

NATIONAL PARK TRUST, INC.  
AND  
CANONIE IDNL ACQUISITION LLC

CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2018 AND 2017

**PHILLIPS & ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENTS OF ACTIVITIES	3-4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-18
SUPPLEMENTAL INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATING STATEMENT OF ACTIVITIES	20
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	21
SELECTED GRAPHIC INFORMATION	22-23

# PHILLIPS & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC

We have audited the accompanying consolidated financial statements of National Park Trust, Inc. and Canonie IDNL Acquisition LLC (both nonprofit organizations and herein referred to as "the Trust") which comprise the consolidated statement of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the 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 control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement. The consolidated financial statements of National Park Trust, Inc. as of June 30, 2017, were audited by other auditors whose report dated January 5, 2018, expressed an unqualified opinion on those statements.

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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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.

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, 2018 and 2017, 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.

***Other-Matter***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on page 19-21 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.

A handwritten signature in blue ink that reads "Philip + Associates, LLC". The signature is written in a cursive, flowing style.

Rockville, Maryland  
September 28, 2018

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 188,343	\$ 339,715
Restricted cash (NOTE 2)	139,577	629,992
Accounts receivable	6,472	4,876
Pledges receivable, net (NOTE 4)	343,251	334,176
Inventory	54,002	36,240
Prepaid expenses and deposits	31,424	32,705
Total Current Assets	763,069	1,377,704
Investments (NOTE 3)	394,174	370,152
Pledges receivable, long-term (NOTE 4)	261,800	450,250
Office furniture and equipment, net of accumulated depreciation of \$20,128 and \$20,128, respectively	-	-
Real estate and related holdings:		
Conservation easement (NOTE 10)	1,465,100	1,465,100
Mineral rights (NOTE 11)	1,390,600	1,390,600
Property held for parks (NOTE 12)	-	1
Total real estate and related holdings (NOTE 3)	2,855,700	2,855,701
<b>TOTAL ASSETS</b>	<b>\$ 4,274,743</b>	<b>\$ 5,053,807</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 51,114	\$ 73,685
Total Current Liabilities	51,114	73,685
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	543,899	16,182
Board designated:		
Property held for exempt purposes	2,855,700	2,855,700
Total Unrestricted	3,399,599	2,871,882
Temporarily Restricted (NOTE 7)	784,650	2,068,860
Permanently Restricted (NOTE 8)	39,380	39,380
Total Net Assets	4,223,629	4,980,122
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,274,743</b>	<b>\$ 5,053,807</b>

The accompanying notes are an integral part  
of these financial statements.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017 TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	
REVENUE				
Contributions and grants	\$ 1,170,026	\$ 205,000	\$ -	\$ 1,375,026
Consignment and other sales income, net of COGS (NOTE 15)	34,285	-	-	34,285
Investment income (NOTE 3)	12,770	-	-	12,770
In-kind contributions (NOTE 13)	502,000	-	-	502,000
Other income	13,952	-	-	13,952
TOTAL REVENUE	1,733,033	205,000	-	1,938,033
NET ASSETS RELEASED FROM RESTRICTIONS	963,298	(963,298)	-	-
TOTAL REVENUE AND RECLASSIFICATIONS	\$ 2,696,331	\$ (758,298)	\$ -	\$ 1,938,033

The accompanying notes are an integral part  
of these financial statements.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			TOTAL	2017 TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED		
EXPENSES					
Program Services:					
Youth programs	\$ 1,365,875	\$ -	\$ -	\$ 1,365,875	\$ 1,360,624
Land and parks programs	1,033,629	-	-	1,033,629	925,867
Total program services	<u>2,399,504</u>	<u>-</u>	<u>-</u>	<u>2,399,504</u>	<u>2,286,491</u>
Supporting Services:					
General and administrative	174,890	-	-	174,890	154,485
Fundraising	135,108	-	-	135,108	126,551
	<u>309,998</u>	<u>-</u>	<u>-</u>	<u>309,998</u>	<u>281,036</u>
TOTAL EXPENSES	2,709,502	-	-	2,709,502	2,567,527
CHANGES IN NET ASSETS BEFORE NON-OPERATING ITEMS	(13,171)	(758,298)	-	(771,469)	(702,153)
REALIZED AND UNREALIZED GAINS ON INVESTMENTS	<u>14,976</u>	<u>-</u>	<u>-</u>	<u>14,976</u>	<u>40,315</u>
CHANGE IN NET ASSETS	1,805	(758,298)	-	(756,493)	(661,838)
NET ASSETS					
BEGINNING OF YEAR	2,871,882	2,068,860	39,380	4,980,122	5,641,960
CORRECTION OF AN ERROR (NOTE 16)	<u>525,912</u>	<u>(525,912)</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ 3,399,599</u>	<u>\$ 784,650</u>	<u>\$ 39,380</u>	<u>\$ 4,223,629</u>	<u>\$ 4,980,122</u>

