

**IDAHO CONSERVATION LEAGUE, INC.**  
**(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**Years Ended September 30, 2016 and 2015**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Idaho Conservation League, Inc.  
Boise, Idaho

We have audited the accompanying financial statements of Idaho Conservation League, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities 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 audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho Conservation League, Inc. as of September 30, 2016 and 2015, 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.

*Harris & Co. PLLC*

Meridian, Idaho  
December 8, 2016

**IDAHO CONSERVATION LEAGUE, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**September 30**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 349,931	\$ 357,237
Marketable securities	1,124,026	386,272
Unconditional promises to give	254,177	105,733
Other receivables	0	8,649
Inventory	659	2,900
Prepaid expenses and other assets	<u>9,572</u>	<u>9,634</u>
Total Current Assets	1,738,365	870,425
<b>OTHER ASSETS</b>		
Endowment		
Investments		
Permanently restricted	1,341,840	1,316,525
Board designated	<u>778,196</u>	<u>520,666</u>
Total Investments	2,120,036	1,837,191
Cash and cash equivalents, board designated	52,015	221,592
Accrued interest, board designated	1,160	1,676
Unconditional promises to give, net		
- permanently restricted	<u>35,783</u>	<u>84,886</u>
Total Endowment	2,208,994	2,145,345
Unconditional promises to give, net of current portion	374,312	284,051
Property and equipment, net	<u>533,508</u>	<u>528,993</u>
Total Other Assets	<u>3,116,814</u>	<u>2,958,389</u>
Total Assets	<u>\$ 4,855,179</u>	<u>\$ 3,828,814</u>

See notes to financial statements.

## LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
Accounts payable	\$ 21,426	\$ 10,618
Accrued and withheld payroll costs	36,330	24,372
Deferred revenue	<u>0</u>	<u>10,000</u>
Total Current Liabilities	57,756	44,990
NET ASSETS		
Unrestricted:		
Operating	1,873,249	929,136
Property and equipment	533,508	528,993
Board designated for endowment	<u>831,371</u>	<u>743,934</u>
Total Unrestricted Net Assets	3,238,128	2,202,063
Temporarily restricted	181,672	180,350
Permanently restricted (Endowment)	<u>1,377,623</u>	<u>1,401,411</u>
Total Net Assets	<u>4,797,423</u>	<u>3,783,824</u>
Total Liabilities and Net Assets	<u>\$ 4,855,179</u>	<u>\$ 3,828,814</u>

**IDAHO CONSERVATION LEAGUE, INC.**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended September 30**

	2016			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions	\$ 647,054	\$	\$ 26,212	\$ 673,266
Climate campaign contributions	958,732			958,732
Grants	420,000	526,326		946,326
Special events	99,301			99,301
Investment income(loss)	227,673	38,911		266,584
Book sales	2,647			2,647
Miscellaneous income	4,047			4,047
	2,359,454	565,237	26,212	2,950,903
Net assets released from restrictions	613,915	(563,915)	(50,000)	0
Total Revenue	2,973,369	1,322	(23,788)	2,950,903
<b>EXPENSES</b>				
Program services:				
Public lands	813,487			813,487
Membership	318,034			318,034
Community conservation	416,804			416,804
Legislative	13,919			13,919
Total Program Services	1,562,244	0	0	1,562,244
Supporting services:				
Administrative	158,289			158,289
Fundraising	183,864			183,864
Campaign	32,907			32,907
Total Supporting Services	375,060	0	0	375,060
Total Expenses	1,937,304	0	0	1,937,304
Increase (Decrease) in Net Assets	1,036,065	1,322	(23,788)	1,013,599
NET ASSETS, Beginning of Year	2,202,063	180,350	1,401,411	3,783,824
NET ASSETS, End of Year	\$ 3,238,128	\$ 181,672	\$ 1,377,623	\$ 4,797,423

See notes to financial statements.

