

National Park Trust, Inc. and Affiliate

Consolidated Financial Statements
and Independent Auditors' Report

June 30, 2016 and 2015

National Park Trust, Inc. and Affiliate

Consolidated Financial Statements
June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
National Park Trust, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of National Park Trust, Inc. and Canonie IDNL Acquisition LLC (collectively, "the Trust"), which comprise the consolidated statement of financial position as of June 30, 2016, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements.

Auditor's Responsibility (continued)

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2016, 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.

Other Matters

The consolidated financial statements of the Trust as of June 30, 2015, were audited by other auditors whose report, dated October 28, 2015, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 25-29 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information for the year ended June 30, 2015 on pages 25-29 was subjected to the auditing procedures applied in the audit of the basic consolidated financial statements by other independent auditors, whose report, dated October 28, 2015, indicated that such information is fairly stated in all material respects to the basic consolidated statements as a whole.

Handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with a large, looped initial 'R' and a plus sign before the company name.

Vienna, Virginia
December 5, 2016

National Park Trust, Inc. and Affiliate

Consolidated Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
	<hr/>	<hr/>
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,949	\$ 99,766
Restricted cash	629,621	726,281
Accounts receivable	42,734	4,760
Pledges receivable, net	442,336	224,366
Inventory	26,502	34,307
Prepaid expenses and deposits	29,682	13,251
	<hr/>	<hr/>
Total current assets	1,249,824	1,102,731
Investments	322,359	308,340
Pledges receivable, long-term	647,100	-
Property and equipment, net	304	925
Real estate and land holdings:		
Conservation easement	1,465,100	1,465,100
Mineral rights	1,390,600	1,390,600
Property held for parks	650,377	650,377
	<hr/>	<hr/>
Total real estate and land holdings	3,506,077	3,506,077
	<hr/>	<hr/>
Total assets	\$ 5,725,664	\$ 4,918,073
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,704	\$ 73,235
Line of credit	-	4,337
	<hr/>	<hr/>
Total current liabilities	83,704	77,572
	<hr/>	<hr/>
Net Assets		
Unrestricted:		
Undesignated	472,136	320,418
Board-designated	2,855,700	2,855,700
	<hr/>	<hr/>
Total unrestricted	3,327,836	3,176,118
Temporarily restricted	2,124,744	1,385,003
Permanently restricted	189,380	279,380
	<hr/>	<hr/>
Total net assets	5,641,960	4,840,501
	<hr/>	<hr/>
Total liabilities and net assets	\$ 5,725,664	\$ 4,918,073
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See accompanying notes.

National Park Trust, Inc. and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support				
Grants and contributions	\$ 893,263	\$ 853,800	\$ -	\$ 1,747,063
Government grants	743,829	-	-	743,829
Product sales, net	25,486	-	-	25,486
Investment income	11,623	-	-	11,623
In-kind contributions	204,260	-	-	204,260
Other income	29,252	-	-	29,252
Released from restrictions	204,059	(114,059)	(90,000)	-
Total operating revenue and support	2,111,772	739,741	(90,000)	2,761,513
Expenses				
Program services:				
Youth programs	1,420,609	-	-	1,420,609
Lands and parks programs	200,708	-	-	200,708
Total program services	1,621,317	-	-	1,621,317
Supporting services:				
General and administrative	202,481	-	-	202,481
Fundraising	141,170	-	-	141,170
Total supporting services	343,651	-	-	343,651
Total expenses	1,964,968	-	-	1,964,968
Change in Net Assets from Operations	146,804	739,741	(90,000)	796,545
Non-Operating Activity				
Realized and unrealized gain on investments	4,914	-	-	4,914
Total non-operating activity	4,914	-	-	4,914
Change in Net Assets	151,718	739,741	(90,000)	801,459
Net Assets, beginning of year	3,176,118	1,385,003	279,380	4,840,501
Net Assets, end of year	\$ 3,327,836	\$ 2,124,744	\$ 189,380	\$ 5,641,960

See accompanying notes.

National Park Trust, Inc. and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support				
Grants and contributions	\$ 667,096	\$ 505,000	\$ -	\$ 1,172,096
Government grants	2,257	-	-	2,257
Product sales, net	20,863	-	-	20,863
Investment income	10,453	-	-	10,453
In-kind contributions	239,000	-	-	239,000
Other income	4,000	-	-	4,000
Released from restrictions	157,021	(122,021)	(35,000)	-
Total operating revenue and support	1,100,690	382,979	(35,000)	1,448,669
Expenses				
Program services:				
Youth programs	646,823	-	-	646,823
Lands and parks programs	195,534	-	-	195,534
Public education	130,309	-	-	130,309
Total program services	972,666	-	-	972,666
Supporting services:				
General and administrative	134,518	-	-	134,518
Fundraising	147,198	-	-	147,198
Total supporting services	281,716	-	-	281,716
Total expenses	1,254,382	-	-	1,254,382
Change in Net Assets from Operations	(153,692)	382,979	(35,000)	194,287
Non-Operating Activity				
Realized and unrealized gain on investments	308	-	-	308
Total non-operating activity	308	-	-	308
Change in Net Assets	(153,384)	382,979	(35,000)	194,595
Net Assets, beginning of year	3,329,502	1,002,024	314,380	4,645,906
Net Assets, end of year	\$ 3,176,118	\$ 1,385,003	\$ 279,380	\$ 4,840,501

See accompanying notes.

