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**Big Bend Conservancy**

*Financial Statements*

**June 30, 2020**

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# Big Bend Conservancy

## Table of Contents

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<b>Report of Independent Auditors</b> .....	1
<b>Financial Statements</b>	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows.....	5
<b>Notes to Financial Statements</b> .....	6

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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, 2020, 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, 2020, 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 9, 2021

**Big Bend Conservancy**  
**Statement of Financial Position**  
**June 30, 2020**

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**ASSETS**

Cash and cash equivalents	\$	271,949
Grants and other receivables		20,946
Prepaid expense		4,601
Cash and cash equivalents - restricted for endowments		110,489
Contributions receivable - restricted for endowments		15,333
Beneficial interest in endowment assets held by community foundation		146,716
	\$	<u>570,034</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$	6,153
Note payable		18,600
		<u>24,753</u>

**Net Assets**

Without donor restrictions:

General operations		93,721
Board-designated for specific purpose		27,100
Board-designated for endowment		744
		<u>121,565</u>

With donor restrictions:

Subject to endowment spending policy		271,794
Restricted for purpose or future periods		151,922
		<u>423,716</u>
	\$	<u>570,034</u>

**Big Bend Conservancy**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operations	Board Designated	Total		
<b>Support and Revenue</b>					
Contributions and grants	\$ 155,492	\$ 27,100	\$ 182,592	\$ 189,213	\$ 371,805
Membership dues income	82,216	-	82,216	-	82,216
Event revenue of \$43,225					
net of direct benefit to donors	10,638	-	10,638	11,770	22,408
Investment return (loss), net	294	-	294	(3,010)	(2,716)
Other income	513	-	513	-	513
Net assets released from restriction	42,330	(25,000)	17,330	(17,330)	-
	<u>291,483</u>	<u>2,100</u>	<u>293,583</u>	<u>180,643</u>	<u>474,226</u>
<b>Expenses</b>					
Program services:					
Promote Big Bend National Park	233,717	-	233,717	-	233,717
Supporting services:					
Management and general	61,395	-	61,395	-	61,395
Fundraising	26,060	-	26,060	-	26,060
	<u>87,455</u>	<u>-</u>	<u>87,455</u>	<u>-</u>	<u>87,455</u>
	<u>321,172</u>	<u>-</u>	<u>321,172</u>	<u>-</u>	<u>321,172</u>
Change in net assets	(29,689)	2,100	(27,589)	180,643	153,054
Net assets - beginning of year	123,410	25,744	149,154	243,073	392,227
Net assets - End of Year	<u>\$ 93,721</u>	<u>\$ 27,844</u>	<u>\$ 121,565</u>	<u>\$ 423,716</u>	<u>\$ 545,281</u>

*See accompanying notes to financial statements*

**Big Bend Conservancy**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	Program Service		Supporting Services			Total Program and Supporting Services
	Promote Big Bend National Park	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 51,394	\$ 20,339	\$ 14,267	\$ 34,606	\$ 86,000	
Payroll taxes	3,932	1,556	1,091	2,647	6,579	
Total salaries and related expenses	55,326	21,895	15,358	37,253	92,579	
Contract services and supplies	56,187	-	-	-	56,187	
Public event supplies and other	30,929	-	-	-	30,929	
Grant to others	50,000	-	-	-	50,000	
Professional fees	-	19,744	-	19,744	19,744	
Administrative supplies	2,626	1,040	729	1,769	4,395	
Office expense	10,119	5,012	2,809	7,821	17,940	
Telephone	646	2,559	-	2,559	3,205	
Postage & shipping	995	3,120	443	3,563	4,558	
Liability insurance	-	2,740	-	2,740	2,740	
Outside printing	9,910	1,483	975	2,458	12,368	
Dues & subscriptions	250	120	4,688	4,808	5,058	
Advertising	17	-	-	-	17	
Bank service charges	-	1,998	-	1,998	1,998	
Travel	16,687	627	-	627	17,314	
Board meetings	-	1,057	-	1,057	1,057	
Special events	25	-	1,058	1,058	1,083	
Cost of direct benefit to donors	-	20,817	-	20,817	20,817	
	233,717	82,212	26,060	108,272	341,989	
Less expenses included with revenues on the statement of activities:						
Cost of direct benefit to donors	-	(20,817)	-	(20,817)	(20,817)	
Total functional expenses	\$ 233,717	\$ 61,395	\$ 26,060	\$ 87,455	\$ 321,172	

See accompanying notes to financial statements

**Big Bend Conservancy**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

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**Cash Flows from Operating Activities**

Change in net assets	\$ 153,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions restricted for endowments	(49,061)
Investment loss	3,010
Change in:	
Grants and other receivable	9,663
Prepaid expense	14,027
Account payable	(11,666)
Unearned revenue	(8,800)
Net cash provided by operating activities	<u>110,227</u>

**Cash Flows from Investing Activities**

Purchases of investments	<u>(1,392)</u>
Net cash used in investing activities	(1,392)

**Cash Flows from Financing Activities**

Collection of contributions restricted for endowment	33,728
Proceeds from note payable	<u>18,600</u>
Net cash provided by financing activities	<u>52,328</u>

Net change in cash, cash equivalents, and restricted cash	161,163
Cash, cash equivalents, and restricted cash at beginning of year	<u>221,275</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 382,438</u></u>

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*See accompanying notes to financial statements*

# 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.

#### *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.

#### *Restricted Cash*

Cash restricted for endowment represents cash not contributed to an endowment account as of June 30, 2020.



# Big Bend Conservancy

## Notes to Financial Statements

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

#### *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. During the year ended June 30, 2020, the Organization received consulting services with a value of \$72,000 from one of its volunteers. Fair value of the contributed services was not recorded in the financial statements.