**2015**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 649,363	\$	\$ 152,886	\$ 802,249
572,742			572,742
310,000	674,297		984,297
73,856			73,856
(22,325)			(22,325)
1,634			1,634
<u>21,042</u>			<u>21,042</u>
1,606,312	674,297	152,886	2,433,495
<u>641,447</u>	<u>(641,447)</u>	<u>0</u>	<u>0</u>
2,247,759	32,850	152,886	2,433,495
747,027			747,027
255,399			255,399
564,268			564,268
<u>22,003</u>			<u>22,003</u>
1,588,697	0	0	1,588,697
165,319			165,319
195,489			195,489
<u>87,210</u>			<u>87,210</u>
<u>448,018</u>	<u>0</u>	<u>0</u>	<u>448,018</u>
<u>2,036,715</u>	<u>0</u>	<u>0</u>	<u>2,036,715</u>
211,044	32,850	152,886	396,780
<u>1,991,019</u>	<u>147,500</u>	<u>1,248,525</u>	<u>3,387,044</u>
<u>\$ 2,202,063</u>	<u>\$ 180,350</u>	<u>\$ 1,401,411</u>	<u>\$ 3,783,824</u>



**IDAHO CONSERVATION LEAGUE, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended September 30**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,013,599	\$ 396,780
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,425	29,509
Gain on sale of investments	(101,730)	(67,043)
Unrealized loss(gain) on investments	(93,473)	131,667
Donations to endowment	(26,212)	(152,886)
Changes in operating assets and liabilities:		
Unconditional promises to give	(238,705)	(389,784)
Other receivables	8,649	(8,421)
Inventory	2,241	1,163
Prepaid expenses and other assets	62	(2,623)
Accounts payable	10,808	(7,932)
Accrued and withheld payroll costs	11,958	(7,075)
Deferred revenue	<u>(10,000)</u>	<u>10,000</u>
Net Cash Provided by (Used in) Operating Activities	605,622	(66,645)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(32,940)	(9,399)
Purchase of marketable securities	(720,393)	(218,111)
Proceeds from sale of marketable securities	12,177	162,464
Net change in cost basis of investments	<u>102,016</u>	<u>70,033</u>
Net Cash Provided (Used in) by Investing Activities	(639,140)	4,987
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Donations to endowment	<u>26,212</u>	<u>152,886</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,306)	91,228
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>357,237</u>	<u>266,009</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 349,931</u>	<u>\$ 357,237</u>

See notes to financial statements.

# IDAHO CONSERVATION LEAGUE, INC.

## NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

Idaho Conservation League, Inc. (League) is a not-for-profit corporation. The League's purpose is to preserve Idaho's clean water, wilderness and quality of life through a network of local citizens and advocacy. The League maintains three offices in Idaho including one in Boise, Ketchum, and Sandpoint. The League's support comes from grants from private foundations, members' dues, patron support, and other donations.

#### *Basis of Accounting*

The financial statements of the League 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*

The League reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Cash Equivalents*

The League considers all unrestricted, short term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### *Concentrations of Credit Risk*

Financial instruments that potentially subject the League to significant concentrations of credit risk consist principally of cash investments. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 and the Securities Investor Protection Corporation for up to \$500,000. At September 30, 2016 and 2015, the League's uninsured balances total \$2,728,025 and \$2,097,893, respectively.

#### *Marketable Securities and Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Promises to Give*

Campaign contributions are generally available for unrestricted use in the year raised unless specifically restricted by the donor. Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using the League's expected borrowing rate applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potentially uncollectible promises receivable at year end.

*Fair Value*

The League defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

*Inventory*

Inventory consists of guidebooks held for resale to retail outlets and is valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

*Property and Equipment*

Property and equipment is stated at cost, or if donated, at the estimated fair market value at the date of donation. Expenditures for major renewals and betterments that extend the useful lives of property and equipment that cost over \$300 are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from two to forty years.

*Compensated Absences*

Accrued liabilities include amounts for vacation days, which are earned ratably during the year based upon length of employment.

**IDAHO CONSERVATION LEAGUE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Deferred Revenue*

Revenue for events to held in the following year are deferred until the event occurs.

*Contributions*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions, depending on the nature of their restriction, are reported as increases in temporarily or permanently restricted net assets. When restrictions expire (that is a stipulated time restriction ends or the purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Contributed Services*

A number of volunteers have contributed their time to the League's programs and activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

*In-kind Contributions*

The League receives in-kind contributions consisting of investments, rent, and other property. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

*Concentrations of Income*

The League receives a major portion of funding from several donors each year. For the years ended September 30, 2016 and 2015 two donors provided 8% and 18% of total revenues, respectively. The League believes loss of a significant donor would not have a material impact on the operations of the League.

*Advertising*

The League expenses advertising costs as incurred. Total advertising expense was \$13,012 and \$6,862 for the years ended September 30, 2016 and 2015, respectively.

**IDAHO CONSERVATION LEAGUE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the League.

*Presentation of Certain Taxes*

The League collects various taxes from customers and remits these amounts to applicable taxing authorities. The League's accounting policy is to exclude these taxes from revenues and cost of sales.

*Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the League may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2016 or 2015.

