

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION**

AUDITED FINANCIAL STATEMENTS

June 30, 2017 and 2016



AMATICS
CPA GROUP

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
CONTENTS**

AUDITED FINANCIAL STATEMENTS	<u>Page</u>
Independent auditors' report	3
Statements of financial position	4
Statements of activities	5 - 6
Statements of functional expenses	7 - 8
Statements of cash flows	9
Notes to financial statements	10 - 15



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Climate Conservation dba Center for Large Landscape Conservation
Bozeman, MT

We have audited the accompanying financial statements of Climate Conservation dba Center for Large Landscape Conservation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 Organization'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 Organization'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 Center for Large Landscape Conservation, as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Amatics CPA Group
Bozeman, Montana
October 9, 2017



**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 479,202	\$ 271,654
Grants receivable, current portion	57,500	35,000
Other receivables	686	-
Certificate of deposit	-	100,000
Total current assets	537,388	406,654
GRANTS RECEIVABLE , net of current portion	20,000	-
Total assets	\$ 557,388	\$ 406,654

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 28,069	\$ 1,886
Credit card payable	11,425	8,359
Payroll liabilities	6,529	7,513
Accrued vacation	9,027	13,239
Retirement plan payable	11,305	5,889
Total current liabilities	66,355	36,886
NET ASSETS		
Unrestricted	196,269	(62,177)
Unrestricted - Board designated - Resilience Fund	-	100,515
Temporarily restricted	294,764	331,430
Total net assets	491,033	369,768
Total liabilities and net assets	\$ 557,388	\$ 406,654

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants/foundations income	\$ 115,960	\$ 724,143	\$ 840,103
Contributions	142,828	40,000	182,828
Crown of the Continent	-	50,276	50,276
Satisfaction of program restrictions	<u>851,085</u>	<u>(851,085)</u>	<u>-</u>
Total revenue and support	<u>1,109,873</u>	<u>(36,666)</u>	<u>1,073,207</u>
EXPENSES			
Program	754,278	-	754,278
Development	69,491	-	69,491
Administration	<u>144,968</u>	<u>-</u>	<u>144,968</u>
Total expenses	<u>968,737</u>	<u>-</u>	<u>968,737</u>
OTHER INCOME (EXPENSE)			
Other income	14,905	-	14,905
Sublease income	<u>1,890</u>	<u>-</u>	<u>1,890</u>
Total other income (expense)	<u>16,795</u>	<u>-</u>	<u>16,795</u>
CHANGE IN NET ASSETS			
	157,931	(36,666)	121,265
Net assets at beginning of year	<u>38,338</u>	<u>331,430</u>	<u>369,768</u>
NET ASSETS AT END OF YEAR	<u>\$ 196,269</u>	<u>\$ 294,764</u>	<u>\$ 491,033</u>

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants/foundations income	\$ 147,393	\$ 362,975	\$ 510,368
Contributions	118,674	114,975	233,649
Crown of the Continent	-	67,641	67,641
Satisfaction of program restrictions	<u>626,708</u>	<u>(626,708)</u>	<u>-</u>
Total revenue and support	<u>892,775</u>	<u>(81,117)</u>	<u>811,658</u>
EXPENSES			
Program	804,196	-	804,196
Development	39,155	-	39,155
Administration	<u>118,713</u>	<u>-</u>	<u>118,713</u>
Total expenses	<u>962,064</u>	<u>-</u>	<u>962,064</u>
OTHER INCOME (EXPENSE)			
Other income	7,250	-	7,250
Sublease income	<u>2,150</u>	<u>-</u>	<u>2,150</u>
Total other income (expense)	<u>9,400</u>	<u>-</u>	<u>9,400</u>
CHANGE IN NET ASSETS	(59,889)	(81,117)	(141,006)
Net assets at beginning of year	<u>98,227</u>	<u>412,547</u>	<u>510,774</u>
NET ASSETS AT END OF YEAR	<u>\$ 38,338</u>	<u>\$ 331,430</u>	<u>\$ 369,768</u>

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017**

	<u>Program</u>	<u>Development</u>	<u>Administration</u>	<u>Total</u>
Bank and credit card fees	\$ 231	\$ -	\$ 333	\$ 564
Consultants	246,870	21,075	10,087	278,032
Dues and subscriptions	6,561	617	960	8,138
Employee benefits	23,531	1,557	20,652	45,740
Grants to other organizations	35,000	-	-	35,000
Insurance	-	-	2,721	2,721
Meetings	11,552	643	1,122	13,317
Office expenses	7,882	300	13,618	21,800
Payroll taxes	27,054	2,985	4,539	34,578
Postage	121	-	363	484
Professional fees	14,399	-	15,069	29,468
Rent and occupancy	-	-	18,861	18,861
Salaries and wages	326,347	38,122	53,855	418,324
Telephone and internet	1,855	8	2,008	3,871
Travel	52,875	4,184	780	57,839
	<u>52,875</u>	<u>4,184</u>	<u>780</u>	<u>57,839</u>
Total expenses	<u>\$ 754,278</u>	<u>\$ 69,491</u>	<u>\$ 144,968</u>	<u>\$ 968,737</u>