#### *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)

#### *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, 2020, 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 June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted the provisions of this new update during the year ended June 30, 2020 and adjusted the presentation of these statements accordingly.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flow (Topic 230) – *Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents, and restricted cash and restricted cash equivalents in the statement of cash flows. The ASU requires changes in the Organization’s restricted cash to be classified as either operating activities, investing activities, or financing activities in the statement of cash flows, depending on the nature of the activities that gave rise to the restriction. The Organization adopted the provisions of this new update during the year ended June 30, 2020 and adjusted the presentation of these statements accordingly.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. ASU 2014-09 was to be effective for the years beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customer (Topic 606) and Leases (Topic 842) – Effective date for Certain Entities*, which delays the effective date of ASU 2014-09 until years beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its financial statements.

### 2. Contributions Receivable

Unconditional promises to give by donors consist of the following at June 30, 2020:

Receivable in less than one year	\$	7,667
Receivable in one to five years		7,666
	\$	<u>15,333</u>

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## Big Bend Conservancy

### Notes to Financial Statements

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#### 3. Cash, Cash Equivalents, and Restricted Cash

The following schedule provides a reconciliation of cash, cash equivalents, and restricted cash reported on the balance sheet to the total cash, cash equivalents, and restricted cash reported in the statement of cash flows.

Cash and cash equivalents	\$ 271,949
Cash and cash equivalents - restricted for endowments	<u>110,489</u>
	<u>\$ 382,438</u>

#### 4. 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, 2020, comprise the following:

Cash and cash equivalents	\$ 271,949
Grants and other receivables	<u>20,946</u>
Total financial assets	292,895

Less amounts not available to be used within one year:

Net assets with certain donor restrictions	(151,922)
Board-designated for specific purpose	<u>(27,100)</u>
	<u>(179,022)</u>

Financial assets available to meet general expenditures within one year	<u>\$ 113,873</u>
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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.

#### 5. Contributed Goods and Services

The Organization received in-kind food, artworks, and entertainment services related to fundraising events. The estimated fair value of the in-kind contributions consists of the following for the year ended June 30, 2020:

Food and delivery services	\$ 2,376
Entertainment	500
Raffle prizes - Artworks	<u>550</u>
	<u>\$ 3,426</u>

# Big Bend Conservancy

## Notes to Financial Statements

### 6. 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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 744	\$ -	\$ 744
Donor restricted endowment funds:			
Contributions to be maintained in perpetuity	-	255,262	255,262
Accumulated investment gains	-	16,532	16,532
	<u>\$ 744</u>	<u>\$ 271,794</u>	<u>\$ 272,538</u>

The changes in endowment net assets are as follows for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2019	\$ 744	\$ 225,743	\$ 226,487
Contributions	-	49,061	49,061
Investment return:			
Investment income	-	3,616	3,616
Net realized and unrealized loss	-	(4,180)	(4,180)
Investment and admin fees	-	(2,446)	(2,446)
Endowment net assets at June 30, 2020	<u>\$ 744</u>	<u>\$ 271,794</u>	<u>\$ 272,538</u>

# Big Bend Conservancy

## Notes to Financial Statements

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### 7. 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, 2020:

Balance at June 30, 2019	\$	148,334
Purchases of investments		1,392
Investment return, net		(3,010)
Balance at June 30, 2020	\$	<u>146,716</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, 2020:

Dividends and interest	\$	3,616
Realized loss on sales of investments		(4,370)
Unrealized gain on investments		190
Investment and admin fees		(2,446)
	\$	<u>(3,010)</u>

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# Big Bend Conservancy

## Notes to Financial Statements

### 8. Financing Arrangements

On May 5, 2020, the Organization received loan proceeds in the amount of \$18,600 under the Paycheck Protection Program (“PPP”), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP loan may only be used for eligible payroll costs, costs used to continue group health care benefits, rent, utilities, and interest on other debt obligations. Under terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire loan amount for qualifying expenses. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. On January 8, 2021, the bank informed the Organization that the whole amount of the PPP loan has been approved for forgiveness.

### 9. Restrictions on Net Assets

Donor restricted net assets at June 30, 2020 are available for the following purposes:

	Board Designated Without Donor Restrictions	With Donor Restrictions
Subject to expenditure for time or purpose:		
Operating reserve	\$ 27,100	\$ -
Castolon recovery	-	10,943
Sustainability project	-	140,979
	<u>27,100</u>	<u>151,922</u>
Subject to appropriation from endowment for:		
Trails	744	148,972
Fossil Discovery Exhibit	-	122,822
	<u>744</u>	<u>271,794</u>
	<u>\$ 27,844</u>	<u>\$ 423,716</u>

Net assets were released from restrictions by incurring expenditures that satisfy the purpose specified by donor as follows during the year ended June 30, 2020:

	Board Designated Without Donor Restrictions	With Donor Restrictions
Historic renovation	\$ 25,000	\$ -
Public events		15,230
Castolon recovery		2,100
	<u>\$ 25,000</u>	<u>\$ 17,330</u>

### 9. Concentrations

The Organization relies on major donors for financial support. Contributions were received from one foundation of \$150,000, a fundraising event of \$29,300, and state license plate revenue of \$46,719 during 2020. The beneficial interest in assets held by a community foundation amounted to \$146,716. Each of these amounts exceeded five percent of total revenues and are considered material both individually and in the aggregate to the financial statements.

## **Big Bend Conservancy**

### **Notes to Financial Statements**

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#### **10. Subsequent Events**

On January 8, 2021 the bank informed the Organization that the whole amount of the PPP loan discussed in Note 8 has been approved for forgiveness.

Management has evaluated subsequent events through April 9, 2021, which is the date the financial statements were available to be issued.