The accompanying notes are an integral part  
of these financial statements.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (756,493)	\$ (661,838)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Realized and unrealized gain on investments	(14,976)	(40,315)
Depreciation	-	304
Donated securities	(152,000)	(143,150)
(Increase) decrease in:		
Accounts receivables	(1,596)	37,858
Pledges receivables	179,375	305,010
Inventory	(17,762)	(9,738)
Prepaid expense and deposits	1,281	(3,023)
Property held for parks	1	650,376
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,571)	(10,019)
Net Cash (Used For) Provided By Operating Activities	(784,741)	125,465
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	189,253	144,950
Purchase of investments	(46,299)	(9,278)
Net Cash Provided By Investing Activities	142,954	135,672
NET (DECREASE) INCREASE IN CASH	(641,787)	261,137
CASH AND CASH EQUIVALENTS		
Beginning of year	969,707	708,570
End of year	\$ 327,920	\$ 969,707

The accompanying notes are an integral part  
of these financial statements.



NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**1. ORGANIZATION AND PURPOSE**

NATIONAL PARK TRUST, INC. is incorporated as a not-for-profit organization in the District of Columbia and, as such, its purposes shall be limited to only charitable, scientific, literary or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

National Park Trust's mission is to preserve parks today and create park stewards for tomorrow.

Preserving parks today: The Trust has completed more than 60 land conservation projects from Florida to Alaska and has protected more than 31,000 acres of parkland from development. The Trust selects, acquires, and protects parkland, providing funding as well as legal and real estate expertise. Our high-priority projects are on a "wish list" provided by the National Park Service and focus on parcels located within current national park boundaries as well as lands adjacent to national park boundaries. All lands are donated to the National Park Service for permanent protection. The Trust also serves as a partner with national and local land trusts and friends groups to complete park preservation projects.

Creating park stewards for tomorrow: To ensure the preservation of our parks and public lands and waters in perpetuity, NPT's unique comprehensive conservation strategy also focuses on getting kids to parks with the goal of building the pipeline of future park stewards and outdoor enthusiasts. The Trust has two national initiatives that get kids to parks. Our Buddy Bison Programs and National Kids to Parks Day, provide park experiences for under-served youth, their families and teachers. The park experiences 1) enhance classroom curriculum, 2) promote health and wellness through outdoor recreation, and 3) foster park stewardship through career awareness and volunteer opportunities. To date, the Trust's kids to parks programs have reached more than 3,000,000 children and have collaborated with and garnered recognition from the White House, National Park Service, U.S. Forest Service and numerous national and local education and conservation partners.

Affiliate: CANONIE IDNL ACQUISITION LLC is a Limited Liability Company formed on March 14, 2014, under the laws of Indiana. Its sole member is the National Park Trust. It is organized 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 the US National Park Service.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The consolidated financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Basis of Presentation***

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

- Unrestricted net assets – Net assets not subject to donor-imposed stipulations. Unrestricted net assets include both undesignated and board-designated amounts.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Trust and/or the passage of time.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Permanently restricted net assets – Donor-imposed restrictions that stipulate that resources be maintained permanently but permits the organization to use up or expend part of all of the income (or other economic benefits) derived from the donated assets.

***Principles of Consolidation***

The consolidated financial statements include the accounts of National Park Trust, Inc. and Canonie IDNL Acquisition LLC. 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.