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016**

	<u>Program</u>	<u>Development</u>	<u>Administration</u>	<u>Total</u>
Bank and credit card fees	\$ 30	\$ -	\$ 436	\$ 466
Consultants	197,168	7,281	5,540	209,989
Dues and subscriptions	7,003	-	112	7,115
Employee benefits	43,738	1,350	16,068	61,156
Insurance	-	-	2,255	2,255
Meetings	25,001	59	4,699	29,759
Office expenses	17,737	-	9,769	27,506
Payroll taxes	35,426	2,147	7,609	45,182
Postage	177	7	326	510
Professional fees	8,412	-	11,886	20,298
Rent and occupancy	-	-	19,982	19,982
Salaries and wages	406,143	27,401	37,513	471,057
Telephone and internet	1,236	-	2,518	3,754
Travel	62,125	910	-	63,035
	<u>804,196</u>	<u>39,155</u>	<u>118,713</u>	<u>962,064</u>
Total expenses	<u>\$ 804,196</u>	<u>\$ 39,155</u>	<u>\$ 118,713</u>	<u>\$ 962,064</u>

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
STATEMENTS OF CASH FLOWS**

	Years ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 121,265	\$ (141,006)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Loss on fixed asset disposition and write off	-	4,662
Reinvested investment earnings	(701)	-
(Increase) decrease in current assets:		
Grants receivable	(42,500)	39,706
Other receivables	(686)	550
Increase (decrease) in current liabilities:		
Accounts payable	26,183	1,886
Credit cards payable	3,066	2,808
Payroll liabilities	(984)	1,249
Accrued vacation	(4,212)	6,286
Retirement plan payable	5,416	1,532
	<u>106,847</u>	<u>(82,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	100,701	-
Purchases of investments	<u>-</u>	<u>(100,000)</u>
	<u>100,701</u>	<u>(100,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	207,548	(182,327)
Cash and cash equivalents at beginning of year	<u>271,654</u>	<u>453,981</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 479,202</u>	<u>\$ 271,654</u>

See notes to financial statements.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Climate Conservation dba Center for Large Landscape Conservation (CLLC), was established in 2007 and in 2011 became an independent 501(c)(3) non-profit corporation located in Bozeman, Montana. We conserve nature by connecting people across cultures and geographies. Our vision is a dynamic collaboration of ideas, institutions, and individuals that creates a network of connected natural areas resilient to large scale environmental challenges.

Our Mission: We catalyze, advance, and support large landscape conservation by:

- Building communities of invested stakeholders around large landscape issues,
- Advancing science that informs critical decision-making, and
- Advocating policies and strategies that champion ecological connectivity.

Since large landscape conservation involves great geographical scales and touches many lives, it requires a collaborative effort - not something one organization can fully shoulder alone. We see ourselves as the “hub” for large landscape conservation, connecting people, organizations and resources to foster powerful solutions that respect diverse stakeholders.

Build Communities That Engage Invested Stakeholders

The diverse challenges of conserving large landscapes merit an equally diverse response - a collaboration between organizations, communities, individuals and government. We see ourselves as the connective tissue of conservation, sparking dynamic conversations between stakeholders - a catalyst for widespread, positive progress across large landscapes.

People are integral to large landscapes - we believe the best solutions arise when those with different perspectives meet to find common ground and insight. To that end, we organize gatherings, facilitate conversations, and provide communications and educational resources to deepen understanding and cooperation between those who live, work and play on the landscape. We know challenges can unite people, so we help communities identify - and work to solve - shared initiatives.

No one organization can single-handedly address the large landscape challenges of climate and land use change, but by building communities of invested stakeholders around large landscape issues, we set the stage for collaboration - and solutions - on a grand scale.

Advance Science That Informs Conservation Decisions

We see science as a powerful diagnostic tool, one that can help us better discover and defend vital links between landscapes. Our work explores key landscape stressors, identifying places where maintaining connected landscapes is paramount - now and for the future. Equipped with a scientific perspective, we collaborate with partner organizations and practitioners to uphold these crucial connections.

We're ever-vigilant for opportunities to merge science with large landscape goals, and we strive to make our scientific findings accessible, useful and relevant. We seek partner organizations who can benefit from our data and discoveries, supplying them with resources that amplify their on-the-ground efforts. We also look for gaps in knowledge, distilling our findings into useful tools to effectively inform decision-makers.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance Science That Informs Conservation Decisions (Continued)

Perhaps most importantly, we look for shared values among stakeholders, directing our scientific inquiry towards solving common problems. Allied with partners from both inside and outside the conservation world, we advance connectivity goals together, supported by a scientific grounding.

Advocate Policy That Champions Ecological Connectivity

We lay the groundwork for a future of large connected natural areas - intact landscapes that support wildlife while offering all the benefits of nature to those who live, work, and play nearby. We advocate for policies, plans and strategies that champion large landscape conservation via federal, state and local initiatives.

