
Big Bend Conservancy

Financial Statements

June 30, 2021

Big Bend Conservancy

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Report of Independent Auditors

The Board of Directors of
Big Bend Conservancy

We have audited the accompanying financial statements of Friends of Big Bend National Park, dba Big Bend Conservancy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Bend Conservancy as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HATTER & ASSOCIATES, LLP
Hatter & Associates, LLP
Fort Worth, Texas
February 18, 2022

Big Bend Conservancy
Statement of Financial Position
June 30, 2021

ASSETS

Cash and cash equivalents	\$	565,396
Grants and contributions receivable		133,037
Other receivables		365,930
Security deposit		8,000
Prepaid expense		39,477
Cash and cash equivalents - restricted for endowments		1,102
Contributions receivable - restricted for endowments		7,333
Beneficial interest in endowment assets held by community foundation		<u>330,165</u>
	\$	<u>1,450,440</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	39,428
Deferred revenue - ticket sales		15,680
Advances on conditional contributions		<u>51,736</u>
		106,844

Net Assets

Without donor restrictions:

General operations		129,536
Board-designated		<u>50,500</u>
		180,036

With donor restrictions:

Subject to endowment spending policy		338,600
Restricted for purpose or future periods		<u>824,960</u>
		<u>1,163,560</u>
	\$	<u>1,450,440</u>

Big Bend Conservancy
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operations	Board Designated	Total		
Support and Revenue					
Contributions and grants	\$ 125,386	\$ 23,400	\$ 148,786	\$ 407,791	\$ 556,577
Membership dues income	117,337	-	117,337	-	117,337
Investment return, net	529	-	529	64,149	64,678
Forgiveness of PPP loan	18,600	-	18,600	-	18,600
Other income	1,205	-	1,205	365,930	367,135
Net assets released from restriction	98,770	(744)	98,026	(98,026)	-
	<u>361,827</u>	<u>22,656</u>	<u>384,483</u>	<u>739,844</u>	<u>1,124,327</u>
Expenses					
Program services:					
Promote Big Bend National Park	206,517	-	206,517	-	206,517
Supporting services:					
Management and general	103,736	-	103,736	-	103,736
Fundraising	15,759	-	15,759	-	15,759
	<u>119,495</u>	<u>-</u>	<u>119,495</u>	<u>-</u>	<u>119,495</u>
	<u>326,012</u>	<u>-</u>	<u>326,012</u>	<u>-</u>	<u>326,012</u>
Change in net assets	35,815	22,656	58,471	739,844	798,315
Net assets - beginning of year	93,721	27,844	121,565	423,716	545,281
Net assets - End of Year	<u>\$ 129,536</u>	<u>\$ 50,500</u>	<u>\$ 180,036</u>	<u>\$ 1,163,560</u>	<u>\$ 1,343,596</u>

See accompanying notes to financial statements

Big Bend Conservancy
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Service		Supporting Services		Total Program and Supporting Services
	Promote Big Bend National Park	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 36,445	\$ 42,947	\$ 9,746	\$ 52,693	\$ 89,138
Payroll taxes	2,789	3,287	743	4,030	6,819
Total salaries and related expenses	39,234	46,234	10,489	56,723	95,957
Contract services and supplies	132,497	-	-	-	132,497
Public event supplies and other	689	-	-	-	689
Grant to others	3,815	-	-	-	3,815
Professional fees	-	37,846	-	37,846	37,846
Administrative supplies	1,509	1,634	-	1,634	3,143
Office expense	3,376	10,376	197	10,573	13,949
Telephone	-	1,636	-	1,636	1,636
Postage and shipping	2,195	1,289	50	1,339	3,534
Liability insurance	-	2,861	-	2,861	2,861
Outside printing	10,812	-	234	234	11,046
Dues and subscriptions	500	110	4,601	4,711	5,211
Advertising	5,518	-	-	-	5,518
Bank service charges	182	1,402	-	1,402	1,584
Travel	3,564	348	188	536	4,100
Board meetings	2,626	-	-	-	2,626
	<u>\$ 206,517</u>	<u>\$ 103,736</u>	<u>\$ 15,759</u>	<u>\$ 119,495</u>	<u>\$ 326,012</u>

See accompanying notes to financial statements

Big Bend Conservancy
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 798,315
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions restricted for endowments	(2,689)
Investment income	(64,149)
Forgiveness of PPP loan	(18,600)
Change in:	
Grants and contributions receivable	(112,091)
Other receivables	(365,930)
Prepaid expense	(34,876)
Security deposit	(8,000)
Account payable	33,275
Deferred revenue	15,680
Advances on conditional contributions	51,736
Net cash provided by operating activities	<u>292,671</u>
Cash Flows from Investing Activities	
Purchases of investments	<u>(119,300)</u>
Net cash used in investing activities	(119,300)
Cash Flows from Financing Activities	
Collection of contributions restricted for endowment	<u>10,689</u>
Net cash provided by financing activities	<u>10,689</u>
Net change in cash, cash equivalents, and restricted cash	184,060
Cash, cash equivalents, and restricted cash at beginning of year	<u>382,438</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 566,498</u></u>