***Cash and Cash Equivalents***

For the consolidated statements of financial position and cash flows, the Trust considers 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, to be cash equivalents. Short-term investments are not considered to be cash equivalents.

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, 2018 and 2017, the balance of restricted cash was \$139,577 and \$629,992, respectively.

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.

As of June 30, 2018 and 2017, The Trust had no cash or investments in a financial institutions that exceeded federally insured limits.

***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, 2018 and 2017, there was no obsolete inventory.

***Investments***

The Trust carries investments in equity securities with readily determinable fair values and investments in debt securities at their fair values in the statement of financial position. Fair value is determined, when available, from quoted prices on major markets. Realized and unrealized gains and losses are reported in the accompanying consolidated statement of activities.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fair Value Measurements***

The Trust has adopted FASB Accounting Standards Codification (ASC) 820 relating to standards on fair value measurement, which apply whenever other authoritative literature requires certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist primarily of financial instruments which are valued primarily based on quoted prices in active or brokered markets for identical as well as similar assets and liabilities. The Trust also uses fair value concepts to test various long-lived assets for impairment, if applicable.

***Accounts Receivable***

Accounts receivable principally represent amounts due from consignment sales 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.

***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 both June 30, 2018 and 2017, an allowance for doubtful accounts of \$50,000 was recognized.

***Property and Equipment***

The Trust capitalizes all property and equipment over \$1,000. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Equipment is being depreciated over 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.

***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.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Impairment of Long-Lived Assets***

The Trust's assets are reviewed for indication of impairment at each reporting date. If any such indication exists, an estimate of recoverable amount is undertaken, which is the higher of an asset's fair value less costs of disposal and value in use. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of activities. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that it does not exceed original carrying amount as if no impairment loss had been recognized.

***Revenue Recognition***

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in restricted net assets where their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor stipulated purposes or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets. If the restriction is met in the same period in which the revenue is received, the revenue is recognized as unrestricted support.

Grants and contributions are recognized as revenue in the period received or promised. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risks involved.

Revenues from federal and other cost reimbursable 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.

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

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 non-financial 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 are recorded as revenue at a value estimated by the donor.

***Income Taxes***

NPT is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Trust is required to report unrelated business income to the Internal Revenue Service and the District of Columbia. There were no unrelated business income tax expense for the years ended June 30, 2018 and 2017.

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 990. All activities are related to the mission of NPT.

Management has evaluated the Trust's tax position and concluded that there were no uncertain tax positions at June 30, 2018 and 2017.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**3. INVESTMENTS**

The Trust follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. Investments are categorized by Level 1, 2, and 3, which are based on the degree of certainty around the investments' underlying value. Level 1 investments can be valued with certainty because they are liquid and have clear market prices. Level 2 is based on observable inputs other than quoted market prices. Level 3 investments are illiquid and estimating their value requires inputs that are unobservable and reflect management assumptions.

The following schedule summarizes the Trust's investment at June 30:

	<u>2018</u>	<u>2017</u>
<u>Level 1</u>		
Money market funds	\$ 5,400	\$ 1,092
Fixed income	94,712	104,568
Equities:		
Emerging markets	30,026	28,827
Multi-strategy	15,089	17,278
Small cap	20,022	17,812
Large cap	159,516	163,560
Large cap developed	<u>69,409</u>	<u>37,015</u>
	<u>\$ 394,174</u>	<u>\$ 370,152</u>

The following schedule summarizes investment return at June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 12,770	\$ 10,975
Realized gains on investments	4,910	2,275
Unrealized gains on investments	<u>10,066</u>	<u>38,040</u>
	<u>\$ 27,746</u>	<u>\$ 51,290</u>

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**4. PLEDGES RECEIVABLE**

Pledges receivables are promised as follows at June 30:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 393,251	\$ 384,176
Due in one to five years	<u>261,800</u>	<u>450,250</u>
Total pledges receivable	655,051	834,426
Less allowance for uncollectible	<u>(50,000)</u>	<u>(50,000)</u>
Net contributions receivable	<u>\$ 605,051</u>	<u>\$ 784,426</u>

