. History and Summary of Significant Accounting Policies (continued)**

#### ***Cash and Cash Equivalents***

Cash consists of cash on hand and certain highly liquid investments purchased with an initial maturity of three months or less.

#### ***Receivables***

Receivables consist of unconditional promises to give and government grants earned but not collected at year end. Based on past experience and analysis of receivable collectability, management has determined that no allowance for doubtful accounts is necessary. Collection of all receivables is expected within one year.

#### ***Beneficial Interest in Assets Held by Community Foundation***

During 2013, the Organization established an endowment fund that is perpetual in nature (the fund) with a community foundation (CF) and named the Organization as beneficiary. The Organization granted variance power to the CF, which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the Organization's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

#### ***Property and Equipment***

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Repair and maintenance costs are charged to expense as incurred. The Organization had no expenditures exceeding the capitalization threshold of \$2,500.

#### ***Contributions and Grants***

Contributions and unconditional promises to give are recorded when pledges are made by the respective donors. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires or purpose restriction is satisfied, 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. If the restrictions are met in the year of contribution, the donor restricted gifts are reported as contributions without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### ***Contributed Goods and Services***

Contributed goods are reported in the financial statements at their fair value when received. Contributed services are recorded at fair value when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

In addition, a number of volunteers have donated significant time to the Organization's activities. The value of donated volunteer services is not recorded as a donation since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

# Big Bend Conservancy

## Notes to Financial Statements

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### 1. History and Summary of Significant Accounting Policies (continued)

#### *Federal Income Taxes*

The Organization is a nonprofit corporation as defined in Section 501(c)(3) of the Internal Revenue Code and, accordingly, does not provide for federal income taxes. The Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of FASB ASC 740, Income Taxes, which requires financial statement recognition and disclosure for uncertain tax positions taken or expected to be taken in a tax return. As of June 30, 2019, management determined that the Organization does not have any unrecognized tax benefits or liabilities. With few exceptions, the Organization’s federal exempt organization returns for the past three years are subject to examination by tax authorities and may change upon examination.

#### *Change in Accounting Principle*

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted the provisions of this new standard during the year ended June 30, 2019 and adjusted the presentation of these statements accordingly.

### 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

Cash and cash equivalents	\$ 143,122
Cash and cash equivalents - restricted for endowments	78,153
Grants and other receivables	30,609
Total financial assets	<u>251,884</u>
Less amounts not available to be used within one year:	
Cash and cash equivalents - restricted for endowments	(78,153)
Net assets with certain donor restrictions	(17,330)
Board-designated for specific purpose	(25,000)
	<u>(120,483)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 131,401</u>

The Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization’s goal is generally to maintain financial assets to meet at least 90 days of operating expenses. As part of its liquidity plan, excess cash is maintained in a deposit account and an interest bearing savings account.

# Big Bend Conservancy

## Notes to Financial Statements

### 3. Endowment

The Organization established two endowments, whose funds shall be used for the permanent and perpetual support of its mission, specifically for the maintenance, improvement, and construction of trails and Fossil Discovery Exhibit in Big Bend National Park. The underlying assets are held by a community foundation (CF) and by financial institutions, which are reported as beneficial interest in assets held by community foundation and as cash and cash equivalents – restricted for endowments in the statement of financial position, respectively. 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.

The Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (the “Act”) 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 Organization 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) accumulations to the permanent endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent endowment is available for appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the Act.

The investment and spending policy attempts to provide a predictable amount of funding for programs supported by the endowment while seeking to maintain the level of endowment assets. The organization seeks to obtain a total return through capital appreciation and current income that allows the endowment to grow annually. Distributions will be made in accordance with the distribution policy determined annually by the CF’s Board of Governors. The Organization’s Board of Directors determined no distributions may be made from each of the endowment funds until the average fund balance equals or exceeds \$100,000 during the year preceding the first distribution.

Endowment net assets are comprised of the following at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 744	\$ -	\$ 744
Donor restricted endowment funds:			
Contributions to be maintained in perpetuity	-	206,201	206,201
Accumulated investment gains	-	19,542	19,542
	<u>\$ 744</u>	<u>\$ 225,743</u>	<u>\$ 226,487</u>

The changes in endowment net assets are as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2018	\$ 744	\$ 74,243	\$ 74,987
Contributions	-	142,053	142,053
Investment return:			
Investment income	-	2,390	2,390
Net realized and unrealized gains	-	9,000	9,000
Investment and admin fees	-	(1,943)	(1,943)
Endowment net assets at June 30, 2019	<u>\$ 744</u>	<u>\$ 225,743</u>	<u>\$ 226,487</u>

# Big Bend Conservancy

## Notes to Financial Statements

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### 4. Fair Value Measurements

The Organization reports the beneficial interest in assets held by community foundation at fair value in accordance with FASB ASC 220, Fair Value Measurement and Disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

The fair value of the beneficial interest in assets held by community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following is a reconciliation of the beginning and ending balance of the beneficial interest in assets held by community foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2019:

Balance at June 30, 2018	\$	71,987
Purchases of investments		66,900
Investment return, net		9,447
Balance at June 30, 2019	\$	<u>148,334</u>

The following schedule summarizes investment return, which is classified as net assets with donor restrictions subject to endowment spending policy in the financial statements for the year ended June 30, 2019:

Dividends and interest	\$	2,390
Realized gain on sales of investments		11,290
Unrealized loss on investments		(2,290)
Investment and admin fees		(1,943)
	\$	<u>9,447</u>

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# Big Bend Conservancy

## Notes to Financial Statements

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### 5. Restrictions on Net Assets

Donor restricted net assets at June 30, 2019 are available for the following purposes:

	Board Designated Without Donor Restrictions	With Donor Restrictions
Subject to expenditure for time or purpose:		
Historic renovation	\$ 25,000	\$ -
Castolon recovery	-	2,100
Public events	-	15,230
	<u>25,000</u>	<u>17,330</u>
Subject to appropriation from endowment for:		
Trails	744	151,432
Fossil Discovery Exhibit	-	74,311
	<u>744</u>	<u>225,743</u>
	<u>\$ 25,744</u>	<u>\$ 243,073</u>

Net assets were released from restriction during 2019 by incurring expenditures of \$5,000 for programs.

### 6. Contributed Goods and Services

The Organization received in-kind food, artworks, and rental services related to fundraising events. The estimated fair value of the in-kind contributions consists of the following for the year ended June 30, 2019:

Food and delivery services	\$ 4,725
Raffle prizes - Artworks	4,785
Facility rental	1,500
	<u>\$ 11,010</u>

### 7. Concentrations

The Organization relies on major donors for financial support. Contributions were received from two estates amounting to \$65,000, one foundation of \$50,000, a fundraising event of \$32,950, and state license plate revenue of \$74,367 during 2019. The beneficial interest in assets held by a community foundation amounted to \$148,334, and revenues receivable from the state of Texas amounted to \$30,489 at June 30, 2019. Each of these amounts exceeded five percent of total revenues and are considered material both individually and in the aggregate to the financial statements.

### 8. Subsequent Events

Management has evaluated subsequent events through April 22, 2020, which is the date the financial statements were available to be issued.