National Park Trust, Inc. and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 801,459	\$ 194,595
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gain on investments	(4,914)	(308)
Depreciation	621	623
Donated securities	(212,064)	(28,806)
Change in allowance for pledges receivable	47,500	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(37,974)	-
Pledges receivable	(912,570)	81,024
Inventory	7,805	(3,121)
Prepaid expenses and deposits	(16,431)	(102)
Increase in:		
Accounts payable and accrued expenses	10,469	44,298
	(316,099)	288,203
Net cash (used in) provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(32,345)
Purchase of investments	(278,710)	-
Proceeds from sales of investments	481,669	18,787
	202,959	(13,558)
Net cash provided by (used in) investing activities		
Cash Flows from Financing Activity		
Payments on line of credit	(4,337)	-
	(4,337)	-
Net cash used in financing activity		
Net (Decrease) Increase in Cash and Cash Equivalents	(117,477)	274,645
Cash and Cash Equivalents, beginning of year	826,047	551,402
Cash and Cash Equivalents, end of year	\$ 708,570	\$ 826,047
Cash and cash equivalents	\$ 78,949	\$ 99,766
Restricted cash	629,621	726,281
Total Cash and Cash Equivalents	\$ 708,570	\$ 826,047

See accompanying notes.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

1. Nature of Operations

National Park Trust, Inc. (NPT) is incorporated as a not-for-profit 501(c)(3) organization in the District of Columbia with a mission to preserve parks today and create park stewards for tomorrow.

Preserve parks today: NPT has completed more than 100 land conservation projects from Florida to Alaska and has preserved more than 45,000 acres of parkland from development. NPT moves quickly to select, acquire, and protect park land by dedicating funding to high-priority projects. NPT also serves as a partner with national and local land trusts and friends groups to provide critical funding to complete park preservation projects.

Create park stewards for tomorrow: To meet the growing disconnect between kids and nature, NPT's environmental education initiatives, the Buddy Bison School Program and grassroots movement Kids to Parks Day, provide in-depth park experiences for underserved youth, their families and teachers. The park experiences complement and enhance classroom curriculum. To date, NPT's youth programs have reached more than 2,000,000 children and families and have garnered recognition from the First Lady and her Let's Move! initiative, the President's Every Kid in a Park initiative, the Secretary of the Interior, the Director of the National Park Service (NPS), and numerous education and conservation communities.

Canonie IDNL Acquisition LLC ("Canonie") is a Limited Liability Company formed on March 14, 2014, under the laws of Indiana. Its sole member is NPT and it was established and operated exclusively for the tax-exempt purpose of acquiring parcels of land on Canonie Road adjacent to Indiana Dunes National Lakeshore (IDNL), holding them for conservation, and donating them to NPS.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of NPT and Canonie. All material inter-company transactions and accounts have been eliminated.

Except when referred to separately, all entities are collectively referred to as "the Trust" throughout the accompanying consolidated financial statements and related notes.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Trust's consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Trust's operations. Unrestricted net assets include both undesignated and Board-designated amounts.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Trust or by the passage of time.
- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for the general operations or restricted purposes imposed by the donors.

Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Trust considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investment.

In addition, NPT has restricted cash that is not available for immediate use. Such cash cannot be used by NPT until a certain point or event in the future. Restricted cash includes amounts in money market and savings accounts restricted to be spent on mitigation settlement-directed park projects and direct land purchases under temporarily restricted grant agreements. As of June 30, 2016 and 2015, restricted cash totaled \$629,621 and \$726,281, respectively.

Accounts Receivable

Accounts receivable principally represent amounts due from consignment sales, the Centennial Program cost reimbursements, and other nominal items. The entire amount of accounts receivable is expected to be collected within one year and is recorded at net realizable value. No allowance for doubtful accounts has been recorded, as management believes that all receivables are fully collectible.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Pledges Receivable

Pledges receivable represent unconditional amounts committed to the Trust. Amounts receivable in more than one year are initially recorded using a discount rate that considers market and credit risk. No discount was recorded on multi-year pledges receivable due to immateriality. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. At June 30, 2016 and 2015, an allowance for doubtful accounts of \$50,000 and \$2,500, respectively, was recognized.

