

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011**

NATIONAL PARKS CONSERVATION ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
National Parks Conservation Association
Washington, D.C.

We have audited the accompanying statements of financial position of the National Parks Conservation Association (the Association) as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Gelman, Rosenberg & Freedman'.

November 6, 2012

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NATIONAL PARKS CONSERVATION ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,338,357	\$ 7,705,922
Short-term investments (Notes 2, 4, 7 and 14)	3,444,618	2,292,700
Grants and contributions receivable, net of allowance for uncollectable pledges of \$55,549 and \$173,845 in 2012 and 2011, respectively (Note 3)	4,202,939	14,801,838
Accounts receivable	291,558	33,147
Prepaid expenses	<u>321,561</u>	<u>216,072</u>
Total current assets	<u>16,599,033</u>	<u>25,049,679</u>
FIXED ASSETS		
Equipment	610,198	801,456
Furniture	606,681	606,681
Software	342,730	342,730
Leasehold improvements (Note 11)	<u>2,607,880</u>	<u>2,607,880</u>
	4,167,489	4,358,747
Less: Accumulated depreciation and amortization	<u>(1,308,888)</u>	<u>(1,045,921)</u>
Net fixed assets	<u>2,858,601</u>	<u>3,312,826</u>
OTHER ASSETS		
Deposits	25,251	39,817
Investments (Notes 2, 7 and 14)	29,570,143	29,114,226
Grants and contributions receivable, long-term portion (Note 3)	<u>1,202,273</u>	<u>2,222,788</u>
Total other assets	<u>30,797,667</u>	<u>31,376,831</u>
TOTAL ASSETS	<u>\$ 50,255,301</u>	<u>\$ 59,739,336</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,002,072	\$ 2,071,870
Accrued salaries and related benefits	865,842	699,896
Charitable gift annuities, current portion (Note 7)	238,192	223,350
Deferred membership dues	639,694	665,196
Deferred rent, current portion (Note 11)	263,832	263,832
Total current liabilities	5,009,632	3,924,144
LONG-TERM LIABILITIES		
Deposits	10,425	-
Charitable gift annuities, long-term portion (Note 7)	1,726,653	1,255,381
Deferred rent, long-term portion (Note 11)	2,828,242	2,655,333
Total long-term liabilities	4,565,320	3,910,714
Total liabilities	9,574,952	7,834,858
NET ASSETS		
Unrestricted (Note 4)	13,140,485	12,939,104
Temporarily restricted (Note 5)	13,049,282	24,626,064
Permanently restricted (Note 6)	14,490,582	14,339,310
Total net assets	40,680,349	51,904,478
TOTAL LIABILITIES AND NET ASSETS	\$ 50,255,301	\$ 59,739,336

NATIONAL PARKS CONSERVATION ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions (Notes 7 and 9)	\$ 16,943,478	\$ 1,650,483	\$ 151,272	\$ 18,745,233
Grants and contracts	75,000	2,528,541	-	2,603,541
Membership dues	1,246,173	-	-	1,246,173
Bequests	1,388,542	-	-	1,388,542
Investment return (Note 2)	258,709	16,891	-	275,600
Marketing income	302,209	550,000	-	852,209
Special events	404,989	1,653,627	-	2,058,616
Change in value of charitable gift annuities	(471,213)	-	-	(471,213)
Other revenue (Note 11)	209,102	-	-	209,102
Net assets released from donor restrictions (Note 5)	<u>17,976,324</u>	<u>(17,976,324)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>38,333,313</u>	<u>(11,576,782)</u>	<u>151,272</u>	<u>26,907,803</u>
EXPENSES				
Program Services:				
Protect and Enhance Natural and Cultural Resources	12,761,321	-	-	12,761,321
Engage, Educate and Empower Americans	11,037,772	-	-	11,037,772
Park Funding and Management	<u>5,059,353</u>	<u>-</u>	<u>-</u>	<u>5,059,353</u>
Total program services	<u>28,858,446</u>	<u>-</u>	<u>-</u>	<u>28,858,446</u>
Supporting Services:				
Management and General	542,028	-	-	542,028
Fundraising	<u>8,731,458</u>	<u>-</u>	<u>-</u>	<u>8,731,458</u>
Total supporting services	<u>9,273,486</u>	<u>-</u>	<u>-</u>	<u>9,273,486</u>
Total expenses	<u>38,131,932</u>	<u>-</u>	<u>-</u>	<u>38,131,932</u>
Changes in net assets	201,381	(11,576,782)	151,272	(11,224,129)
Net assets at beginning of year	<u>12,939,104</u>	<u>24,626,064</u>	<u>14,339,310</u>	<u>51,904,478</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,140,485</u>	<u>\$ 13,049,282</u>	<u>\$ 14,490,582</u>	<u>\$ 40,680,349</u>

See accompanying notes to financial statements.