**5. LEASE COMMITMENTS**

The Trust leases office space in Rockville, Maryland. The original lease term commenced on June 1, 2012 and expired on May 30, 2017. In November 2016, the Trust entered into an operating lease agreement with the same landlord for a different space, with the lease term commencing on December 1, 2016 and expiring on February 28, 2022. The new lease calls for fixed monthly rental payments, with a 3% annual escalation plus pro-rata share of operating expenses. Under accounting principles generally accepted in the United States of America, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required payments for subsequent years is not included as deferred rent in the accompanying consolidated statements of financial position due to immateriality. Additionally, the Trust leases office equipment under an operating lease, which extends through May 2022. The lease calls for fixed monthly payments of \$175.

Rent expense for the years ended June 30, 2018 and 2017 totaled \$56,211 and \$43,477, respectively.

Future minimum annual rental payments under the terms of existing leases are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 59,215
2020	60,928
2021	62,693
2022	<u>43,278</u>
Total	<u>\$ 226,114</u>

**6. 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 six months of employment. The plan allows for the Trust to make discretionary contributions to eligible participants equal to employee contributions up to the lower of 5% of compensation or \$10,000. The Trust began contributing to the Plan during the year ended June 30, 2017. Total contributions under the Plan for the years ended June 30, 2018 and 2017, were \$20,422 and \$11,005, respectively.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**7. TEMPORARILY RESTRICTED NET ASSETS**

The following is an analysis of restricted net assets at June 30,

	<u>2018</u>	<u>2017</u>
Temporarily restricted net assets:		
Time restricted for programs	\$ 639,650	\$ 812,916
Mitigation settlement	139,000	755,944
Land acquisition	<u>6,000</u>	<u>500,000</u>
 Total	 <u>\$ 784,650</u>	 <u>\$ 2,068,860</u>

**8. PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Donor-restricted endowment	<u>\$ 39,380</u>	<u>\$ 39,380</u>

***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 (DC 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 (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

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.

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 or investments; (6) other resources of the Trust; and (7) investment policies of the Trust.



NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**8. PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

***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 of 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, 2018 and 2017.

***Return Objectives and Risk Parameters***

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.

***Strategies Employed for Achieving Objectives***

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 twelve fiscal quarters. The spending policy will be calculated on an annual basis, with the resulting draw to be applied over the next twelve 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.

***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 originally contributed as an endowment fund to the Trust. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in unrestricted net assets. There were no such deficiencies at June 30, 2018.

Changes in the endowment fund consist of the following as of and for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund, July 1, 2017	\$ -	\$ -	\$ 39,380	\$ 39,380
Releases	-	-	-	-
Endowment fund, June 30, 2018	\$ -	\$ -	\$ 39,380	\$ 39,380

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**9. 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 the time of donation was \$1,465,100.

**10. 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. Contributions of mineral interests were recorded at fair value of \$1,390,600 at the time of donation.

**11. RELATED PARTIES**

Members of the Board of Trustees made contributions totaling \$105,800 and \$87,610 respectively, for the fiscal years ended June 30, 2018 and 2017. Some of these contributions were received in the form of pledges. Unconditional promises to give from Board members totaled \$421,076 and \$654,900 at June 30, 2018 and 2017, respectively, and are included in pledges receivable in the accompanying consolidated statements of financial positions.

During fiscal year 2014, Canonie IDNL Acquisition LLC bought land with the intention of donating this land to the National Park Service. The property consisted of land only and, during the year ended June 30, 2017, was transferred to the federal government upon completion of governmental documentation/procedures and has since been preserved as such. The Trust reports such property as part of its consolidated books and retains no rights to any and all property and is acting only as an intermediary in the transfer process.

**12. IN-KIND CONTRIBUTIONS**

The Trust received in-kind contributions for legal services totaling \$502,000 and \$212,000 for 2018 and 2017, respectively.

**13. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES**

Preserving parks today: The Trust has completed more than 60 land conservation projects from Florida to Alaska and has protected more than 31,000 acres of parkland from development. The Trust selects, acquires, and protects parkland, providing funding as well as legal and real estate expertise. Our high-priority projects are on a "wish list" provided by the National Park Service and focus on parcels located within current national park boundaries as well as lands adjacent to national park boundaries.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**13. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES (CONTINUED)**

All lands are donated to the National Park Service for permanent protection. The Trust also serves as a partner with national and local land trusts and friends groups to complete park preservation projects.