Inventory

Inventory is comprised of Buddy Bison plush toys, t-shirts, books, and other items held for resale or use in its program activities. Inventory is stated at the lower of cost (determined on a first-in, first-out basis) or market value. The Trust periodically reviews inventory for slow-moving or obsolete items and determines if a reserve is necessary. At June 30, 2016 and 2015, there was no obsolete inventory.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported in the accompanying consolidated statements of activities.

Property and Equipment

The Trust capitalizes all property and equipment over \$1,000. Property and equipment is recorded at cost or, if donated, at the approximate fair value at the date of donation. Equipment is being depreciated over the estimated useful lives, primarily five years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Real Estate and Related Holdings

Real estate and related holdings are recorded at cost if purchased, or, if donated, at fair market value on the date of the donation as determined primarily by one of the following valuation procedures:

- For material donations where a current appraisal is available from a professional qualified appraiser, such value may be adopted when the Trust is satisfied that the appraisal is reasonable.
- For immaterial donations where a current appraisal is not available, the Trust may use alternative methods that are cost effective for the individual circumstances. These methods may include self-appraisal and/or information provided by third parties including brokers, agents, and others.

The Trust acquires, either through purchases or donation, real estate and related holdings with the intention of holding, selling, or transferring for the purpose of preserving the National Park System.

Revenue Recognition

Grants and contributions are recorded as revenue when received or promised. The Trust reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Trust's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Revenues from federal and other funding sources are recognized when the related expenses are incurred. Expenses charged to federal grants, including allocable indirect costs and fringe benefits, are subject to audit and adjustment. Grant expenses incurred before the grant revenue is received are reported as grants receivable in the accompanying consolidated statements of financial position. Funds received in advance of the period in which they will be recognized are reported as refundable advances in the accompanying consolidated statements of financial position.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Trust records support from fundraising campaigns in the year in which the fundraising activity occurs.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

The Trust receives in-kind contributions from individuals and organizations interested in the Trust's programs. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. The in-kind contributions include mainly legal services and other professional services, and they are recorded as revenue at a value estimated by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform to the 2016 presentation. These reclassifications have no effect on the change in net assets previously reported.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes most existing revenue recognition guidance under accounting principles generally accepted in the United States. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration an entity expects to be entitled to for those goods or services using a defined five-step process. More judgment and estimates may be required to achieve this principle than under existing accounting principles generally accepted in the United States of America. ASU 2014-09 is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients or (ii) a retrospective approach with the cumulative effect upon initial adoption recognized at the date of adoption, which includes additional footnote disclosures. The Trust has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2019, and the Trust is currently evaluating the impact of the pending adoption of ASU 2016-02.

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities* (Topic 958). ASU 2016-04 simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The standard is effective for fiscal years beginning after December 15, 2017. The Trust's first required year to adopt will be the year ending June 30, 2019. The Trust has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these consolidated financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through December 5, 2016, the date the consolidated financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Trust to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Trust maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Trust has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Investments and Fair Value Measurements

The Trust follows FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Trust recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Trust uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

4. Investments and Fair Value Measurements (continued)

The following table presents the Trust's fair value hierarchy for those assets measured on a recurring basis at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 10,969	\$ -	\$ -	\$ 10,969
Fixed income	96,464	-	-	96,464
Equities:				
Emerging markets	23,335	-	-	23,335
Multi-strategy	15,900	-	-	15,900
Small cap	15,054	-	-	15,054
Large cap	129,697	-	-	129,697
Large cap developed	30,940	-	-	30,940
Total investments	\$ 322,359	\$ -	\$ -	\$ 322,359

The following table presents the Trust's fair value hierarchy for those assets measured on a recurring basis at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 9,972	\$ -	\$ -	\$ 9,972
Corporate securities	217,734	-	-	217,734
Fixed income, asset-backed securities	80,634	-	-	80,634
Total investments	\$ 308,340	\$ -	\$ -	\$ 308,340

Investment income consists of the following for the years ended June 30:

	2016	2015
Interest and dividends	\$ 11,623	\$ 10,453
Realized and unrealized gain	4,914	308
Total investment income	\$ 16,537	\$ 10,761

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

5. Pledges Receivable

Pledges receivable are promised as follows at June 30:

	2016	2015
Due in less than one year	\$ 492,336	\$ 226,866
Due in one to five years	647,100	-
Total pledges receivable	1,139,436	226,866
Less: allowance for uncollectible accounts	(50,000)	(2,500)
Pledges receivable, net	<u>\$ 1,089,436</u>	<u>\$ 224,366</u>

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2016	2015
Office furniture and equipment	\$ 20,128	\$ 20,128
Less: accumulated depreciation	(19,824)	(19,203)
Property and equipment, net	<u>\$ 304</u>	<u>\$ 925</u>