See accompanying notes to financial statements

Big Bend Conservancy

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

Friends of Big Bend National Park, dba Big Bend Conservancy (the Organization), was incorporated in June 1996. The Organization's mission is to promote, protect, and raise funds for Big Bend National Park and the Rio Grande Wild and Scenic River. The Organization works with the National Park Service to determine funding of projects to improve and preserve Big Bend National Park and the Rio Grande Wild and Scenic River.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

- *Net Assets Without Donor Restrictions* – net assets available for use in general operations and not subject to donor-imposed restrictions. These may be designated for specific purposes by action of the Board of Directors.
- *Net Assets With Donor Restrictions* – net assets subject to donor-imposed restrictions that will be met either by occurrence of a specific event or the passage of time, or are perpetual in nature are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Investment income and contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenue.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donor restricted net assets are primarily held in the investment accounts.

Cash and Cash Equivalents

Cash consists of cash on hand and certain highly liquid investments purchased with an initial maturity of three months or less.

Restricted Cash

Cash restricted for endowment represents cash not contributed to an endowment account as of June 30, 2021.

Big Bend Conservancy

Notes to Financial Statements

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

Receivables

Receivables consist of unconditional promises to give, government grants, and funds directed from another organization earned but not collected at year end. Based on past experience and analysis of receivable collectability, management has determined that no allowance for doubtful accounts is necessary. Collection of all receivables is expected within one year.

Beneficial Interest in Assets Held by Community Foundation

The Organization established an endowment fund during 2013 and another one during 2021. The endowment funds are perpetual in nature (the funds) with a community foundation (CF) and named the Organization as beneficiary. The Organization granted variance power to the CF, which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the CF for the Organization's benefit and are reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Repair and maintenance costs are charged to expense as incurred. The Organization had no expenditures exceeding the capitalization threshold of \$2,500.

Contributions and Grants

Contributions and unconditional promises to give are recorded when pledges are made by the respective donors. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the donor restricted gifts are reported as contributions without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Goods and Services

Contributed goods are reported in the financial statements at their fair value when received. Contributed services are recorded at fair value when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

In addition, a number of volunteers have donated significant time to the Organization's activities. The value of donated volunteer services is not recorded as a donation since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue from registration fees and merchandise sales are recognized when control of these products or services is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled in exchange for those products and services. Sales and other taxes the Organization collects concurrent with revenue-producing activities are included in revenue. Shipping and handling fees charged to customers are reported within revenue. Incidental items that are immaterial to the contract are recognized as expense. The Organization does not have any significant financing components as payment is received before, at, or shortly after the point of sale.

Big Bend Conservancy

Notes to Financial Statements

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

Advertising Costs

Advertising costs are expensed when incurred and amounted to \$5,518 during the year ended June 30, 2021.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain indirect costs related primarily to salary and benefits have been allocated among the programs and supporting services benefited primarily by time and effort of applicable staff.

Federal Income Taxes

The Organization is a nonprofit corporation as defined in Section 501(c)(3) of the Internal Revenue Code and, accordingly, does not provide for federal income taxes. The Internal Revenue Service has determined the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of FASB ASC 740, Income Taxes, which requires financial statement recognition and disclosure for uncertain tax positions taken or expected to be taken in a tax return. As of June 30, 2021, management determined that the Organization does not have any unrecognized tax benefits or liabilities. With few exceptions, the Organization's federal exempt organization returns for the past three years are subject to examination by tax authorities and may change upon examination.

Change in Accounting Principle

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021, comprise the following:

Cash and cash equivalents	\$	565,396
Grants and contributions receivable		133,037
Other receivables		365,930
Security deposit		8,000
Total financial assets		<u>1,072,363</u>
Less amounts not available to be used within one year:		
Board-designated		<u>(50,500)</u>
Financial assets available to meet general expenditures within one year	\$	<u>1,021,863</u>

The Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Organization's goal is generally to maintain financial assets to meet at least 90 days of operating expenses. As part of its liquidity plan, excess cash is maintained in a deposit account and an interest bearing savings account.

Big Bend Conservancy

Notes to Financial Statements

3. Cash, Cash Equivalents, and Restricted Cash

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

Cash and cash equivalents	\$ 565,396
Cash and cash equivalents - restricted for endowments	1,102
	<u>\$ 566,498</u>

4. Restrictions on Net Assets

Donor restricted net assets at June 30, 2021 are available for the following purposes:

	Board Designated Without Donor Restrictions	With Donor Restrictions
Subject to expenditure for time or purpose:		
Operating reserve	\$ 50,500	\$ -
Castolon recovery	-	419,980
Sustainability project	-	128,896
Land acquisition	-	276,084
	<u>50,500</u>	<u>824,960</u>
Subject to appropriation from endowment for:		
Trails	-	195,780
Fossil Discovery Exhibit	-	142,820
	<u>-</u>	<u>338,600</u>
	<u>\$ 50,500</u>	<u>\$ 1,163,560</u>