Our goal is simple - to lend our policy expertise where it can best advance ecological connectivity. To that end, we create effective policies, strengthen existing ones, and refine those yet to be adopted. We encourage agencies and organizations to create wildlife-sensitive solutions within their priorities for management and practice, advising them in the process. As policy evolves, we help decision-makers and managers incorporate new requirements into their programs and on-the-ground work.

Transforming policy requires open collaboration - especially working on such a large scale. We unite diverse conservation organizations, leading a collective approach to advancing policy. Partnering with organizations, agencies, and visionary leaders, we're ensuring healthy, intact landscapes for the future of both wildlife and people.

Basis of Accounting

The financial statements of CLLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accrual accounting revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Fixed Assets

Purchased property and equipment are stated at cost. An item with a purchase price over \$3,000 is capitalized. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment donated with time restriction are reclassified as unrestricted once all time restrictions are met. Absent donor stipulations regarding how long those donated assets are to be placed in service, CLLC records these assets as unrestricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 7 years.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Income Taxes

CLLC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. CLLC has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). CLLC's information returns (Form 990) are open to examination by the IRS, generally for three years after they were filed or the due date of the return, whichever is later.

Functional Allocation of Expenses

The actual cost of providing various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses.

Receivables

Grants receivable are recognized as revenues in the period received. Conditional grants receivable are not recognized in the financial statements until the conditions are substantially met. All receivables are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Contributions and Net Assets

Contributions received are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

Advertising

CLLC expenses advertising costs when they are paid.

Financial Statement Presentation

Certain reclassifications have been made to the June 30, 2016 balances to conform to the June 30, 2017 presentation.

2. OPERATING LEASES

CLLC is currently renting office space for \$1,550 per month, under a lease agreement dated July 1, 2017, that expires June 30, 2018. Future minimum lease payments for the year ending June 30, 2018, are \$18,600. CLLC subleases part of this office space for \$315 per month, under a lease agreement dated August 1, 2017, that expires July 31, 2018. Future minimum sublease income to be received under this sublease is \$3,465 for the year ending June 30, 2018.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

3. INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

During the year ended June 30, 2017, the balance of the investment account was sold and transferred to the savings account (included in cash and cash equivalents on the statement of financial position).

Investments are recorded at market value and are comprised of the following as of June 30, 2016:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value 2016</u>
Certificate of deposit - Level 2	\$ 100,000	\$ -	\$ 100,000

4. GRANTS RECEIVABLE

Grants receivable as of June 30, 2017 and 2016 are due as follows:

	<u>2017</u>	<u>2016</u>
Amounts due in:		
Less than one year	\$ 57,500	\$ 35,000
One to five years	<u>20,000</u>	<u>-</u>
Total grants receivable	77,500	35,000
Less: current portion	<u>(57,500)</u>	<u>(35,000)</u>
Grants receivable, net of current portion	<u>\$ 20,000</u>	<u>\$ -</u>

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30:

	2017	2016
Program restricted:		
Building Community	\$ 143,218	\$ 214,459
Advocating Policy	13,018	52,575
Advancing Science	3,746	33,274
Other programs	57,282	31,122
Time restricted:		
Grants receivable for general operations	77,500	-
	\$ 294,764	\$ 331,430

6. CONCENTRATION OF CREDIT RISK

CLLC deposits its cash in financial institutions. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. Deposits in excess of the federally insured limits were \$253,355 and \$38,467 as of June 30, 2017 and 2016, respectively.

7. HEALTH INSURANCE

From year to year, CLLC will choose to provide group health insurance or an allowance for employee directed coverage. For the 2017 calendar year, CLLC paid 100% of each eligible employee's health insurance premium through a group health insurance plan. For the 2016 calendar year, CLLC offered eligible employees an allowance for employee directed coverage.

8. RETIREMENT PLAN

CLLC has established a 401k retirement plan. All employees that have attained the age of 21 and have completed at least six months and 500 hours of service are eligible to participate in the plan. Employees may contribute the maximum set by the IRS to the plan each calendar year. CLLC makes a dollar-for-dollar matching contribution for each participating employee up to 5% of the employee's annual compensation, which they are vested in immediately. CLLC's expense including matching contributions and plan fees for the years ended June 30, 2017 and 2016, were \$20,407 and \$25,137, respectively.

**CLIMATE CONSERVATION DBA
CENTER FOR LARGE LANDSCAPE CONSERVATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

9. BOARD RESTRICTED NET ASSETS

The CLLC Resilience Fund was established by the Board of Directors in fiscal year 2013 to be maintained as a source of funding for cash flow emergencies or to initiate new programs and projects. In the year ended June 30, 2017, the Board released these designated funds so they are now available to fund operations as necessary. The balance in the fund as of June 30, 2016 was \$100,515 (\$515 held in cash and \$100,000 in a certificate of deposit).

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2017, the date on which the financial statements were available to be issued, and determined that no events have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.