7. Real Estate and Related Holdings

Conservation Easement

The Trust received a contribution of a conservation easement known as the Johnnycake Ranch in Arkansas that represents restrictions over the use and development of land not owned by the Trust. This easement provides for retaining or protecting natural, scenic, historical, or open space values of real property, assuring its availability for agricultural, forest, recreation, education, or open space use; protecting natural features and resources; maintaining or enhancing air quality or preserving the natural, historical, agricultural, archeological, or cultural aspects of real property. The fair market value of the conservation easement at both June 30, 2016 and 2015 was \$1,465,100.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

7. Real Estate and Related Holdings (continued)

Mineral Rights

During 2008 and 2003, the Trust received donations of mineral rights, and the rights to remove said minerals from 5,676 acres of land situated in Capon District, Hardy County, West Virginia. The surface of the land is owned by the U.S. Department of Agriculture Forest Service. The estimated fair market value of the right to remove minerals at both June 30, 2016 and 2015 was \$1,390,600.

Property Held for Parks

During fiscal year 2014, Canonie purchased parcels of land with the intention of donating this land to NPS. The property consists of land only and is to be transferred to the federal government upon completion of governmental documentation/procedures. The land is held by Canonie and is consolidated in the accompanying consolidated statements of financial position. As of both June 30, 2016 and 2015, the value of this property was \$650,376.

In addition, the Trust had a Property for Parks program to receive donations of property. The Trust has the option to either transfer the property for no consideration or sell it and use the money to help preserve America's parklands. One such donated property in the state of New York lost resale value and was written-down to an estimated market value of \$1. As of both June 30, 2016 and 2015, the value of this property was \$1.

8. Net Assets

Temporarily Restricted

Temporarily restricted net assets were restricted for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Capital Campaign—Project 100	\$ 868,800	\$ -
Mitigation settlement	755,944	880,003
Land acquisition	500,000	500,000
Other projects	-	5,000
Total temporarily restricted net assets	<u>\$ 2,124,744</u>	<u>\$ 1,385,003</u>

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

8. Net Assets (continued)

Temporarily Restricted (continued)

Capital Campaign—Project 100

During 2016, the Trust launched The Campaign for the National Park Trust (“the Campaign”) in honor of the 100th anniversary of NPS. The Campaign will run through the next 5 years. The goals of the Campaign are to raise \$10,000,000, to grow the Buddy Bison School Program to 100 schools, and to begin to acquire 100 high-priority land parcels to benefit NPS. These high-priority parcels of park land total approximately 10,000 acres of privately-owned land located within the boundaries of national parks. Through the 100 sustained Buddy Bison schools, the Trust will inspire and mentor future conservationists, park stewards, and “green” professionals starting with our youngest scholars. The donations to the Campaign will be recorded as time-restricted donations. For the year ended June 30, 2016, the Trust received \$853,800 of temporarily restricted pledges and contributions and incurred \$63,025 in costs related to the Campaign.

Mitigation Settlement

The Trust enters into mitigation settlement agreements, from time to time, with companies that may have damaged or polluted, in some way, park or forest lands. These temporarily restricted funds are used to restore and clean these lands, or may be used to purchase a parcel of land equivalent in size and habitat to the ones that had been polluted or altered permanently, such that restoration in some form is not possible. An example would be natural land converted to a residential development or a wetland converted to a landfill site. The Trust would follow the same pathway as with simple land acquisition, i.e. completing the project of a restored site without taking ownership of the land, or transferring any mitigation land purchased to protected ownership as soon as practical.

Land Acquisition

The Trust receives restricted funds from various sources with which to acquire, or assist in the due diligence costs of partner organizations’ acquisition of, parcels of park land. The parcels are identified by a governmental entity, such as NPS or the U.S. Forest Service, as a priority for acquisition to protect the parcel or adjacent government-owned land for conservation or environmental purposes. The Trust purchases the parcels and donates via transfer of ownership to the requesting governmental entity as soon as practical. Trust purchases are made in compliance with local, state, and federal real estate laws and regulations, but without the more time-intensive additional administrative and due diligence burden a governmental agency would have to face. In situations where the Trust is providing due diligence costs of a partner organizations’ acquisition of park land, the Trust will raise funds to cover such costs, transfer the funds to the partner organization, but not take ownership of the land.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

8. Net Assets (continued)

Permanently Restricted

Permanently restricted net assets were restricted for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Donor-restricted endowment	<u>\$ 189,380</u>	<u>\$ 279,380</u>
Total permanently restricted net assets	<u><u>\$ 189,380</u></u>	<u><u>\$ 279,380</u></u>

9. Endowment

The Trust's endowment fund includes permanently restricted assets which is a traditional donor-restricted endowment. The fund's investment earnings will be used in the unrestricted operations of the Trust. As required by generally accepted accounting principles, net assets of endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trust's Board of Trustees has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Trust classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

9. Endowment (continued)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of the Trust and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Trust; and (7) investment policies of the Trust.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported by the Trust in unrestricted net assets. There were no fund deficiencies for the years ended June 30, 2016 and 2015.