The League files Form 990 in the U.S. federal jurisdiction. The League is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

*Income Tax Status*

The League is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements. The League is not a private foundation.

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Use of Estimates*

The League uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

*Accounting Changes*

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient. ASU 2015-07 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Early adoption is permitted. Idaho Conservation League, Inc. has elected to adopt ASU 2015-07 for the year ended September 30, 2016. The League's net assets were not affected by the adoption of this new guidance.

*Subsequent Events*

The League has evaluated subsequent events through December 8, 2016, which is the date the financial statements were available to be issued.

**NOTE B - FAIR VALUE OF ASSETS AND LIABILITIES**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.  |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE B - FAIR VALUE OF ASSETS AND LIABILITIES (Continued)**

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The League measures its investments using Level 1 inputs.

Mutual funds are valued based on the net asset value (NAV) of the observable market prices of the underlying asset within the account less liabilities. Certain investments that were measured at NAV (or its equivalent) have not been classified in the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the League's investments at fair value measured on a recurring basis as of September 30, 2016:

	<u><b>Total</b></u>	<u><b>Fair Value Measurements Using</b></u>		
		<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
Equity securities	\$ 1,071,308	\$ 1,071,308	\$ 0	\$ 0
Debt securities	357,373	357,373		
Bond funds	1,206,839	1,206,839		
Fixed income	<u>9,403</u>	<u>9,403</u>		
	2,644,923	<u>\$ 2,644,923</u>	<u>\$ 0</u>	<u>\$ 0</u>
Investments valued at NAV	<u>599,139</u>			
Total	<u>\$ 3,244,062</u>			

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE B - FAIR VALUE OF ASSETS AND LIABILITIES (Continued)**

The following table sets forth by level, within the fair value hierarchy, the League's investments at fair value measured on a recurring basis as of September 30, 2015:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 475,371	\$ 475,371	\$ 0	\$ 0
Debt securities	588,694	588,694		
Bond funds	470,820	470,820		
Fixed income	<u>11,920</u>	<u>11,920</u>		
	1,546,805	<u>\$ 1,546,805</u>	<u>\$ 0</u>	<u>\$ 0</u>
Investments valued at NAV	<u>676,658</u>			
Total	<u>\$ 2,223,463</u>			

**NOTE C - INVESTMENTS**

Investments as of September 30 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Cost	\$ 2,926,391	\$ 1,999,265
Unrealized gain	<u>317,671</u>	<u>224,198</u>
Fair value	<u>\$ 3,244,062</u>	<u>\$ 2,223,463</u>

Investment income (loss) consists of the following for the years ended September 30:

	<u>2016</u>	<u>2015</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest and dividends	\$ 94,451	\$ 64,851
Realized gain	101,730	67,043
Unrealized gain (loss)	93,473	(131,667)
Investment expense	<u>(23,070)</u>	<u>(22,552)</u>
	<u>\$ 266,584</u>	<u>\$ (22,325)</u>



**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE D - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give as of September 30 are as follows:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 258,677	\$ 166,733
Receivable in one to five years	<u>527,428</u>	<u>409,758</u>
Total unconditional promises to give	786,105	576,491
Less discounts to net present value	(43,222)	(44,172)
Less allowance for uncollectible promises	<u>(78,611)</u>	<u>(57,649)</u>
Net unconditional promises to give	664,272	474,670
Less portion included in the endowment	(35,783)	(84,886)
Less current unconditional promises to give	<u>(254,177)</u>	<u>(105,733)</u>
Long-term unconditional promises to give	<u>\$ 374,312</u>	<u>\$ 284,051</u>

The discount rate used on long-term promises to give was 4%.

**NOTE E - PROPERTY AND EQUIPMENT**

At September 30, property and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 100,000	\$ 100,000
Buildings and improvements	646,023	616,630
Furniture and equipment	<u>92,126</u>	<u>92,870</u>
	838,149	809,500
Less accumulated depreciation	<u>304,641</u>	<u>280,507</u>
	<u>\$ 533,508</u>	<u>\$ 528,993</u>

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

At September 30, temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Public land research and education	\$ 106,672	\$ 130,750
Community Conservation	<u>75,000</u>	<u>49,600</u>
Total	<u>\$ 181,672</u>	<u>\$ 180,350</u>

**NOTE G - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support operations.

**NOTE H - RETIREMENT PLANS**

The League has a SIMPLE IRA. Full and part-time employees are eligible for the SIMPLE IRA after their gross pay has reached \$5,000. The League matches employee contributions up to 3% of gross wages. Contributions by the League were \$34,290 and \$36,403 for the years ended September 30, 2016 and 2015, respectively.