Creating park stewards for tomorrow: To ensure the preservation of our parks and public lands and waters in perpetuity, NPT's unique comprehensive conservation strategy also focuses on getting kids to parks with the goal of building the pipeline of future park stewards and outdoor enthusiasts. The Trust has two national initiatives that get kids to parks. Our Buddy Bison Programs and National Kids to Parks Day, provide park experiences for under-served youth, their families and teachers. The park experiences 1) enhance classroom curriculum, 2) promote health and wellness through outdoor recreation, and 3) foster park stewardship through career awareness and volunteer opportunities. To date, the Trust's kids to parks programs have reached more than 3,000,000 children and have collaborated with and garnered recognition from the White House, National Park Service, U.S. Forest Service and numerous national and local education and conservation partners.

**14. CONSIGNMENT AND OTHER SALES INCOME**

Consignment and other sales income is stated at net for financial reporting purposes. As of June 30, 2018, and 2017, consignment and other sales income is as follows:

	<u>2018</u>	<u>2017</u>
Gross consignment sales	\$ 33,908	\$ 42,900
Other sales income	<u>18,237</u>	<u>9,749</u>
Total gross sales	52,145	52,649
Less: cost of goods sold	<u>(17,860)</u>	<u>(10,971)</u>
Net consignment and other sales	<u>\$ 34,285</u>	<u>\$ 40,458</u>

**15. 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 rate of prime plus 3.5%, which was 8.5% and 7.5% at June 30, 2018 and 2017, respectively. There were no outstanding borrowings on this line of credit at June 30, 2018 and 2017.

**16. CORRECTION OF AN ERROR OF PRIOR YEAR NET ASSETS**

The Trust identified an error in the reporting of a release(s) from restrictions in the prior year audited financial statements. Accordingly, the Trust has restated the June 30, 2017 temporarily restricted net assets to reflect a decrease of \$525,912 and a corresponding increase to unrestricted, undesignated net assets.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017

**17. SUBSEQUENT EVENTS**

In accordance with FASB ASC 855, the Trust evaluated subsequent events through September 28, 2018, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017	
	National Park Trust, Inc.	Canonie IDNL Acquisition LLC	Eliminations	Consolidated Total	Consolidated Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 188,343	\$ -	\$ -	\$ 188,343	\$ 339,715
Restricted cash (NOTE 2)	139,577	-	-	139,577	629,992
Accounts receivable	6,472	-	-	6,472	4,876
Pledges receivable, net (NOTE 4)	343,251	-	-	343,251	334,176
Inventory	54,002	-	-	54,002	36,240
Prepaid expenses	31,424	-	-	31,424	32,705
<b>Total Current Assets</b>	<b>763,069</b>	<b>-</b>	<b>-</b>	<b>763,069</b>	<b>1,377,704</b>
Investments (NOTE 3)	394,174	-	-	394,174	370,152
Pledges receivable, net (NOTE 4)	261,800	-	-	261,800	450,250
Office furniture and equipment, net of accumulated depreciation of \$20,128 and \$20,128, respectively	-	-	-	-	-
Real estate and related holdings:					
Conservation easement (NOTE 10)	1,465,100	-	-	1,465,100	1,465,100
Mineral rights (NOTE 11)	1,390,600	-	-	1,390,600	1,390,600
Property for parks (NOTE 12)	-	-	-	-	1
<b>Total real estate and related holdings (NOTE 3)</b>	<b>2,855,700</b>	<b>-</b>	<b>-</b>	<b>2,855,700</b>	<b>2,855,701</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,274,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,274,743</b>	<b>\$ 5,053,807</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	51,114	\$ -	\$ -	\$ 51,114	73,685
Due to NPT	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>51,114</b>	<b>-</b>	<b>-</b>	<b>51,114</b>	<b>73,685</b>
<b>NET ASSETS</b>					
Unrestricted					
Undesignated	543,899	-	-	543,899	16,182
Board designated:					
Property held for exempt purposes	2,855,700	-	-	2,855,700	2,855,700
<b>Total Unrestricted</b>	<b>3,399,599</b>	<b>-</b>	<b>-</b>	<b>3,399,599</b>	<b>2,871,882</b>
Temporarily Restricted (NOTE 7)	784,650	-	-	784,650	2,068,860
Permanently Restricted (NOTE 8)	39,380	-	-	39,380	39,380
<b>Total Net Assets</b>	<b>4,223,629</b>	<b>-</b>	<b>-</b>	<b>4,223,629</b>	<b>4,980,122</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,274,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,274,743</b>	<b>\$ 5,053,807</b>