Return Objectives, Risk Parameters, and Strategies

The Trust has adopted investment and spending policies for endowment assets that attempt to support the current and future operations of the Trust while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Trust must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are currently invested in equities and fixed income securities. To satisfy its long-term objectives, the Trust relies on a strategy in which investment returns are achieved through both growth in principal and income from dividends and interest. The Trust targets a diversified asset allocation to achieve its long-term return objectives.

Spending Policy and How Investment Objectives Relate to Spending Policy

The Trust's spending policy is a target rate of 4.0% of the average market value of the endowment over the rolling trailing 12 fiscal quarters. Unless otherwise directed by the Investment Subcommittee, the spending policy will be calculated on an annual basis, with the resulting draw to be applied over the next 12 months on a not-less-than quarterly basis. The Trust will review and re-evaluate this spending policy on an annual basis, and any amount to be spent must be approved by the Board of Trustees.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements June 30, 2016 and 2015

9. Endowment (continued)

Composition of Endowment Fund

Endowment net assets were comprised of the following at June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>2016:</u>				
Donor-restricted funds	\$ -	\$ -	\$ 189,380	\$ 189,380
Total endowment funds	\$ -	\$ -	\$ 189,380	\$ 189,380
<u>2015:</u>				
Donor-restricted funds	\$ -	\$ -	\$ 279,380	\$ 279,380
Total endowment funds	\$ -	\$ -	\$ 279,380	\$ 279,380

Changes in Endowment Net Assets

Changes in endowment funds by net asset class were as follows for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning	\$ -	\$ -	\$ 279,380	\$ 279,380
Investment return:				
Interest and dividends	3,213	-	-	3,213
Net appreciation (realized and unrealized)	140	-	-	140
Total investment return	3,353	-	-	3,353
Transfer of permanently restricted funds by donor	-	50,000	(50,000)	-
Write-off of uncollectible permanently restricted funds	40,000	-	(40,000)	-
Appropriations	(43,353)	(50,000)	-	(93,353)
Endowment funds, ending	\$ -	\$ -	\$ 189,380	\$ 189,380

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements June 30, 2016 and 2015

9. Endowment (continued)

Changes in Endowment Net Assets (continued)

Changes in endowment funds by net asset class were as follows for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning	\$ -	\$ -	\$ 314,380	\$ 314,380
Investment return:				
Interest and dividends	1,730	-	-	1,730
Net appreciation (realized and unrealized)	93	-	-	93
Total investment return	1,823	-	-	1,823
Transfer of permanently restricted funds by donor Appropriations	-	35,000	(35,000)	-
	(1,823)	(35,000)	-	(36,823)
Endowment funds, ending	\$ -	\$ -	\$ 279,380	\$ 279,380

During the year ended June 30, 2016, uncollectible contributions to the endowment, which were never received in cash, were released to unrestricted net assets. The amount included in the allowance for doubtful receivables included \$50,000 as of June 30, 2016. During the years ended June 30, 2016 and 2015, donors lifted permanent restrictions from gifts recorded in previous years, in the amounts of \$50,000 and \$35,000, respectively.

10. National Park Service Project Grant

In 2013, NPS signed a memorandum of understanding with NPT to establish a framework to facilitate the planning and execution of NPT's programs and activities that promote the respective missions of NPT and NPS. The focus of these programs and activities is to encourage youth and young adults from diverse backgrounds to experience, preserve, and protect the natural and cultural resources of the units of NPS. In 2016, NPS entered into a cooperative agreement with NPT to provide educational programs in conservation, nature, and outdoor recreation to youth in underserved urban communities through NPT's Buddy Bison and Kids to Parks Day programs.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

10. National Park Service Project Grant (continued)

As a partner, NPT will be raising private matching funds to make project grants to NPS to fund programs that would not otherwise be completed without private funding. These project grants will help to provide bus transportation, classroom resources, and outdoor recreation for under-served pre-K through 8th graders in Title I schools. The goal is to provide children with rare park experiences and cultivate the next generation of park stewards in celebration of NPS's centennial in 2016.

For the year ended June 30, 2016, NPT raised \$371,915 from private contributions and made \$371,915 in project grants to NPS that was matched by NPS in the amount of \$371,914.

11. Line of Credit

The Trust maintains a line of credit, which is used to finance short-term working capital needs. The maximum credit under the line is \$150,000, and any excess draws are required to be paid immediately. Interest is computed monthly at a 7% annual rate of interest. Outstanding borrowings on this line of credit totaled \$0 and \$4,337 at June 30, 2016 and 2015, respectively.