**NOTE I - LEASES**

The League leases their office in Sandpoint, Idaho and various pieces of office equipment under non cancelable operating lease agreements expiring in various years through 2021. Operating lease expense for the years ended September 30, 2016 and 2015, was \$17,652 and \$17,730, respectively. Future minimum lease payments of September 30 are as follows:

2017	\$ 15,339
2018	15,339
2019	12,712
2020	11,204
2021	<u>9,337</u>
	<u>\$ 63,931</u>

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE J - RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2016 and 2015 the League paid Conservation Voters For Idaho, Inc. \$849 and \$15,385, respectively to assist them in work related to a grant. One of the members of management sits on the board of directors for Conservation Voters For Idaho, Inc.

**NOTE K- ENDOWMENT**

The League's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments established for the purpose of providing income to support the League's activities. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The League classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

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 organization in a manner consistent with the standard of prudence described by the Idaho Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the organization considers the investment policy of the organization in making a determination to appropriate or accumulate donor-restricted endowment funds.

**Endowment Net Asset Composition by Type of Fund as of September 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$	\$	\$ 1,377,623	\$ 1,377,623
Board-designated endowment funds	<u>831,371</u>	<u>                    </u>	<u>                    </u>	<u>831,371</u>
	<u>\$ 831,371</u>	<u>\$ 0</u>	<u>\$ 1,377,623</u>	<u>\$ 2,208,994</u>

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE K - ENDOWMENT (Continued)**

**Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 743,934	\$	\$ 1,401,411	\$ 2,145,345
Board authorized distribution to organization	(132,760)			(132,760)
Recharacterization of restriction			(50,000)	(50,000)
Interest income, net of investment expense	54,532			54,532
Net appreciation (realized and unrealized)	165,665			165,665
Contributions	<u>                    </u>	<u>                    </u>	<u>26,212</u>	<u>26,212</u>
Change in Endowment Net Assets	<u>87,437</u>	<u>0</u>	<u>(23,788)</u>	<u>63,649</u>
Endowment net assets, end of year	<u>\$ 831,371</u>	<u>\$ 0</u>	<u>\$ 1,377,623</u>	<u>\$ 2,208,994</u>

**Endowment Net Asset Composition by Type of Fund as of September 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$	\$	\$ 1,401,411	\$ 1,401,411
Board-designated endowment funds	<u>743,934</u>	<u>                    </u>	<u>                    </u>	<u>743,934</u>
	<u>\$ 743,934</u>	<u>\$ 0</u>	<u>\$ 1,401,411</u>	<u>\$ 2,145,345</u>

**IDAHO CONSERVATION LEAGUE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**September 30, 2016 and 2015**

**NOTE K - ENDOWMENT (Continued)**

**Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,028,277	\$	\$ 1,248,525	\$ 2,276,802
Board authorized distribution to organization	(260,907)			(260,907)
Interest income, net of investment expense	38,045			38,045
Net appreciation (realized and unrealized)	(61,481)			(61,481)
Contributions	<u>                    </u>	<u>                    </u>	<u>152,886</u>	<u>152,886</u>
Change in Endowment Net Assets	<u>(284,343)</u>	<u>0</u>	<u>152,886</u>	<u>(131,457)</u>
Endowment net assets, end of year	<u>\$ 743,934</u>	<u>\$ 0</u>	<u>\$ 1,401,411</u>	<u>\$ 2,145,345</u>

**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 League to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. As of September 30, 2016 and 2015 there were no such deficiencies.

# IDAHO CONSERVATION LEAGUE, INC.

## NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2016 and 2015

### NOTE K - ENDOWMENT (Continued)

#### Return Objectives and Risk Parameters

The League has adopted investment and spending policies for endowment assets that attempt to preserve capital at the same time as providing a return from capital appreciation and current income. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that preserve, to the extent possible, consistent with the endowment spending levels the inflation adjusted value of the Endowment assets over the long term. The League expects its endowment funds, over time, to provide an average rate of return of approximately 3 to 5% in excess of inflation annually. Actual returns in any given year may vary from this amount.

#### Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the League relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The League targets a diversified asset allocation of 60% equity and 40% fixed income and cash and cash equivalents to achieve its long-term return objectives with prudent risk constraints.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year, the League appropriates all endowment investment earnings into the board designated endowment fund. The League's board of directors will also appropriate distributions from the unrestricted portion of the endowment when considered necessary, and keeping in line with the League's objective to use investment returns to fund donor objectives and to provide additional real growth to endowment accounts through new gifts.