Net assets were released from restrictions by incurring expenditures that satisfy the purpose specified by donor as follows during the year ended June 30, 2021:

	Board Designated Without Donor Restrictions	With Donor Restrictions
Trail endowment	\$ 744	\$ -
Castolon recovery	-	10,943
Sustainability project	-	87,083
	<u>\$ 744</u>	<u>\$ 98,026</u>

Big Bend Conservancy

Notes to Financial Statements

5. Endowment

The Organization established two endowments, whose funds shall be used for the permanent and perpetual support of its mission, specifically for the maintenance, improvement, and construction of trails and Fossil Discovery Exhibit in Big Bend National Park. The underlying assets are reported as cash and cash equivalents – restricted for endowments, contributions receivable – restricted for endowments, and beneficial interest in endowment assets held by community foundation in the statement of financial position. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (the “Act”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent endowment is available for appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the Act.

The investment and spending policy attempts to provide a predictable amount of funding for programs supported by the endowment while seeking to maintain the level of endowment assets. The organization seeks to obtain a total return through capital appreciation and current income that allows the endowment to grow annually. Distributions will be made in accordance with the distribution policy determined annually by the CF’s Board of Governors. The Organization’s Board of Directors determined no distributions may be made from each of the endowment funds until the average fund balance equals or exceeds \$100,000 during the year preceding the first distribution.

Endowment net assets are comprised of the following at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds:			
Contributions to be maintained in perpetuity	\$ -	\$ 257,919	\$ 257,919
Accumulated investment gains	-	80,681	80,681
	<u>\$ -</u>	<u>\$ 338,600</u>	<u>\$ 338,600</u>

The changes in endowment net assets are as follows for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2020	\$ 744	\$ 271,794	\$ 272,538
Released by the board of directors	(744)	-	(744)
Contributions	-	2,657	2,657
Investment return:			
Investment income	-	4,885	4,885
Net realized and unrealized loss	-	63,050	63,050
Investment and admin fees	-	(3,786)	(3,786)
Endowment net assets at June 30, 2021	<u>\$ -</u>	<u>\$ 338,600</u>	<u>\$ 338,600</u>

Big Bend Conservancy

Notes to Financial Statements

6. Fair Value Measurements

The Organization reports the beneficial interest in endowment assets held by community foundation at fair value in accordance with FASB ASC 220, Fair Value Measurement and Disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

The fair value of the beneficial interest in assets held by community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following is a reconciliation of the beginning and ending balance of the beneficial interest in assets held by community foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

Balance at June 30, 2020	\$	146,716
Purchases of investments		119,300
Investment return, net		64,149
Balance at June 30, 2021	\$	<u>330,165</u>

The following schedule summarizes investment return, which is classified as net assets with donor restrictions subject to endowment spending policy in the financial statements for the year ended June 30, 2021:

Dividends and interest	\$	4,885
Realized gain on sales of investments		22,691
Unrealized gain on investments		40,359
Investment and admin fees		(3,786)
	\$	<u>64,149</u>

Big Bend Conservancy

Notes to Financial Statements

7. Revenue

Disaggregation of Revenue from Contracts with Customers

The Organization's sales of merchandise and tickets to special events are recorded in other income. All of the Organization's contract revenues are from performance obligations that are satisfied at point in time.

Contract Balances

Deferred revenue from contracts with customers are as follow at June 30:

	2021	2020
Deferred revenue - ticket sales	\$ 15,680	\$ -

Performance Obligations

Performance obligations related to merchandise sales are satisfied at the point of sales.

Performance obligations related to ticket sales to an event are satisfied when such event is held.

8. Other Revenue

Castolon Store (Store), which was part of the same structure that housed the National Park Service (NPS) Visitor Center, was lost in a fire on May 22, 2019. The NPS assigned the Store to Big Bend Resorts, LLC (BBR) under a concession contract. BBR directed insurance proceeds of \$365,930 for the repair, rebuild, restore, or replacement of the Store to Big Bend Conservancy, which shall hold the funds in an interest-bearing account while project planning continues, and ultimately direct such funds towards the restoration or replacement of the structure. As of June 30, 2021, \$365,930 is reported as other receivables in the statement of financial position and the funds were received on October 20, 2021.

9. Conditional Contributions

Conditional contributions of \$51,736 have not been recognized in the accompanying statement of activities and are reported as advances on conditional contributions at June 31, 2021 because the condition on which they depend has not been met as of June 30, 2021. The conditional contributions depend on holding a fundraising event.

10. Concentrations

The Organization received contributions of \$476,762 in aggregate from three donors during the year ended June 30, 2021. Significant financial assets include the beneficial interest in endowment assets held by a community foundation amounting to \$330,165, and a receivable from one organization of \$365,930 at June 30, 2021. Each of these amounts exceeded five percent of total revenues and was considered material both individually and in the aggregate to the financial statements.

11. Subsequent Events

Management has evaluated subsequent events through February 18, 2022, which is the date the financial statements were available to be issued.