12. Commitments and Contingencies

Operating Leases

The Trust leases office space in Rockville, Maryland. The lease term commenced on June 1, 2012 and expires on May 30, 2017. The lease calls for fixed monthly rental payments, with a 3% annual escalation plus pro-rata share of operating expenses. Rent expense for the years ended June 30, 2016 and 2015 totaled \$37,534 and \$36,549, respectively.

Additionally, the Trust leases office equipment under an operating lease, which extends through June 2017. The lease calls for fixed monthly payments of \$218. Rent expense for both years ended June 30, 2016 and 2015 totaled \$2,616.

Future minimum rental payments under all leases are an aggregate \$35,363 for the year ending June 30, 2017.

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements June 30, 2016 and 2015

13. Related Parties

Members of the Board of Trustees made contributions totaling \$936,674 and \$146,840, respectively, for the fiscal years ended June 30, 2016 and 2015. Some of these contributions were received in the form of pledges. Unconditional promises to give from Board members totaled \$873,144 and \$146,450 at June 30, 2016 and 2015, respectively, and are included in pledges receivable in the accompanying consolidated statements of financial position.

14. In-Kind Contributions

During the years ended June 30, 2016 and 2015, the Trust received the following donated services and goods, which have been reflected as in-kind contributions and either capitalized costs or expenses in the accompanying consolidated statements of activities. In-kind contributions are as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Legal services	\$ 199,700	\$ 239,000
Event tickets	4,560	-
Total in-kind contributions	<u>\$ 204,260</u>	<u>\$ 239,000</u>

15. Consignment and Other Sales Income

Consignment and other sales income is stated at net for financial reporting purposes, and is recorded as product sales in the accompanying consolidated statements of activities. Consignment and other sales income is as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Gross consignment sales	\$ 35,546	\$ 30,506
Less: cost of goods sold	<u>(13,557)</u>	<u>(11,053)</u>
Consignment sales, net	21,989	19,453
Other sales and events income	<u>3,497</u>	<u>1,410</u>
Consignment and other sales income, net	<u>\$ 25,486</u>	<u>\$ 20,863</u>

National Park Trust, Inc. and Affiliate

Notes to Consolidated Financial Statements June 30, 2016 and 2015

16. Retirement Plan

The Trust maintains a defined contribution plan (“the Plan”) under Section 401(k) of the Internal Revenue Code (IRC). Employees are eligible to participate in the Plan on the first day of the month following three months of employment. The Plan allows for the Trust to make discretionary contributions to eligible participants. For the years ended June 30, 2016 and 2015, the Trust made no contributions to the Plan.

17. Income Taxes

NPT is a tax-exempt organization under IRC Section 501(c)(3) and is exempt from income taxes except on unrelated business activities. At June 30, 2016 and 2015, no tax provision was made, as NPT had no unrelated business income. Contributions to NPT are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Canonie is a disregarded entity for income tax purposes. As a single member LLC, all items of income and expenditure are attributable to NPT and are reported on its annual Form 990. All activities are related to the mission of NPT.

Management has evaluated the Trust’s tax positions and concluded that there were no uncertain tax positions at June 30, 2016 and 2015.

SUPPLEMENTARY INFORMATION

National Park Trust, Inc. and Affiliate

Consolidating Statement of Financial Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	National Park Trust, Inc.	Canonie IDNL Acquisition LLC	Eliminations	2016 Total	2015 Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 78,949	\$ -	\$ -	\$ 78,949	\$ 99,766
Restricted cash	629,621	-	-	629,621	726,281
Accounts receivable	42,734	-	-	42,734	4,760
Pledges receivable, net	442,336	-	-	442,336	224,366
Due from Canonie	595,768	-	(595,768)	-	-
Inventory	26,502	-	-	26,502	34,307
Prepaid expenses and deposits	29,682	-	-	29,682	13,251
Total current assets	1,845,592	-	(595,768)	1,249,824	1,102,731
Investments	322,359	-	-	322,359	308,340
Pledges receivable, long-term	647,100	-	-	647,100	-
Property and equipment, net	304	-	-	304	925
Real estate and land holdings:					
Conservation easement	1,465,100	-	-	1,465,100	1,465,100
Mineral rights	1,390,600	-	-	1,390,600	1,390,600
Property held for parks	1	650,376	-	650,377	650,377
Total real estate and land holdings	2,855,701	650,376	-	3,506,077	3,506,077
Total assets	\$ 5,671,056	\$ 650,376	\$ (595,768)	\$ 5,725,664	\$ 4,918,073
Liabilities and Net Assets					
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	\$ 83,704	\$ -	\$ -	\$ 83,704	\$ 73,235
Due to NPT	-	595,768	(595,768)	-	-
Line of credit	-	-	-	-	4,337
Total current liabilities	83,704	595,768	(595,768)	83,704	77,572
Net Assets					
Unrestricted:					
Undesignated	417,528	54,608	-	472,136	320,418
Board-designated	2,855,700	-	-	2,855,700	2,855,700
Total unrestricted	3,273,228	54,608	-	3,327,836	3,176,118
Temporarily restricted	2,124,744	-	-	2,124,744	1,385,003
Permanently restricted	189,380	-	-	189,380	279,380
Total net assets	5,587,352	54,608	-	5,641,960	4,840,501
Total liabilities and net assets	\$ 5,671,056	\$ 650,376	\$ (595,768)	\$ 5,725,664	\$ 4,918,073