The accompanying notes are an integral part  
of these financial statements

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017	
	NATIONAL PARK TRUST, INC.	CANONIE IDNL ACQUISITION LLC	Eliminations	Consolidated Total	Consolidated Total
REVENUE					
Contributions and grants	\$ 1,375,026	\$ -	\$ -	\$ 1,375,026	\$ 1,591,697
Consignment and other sales income, net of COGS (NOTE 15)	34,285	-	-	34,285	40,458
Investment income (NOTE 3)	12,770	-	-	12,770	10,975
In-kind contributions (NOTE 13)	502,000	-	-	502,000	212,000
Other income	13,952	-	-	13,952	10,244
	<u>1,938,033</u>	<u>-</u>	<u>-</u>	<u>1,938,033</u>	<u>1,865,374</u>
TOTAL REVENUE	1,938,033	-	-	1,938,033	1,865,374
EXPENSES					
Program Services:					
Youth programs	1,365,875	-	-	1,365,875	1,360,624
Land and parks programs	1,033,629	-	-	1,033,629	925,867
Total program services	<u>2,399,504</u>	<u>-</u>	<u>-</u>	<u>2,399,504</u>	<u>2,286,491</u>
Supporting Services:					
General and administrative	174,890	-	-	174,890	154,485
Fundraising	135,108	-	-	135,108	126,551
	<u>309,998</u>	<u>-</u>	<u>-</u>	<u>309,998</u>	<u>281,036</u>
TOTAL EXPENSES	2,709,502	-	-	2,709,502	2,567,527
CHANGES IN NET ASSETS BEFORE NON-OPERATING ITEMS	(771,469)	-	-	(771,469)	(702,153)
REALIZED AND UNREALIZED GAINS ON INVESTMENTS	14,976	-	-	14,976	40,315
CHANGE IN NET ASSETS	(756,493)	-	-	(756,493)	(661,838)
NET ASSETS BEGINNING OF YEAR	4,980,122	-	-	4,980,122	5,641,960
END OF YEAR	<u>\$ 4,223,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,223,629</u>	<u>\$ 4,980,122</u>

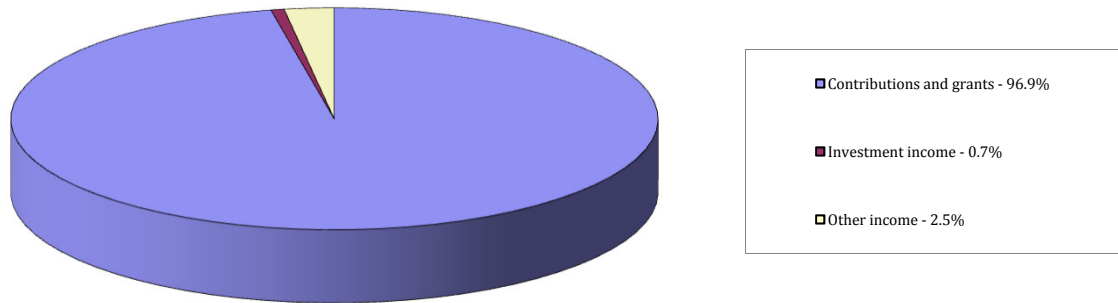
The accompanying notes are an integral part  
of these financial statements.