National Park Trust, Inc. and Affiliate

Consolidating Statement of Activities
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	National Park Trust, Inc.	Canonie IDNL Acquisition LLC	Eliminations	2016 Total	2015 Total
Operating Revenue and Support					
Grants and contributions	\$ 1,747,063	\$ -	\$ -	\$ 1,747,063	\$ 1,172,096
Government grants	743,829	-	-	743,829	2,257
Product sales, net	25,486	-	-	25,486	20,863
Investment income	11,623	-	-	11,623	10,453
In-kind contributions	204,260	-	-	204,260	239,000
Other income	29,252	-	-	29,252	4,000
Total operating revenue and support	<u>2,761,513</u>	<u>-</u>	<u>-</u>	<u>2,761,513</u>	<u>1,448,669</u>
Expenses					
Program services:					
Youth programs	1,420,609	-	-	1,420,609	646,823
Lands and parks programs	200,708	-	-	200,708	195,534
Public education	-	-	-	-	130,309
Total program services	<u>1,621,317</u>	<u>-</u>	<u>-</u>	<u>1,621,317</u>	<u>972,666</u>
Supporting services:					
General and administrative	202,481	-	-	202,481	134,518
Fundraising	141,170	-	-	141,170	147,198
Total supporting services	<u>343,651</u>	<u>-</u>	<u>-</u>	<u>343,651</u>	<u>281,716</u>
Total expenses	<u>1,964,968</u>	<u>-</u>	<u>-</u>	<u>1,964,968</u>	<u>1,254,382</u>
Change in Net Assets from Operations	796,545	-	-	796,545	194,287
Non-Operating Activity					
Realized and unrealized gain on investments	4,914	-	-	4,914	308
Total non-operating activity	<u>4,914</u>	<u>-</u>	<u>-</u>	<u>4,914</u>	<u>308</u>
Change in Net Assets	801,459	-	-	801,459	194,595
Net Assets, beginning of year	<u>4,785,893</u>	<u>54,608</u>	<u>-</u>	<u>4,840,501</u>	<u>4,645,906</u>
Net Assets, end of year	<u>\$ 5,587,352</u>	<u>\$ 54,608</u>	<u>\$ -</u>	<u>\$ 5,641,960</u>	<u>\$ 4,840,501</u>

National Park Trust, Inc. and Affiliate

Consolidated Schedule of Functional Expenses

For the Year Ended June 30, 2016

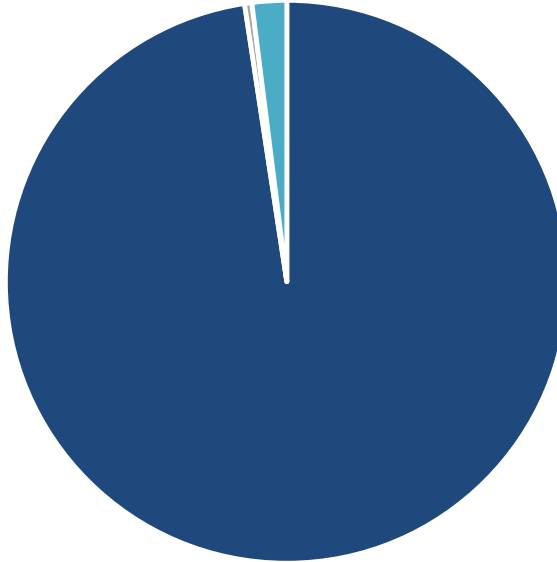
(With Comparative Totals for the Year Ended June 30, 2015)