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

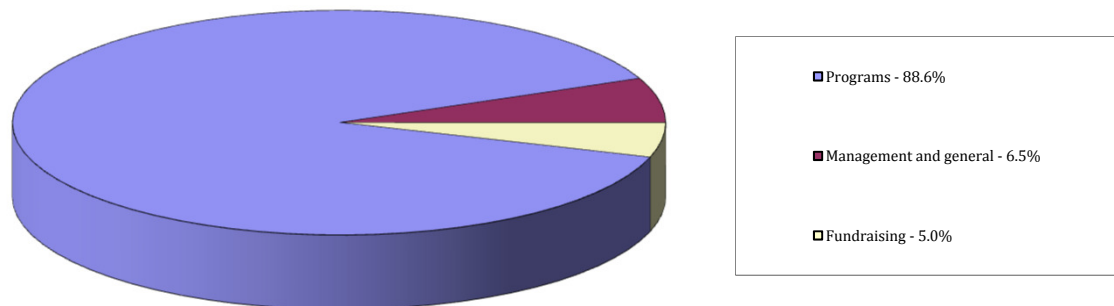
	Program Services			Supporting Services			Totals	
	Youth Programs	Lands and Parks Programs	Total Program Services	Management & General	Fundraising	Total Supporting Services	Combined Totals 2018	Combined Totals 2017
Grants & Scholarships	\$ 81,831	\$ 664,697	\$ 746,528	\$ -	\$ -	\$ -	\$ 746,528	\$ 935,668
Payroll Expenses	352,682	111,776	464,458	147,765	52,629	200,394	664,852	607,162
Professional Services	517,482	216,351	733,833	8,686	32,119	40,805	774,638	473,932
Toolkit and Field Trips	243,078	-	243,078	-	-	-	243,078	280,079
Meeting & Conferences	23,587	14,296	37,883	1,496	2,616	4,112	41,995	63,096
Office Expenses	35,384	8,185	43,569	5,356	12,312	17,668	61,237	60,162
Occupancy	49,475	6,001	55,476	3,987	1,420	5,407	60,883	46,444
Miscellaneous Expenses	17,352	4,359	21,711	5,346	14,438	19,784	41,495	37,443
Travel and Meals	24,300	2,435	26,735	776	2,781	3,557	30,292	35,518
Information Technology	13,919	740	14,659	978	4,961	5,939	20,598	17,750
Bad Debt	-	-	-	500	11,832	12,332	12,332	7,311
Advertising & Promotion	6,785	4,789	11,574	-	-	-	11,574	2,658
Depreciation & Amortization	-	-	-	-	-	-	-	304
<b>Totals</b>	<b>\$ 1,365,875</b>	<b>\$ 1,033,629</b>	<b>\$ 2,399,504</b>	<b>\$ 174,890</b>	<b>\$ 135,108</b>	<b>\$ 309,998</b>	<b>\$ 2,709,502</b>	<b>\$ 2,567,527</b>

NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
SELECTED GRAPHIC INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018

2018 Support and Revenue



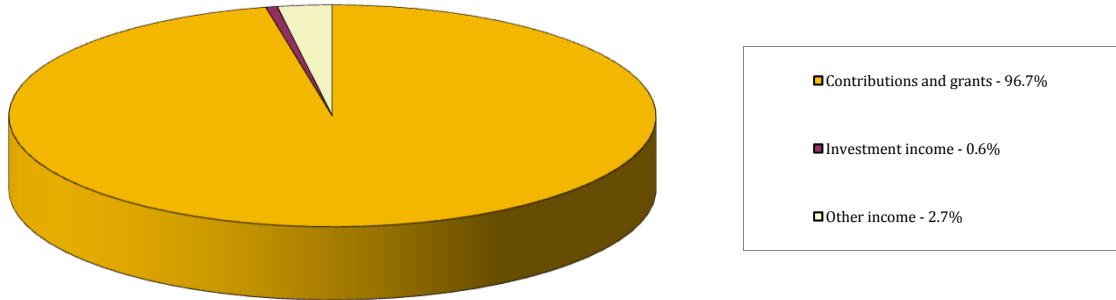
2018 Expenses





NATIONAL PARK TRUST, INC.  
AND CANONIE IDNL ACQUISITION LLC  
SELECTED GRAPHIC INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

2017 Support and Revenue



2017 Expenses