	Program Services			Supporting Services			2016 Total Expenses	2015 Total Expenses
	Youth Programs	Lands and Parks Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Professional and consulting services \$	345,306	\$ 29,486	\$ 374,792	\$ 8,314	\$ 86,250	\$ 94,564	\$ 469,356	\$ 448,361
Salaries and benefits	313,110	38,905	352,015	111,888	22,620	134,508	486,523	365,658
Occupancy	29,667	2,326	31,993	6,688	1,352	8,040	40,033	38,603
Bad debt expense	-	-	-	56,585	4,668	61,253	61,253	3,272
Travel and meals	28,531	1,808	30,339	842	594	1,436	31,775	19,427
Meetings and conferences	38,405	20,663	59,068	3,289	665	3,954	63,022	46,361
Advertising and promotion	14,046	-	14,046	-	-	-	14,046	1,135
Toolkits and field trips	136,837	-	136,837	-	-	-	136,837	65,130
Grants to NPS and scholarships	440,407	97,132	537,539	-	-	-	537,539	110,321
Office expenses	40,631	5,124	45,755	7,923	16,271	24,194	69,949	86,702
Information technology	15,233	368	15,601	1,058	214	1,272	16,873	15,406
Depreciation	401	50	451	141	29	170	621	623
Miscellaneous	18,035	4,846	22,881	5,753	8,507	14,260	37,141	53,383
Total Expenses	\$ 1,420,609	\$ 200,708	\$ 1,621,317	\$ 202,481	\$ 141,170	\$ 343,651	\$ 1,964,968	\$ 1,254,382

National Park Trust, Inc. and Affiliate

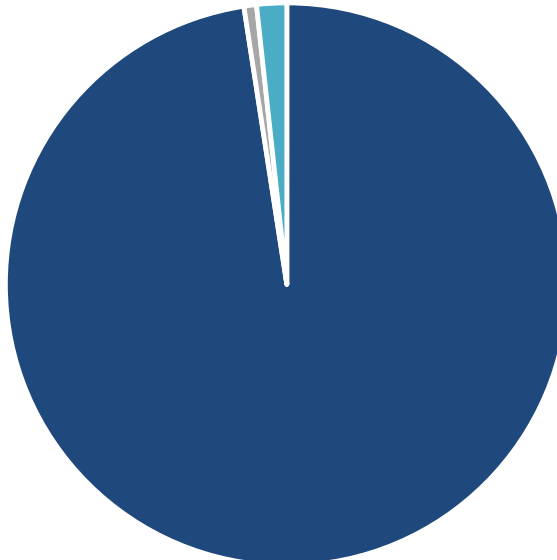
Selected Graphic Information
For the Years Ended June 30, 2016 and 2015

2016 Revenue and Support



■ Contributions and grants - 97.6% ■ Investment income - 0.42% ■ All other income - 1.98%

2015 Revenue and Support

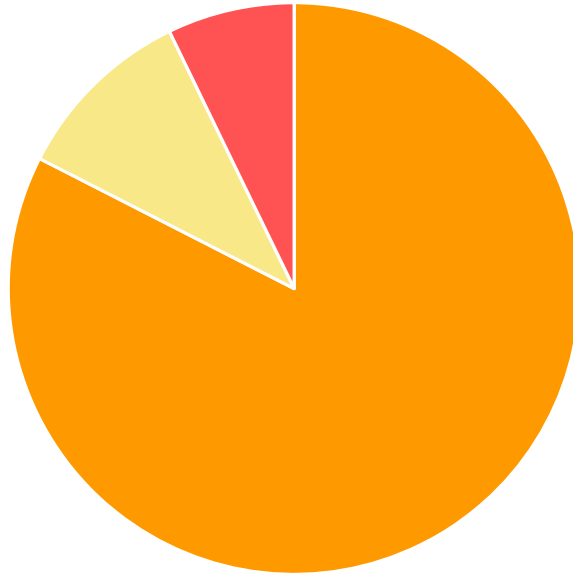


■ Contributions and grants - 97.56% ■ Investment income - 0.72% ■ All other income - 1.72%

National Park Trust, Inc. and Affiliate

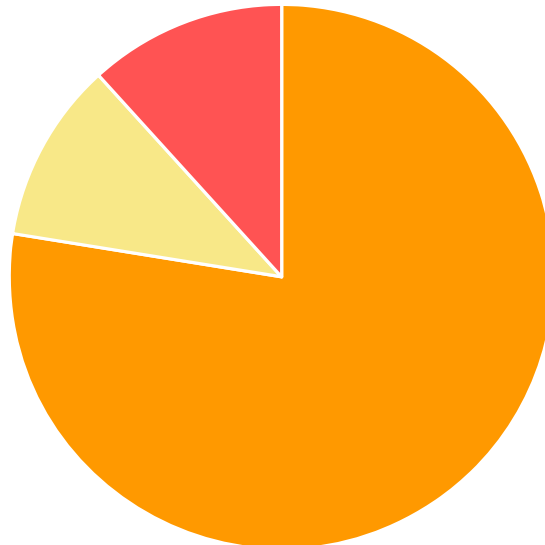
Selected Graphic Information (continued)
For the Years Ended June 30, 2016 and 2015

2016 Expenses



■ Programs - 82.51% ■ General and administrative - 10.31% ■ Fundraising - 7.18%

2015 Expenses



■ Programs - 77.54% ■ General and administrative - 10.73% ■ Fundraising - 11.73%