2011			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 16,662,901	\$ 3,030,242	\$ 200,000	\$ 19,893,143
104,933	3,609,217	-	3,714,150
1,416,355	-	-	1,416,355
877,509	-	-	877,509
1,982,687	2,402,885	-	4,385,572
472,133	695,000	-	1,167,133
179,703	320,100	-	499,803
159,984	-	-	159,984
124,762	-	-	124,762
<u>20,226,255</u>	<u>(20,226,255)</u>	<u>-</u>	<u>-</u>
<u>42,207,222</u>	<u>(10,168,811)</u>	<u>200,000</u>	<u>32,238,411</u>
11,518,496	-	-	11,518,496
10,872,755	-	-	10,872,755
<u>4,858,166</u>	<u>-</u>	<u>-</u>	<u>4,858,166</u>
<u>27,249,417</u>	<u>-</u>	<u>-</u>	<u>27,249,417</u>
463,520	-	-	463,520
<u>7,689,839</u>	<u>-</u>	<u>-</u>	<u>7,689,839</u>
<u>8,153,359</u>	<u>-</u>	<u>-</u>	<u>8,153,359</u>
<u>35,402,776</u>	<u>-</u>	<u>-</u>	<u>35,402,776</u>
6,804,446	(10,168,811)	200,000	(3,164,365)
<u>6,134,658</u>	<u>34,794,875</u>	<u>14,139,310</u>	<u>55,068,843</u>
<u>\$ 12,939,104</u>	<u>\$ 24,626,064</u>	<u>\$ 14,339,310</u>	<u>\$ 51,904,478</u>

See accompanying notes to financial statements.

NATIONAL PARKS CONSERVATION ASSOCIATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	Program Services			
	Protect and Enhance Natural and Cultural Resources	Engage, Educate and Empower Americans	Park Funding and Management	Total Program Services
Salaries and benefits (Note 8)	\$ 6,694,456	\$ 3,663,237	\$ 2,707,472	\$ 13,065,165
Professional and outside services (Note 9)	2,695,362	1,544,425	1,199,385	5,439,172
Grants and awards	404,640	453,191	68,854	926,685
Office supplies and expense	163,873	154,685	96,023	414,581
Telephone	185,230	43,115	45,405	273,750
Postage, shipping, lists and related costs	104,797	1,855,770	64,798	2,025,365
Equipment rental and maintenance	54,819	24,565	23,863	103,247
Printing	242,768	1,690,937	71,418	2,005,123
Publications, subscriptions and membership dues	37,787	49,174	7,341	94,302
Travel	676,272	231,821	351,784	1,259,877
Meetings and conferences	15,373	14,493	8,106	37,972
Special events	198,701	254,998	51,938	505,637
Building occupancy expense (Note 11)	886,254	364,586	248,990	1,499,830
Depreciation and amortization	225,551	91,900	64,270	381,721
Other	175,438	600,875	49,706	826,019
TOTAL	\$ 12,761,321	\$ 11,037,772	\$ 5,059,353	\$ 28,858,446

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 179,996	\$ 3,002,220	\$ 3,182,216	\$ 16,247,381
34,892	826,519	861,411	6,300,583
1,214	6,503	7,717	934,402
8,536	33,787	42,323	456,904
8,812	27,048	35,860	309,610
1,521	1,578,834	1,580,355	3,605,720
7,791	15,358	23,149	126,396
914	1,564,909	1,565,823	3,570,946
629	12,880	13,509	107,811
5,636	182,193	187,829	1,447,706
37	5,432	5,469	43,441
10,108	508,385	518,493	1,024,130
194,188	288,862	483,050	1,982,880
50,125	72,597	122,722	504,443
37,629	605,931	643,560	1,469,579
\$ 542,028	\$ 8,731,458	\$ 9,273,486	\$ 38,131,932

See accompanying notes to financial statements.

NATIONAL PARKS CONSERVATION ASSOCIATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services			
	Protect and Enhance Natural and Cultural Resources	Engage, Educate and Empower Americans	Park Funding and Management	Total Program Services
Salaries and benefits (Note 8)	\$ 6,083,496	\$ 3,387,958	\$ 2,594,334	\$12,065,788
Professional and outside services (Note 9)	2,596,602	1,623,030	1,196,682	5,416,314
Grants and awards	298,149	693,110	2,286	993,545
Office supplies and expense	149,948	147,721	92,918	390,587
Telephone	182,751	40,021	46,333	269,105
Postage, shipping, lists and related costs	98,714	1,818,098	65,729	1,982,541
Equipment rental and maintenance	59,056	20,015	23,604	102,675
Printing	291,053	1,907,612	135,055	2,333,720
Publications, subscriptions and membership dues	29,489	57,436	26,944	113,869
Travel	570,620	209,845	320,838	1,101,303
Meetings and conferences	19,050	16,198	17,359	52,607
Special events	182,791	297,567	27,422	507,780
Building occupancy expense (Note 11)	616,074	249,406	198,954	1,064,434
Depreciation and amortization	154,015	62,350	49,737	266,102
Other	186,688	342,388	59,971	589,047
TOTAL	\$ 11,518,496	\$ 10,872,755	\$ 4,858,166	\$27,249,417

See accompanying notes to financial statements.

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 164,068	\$ 2,723,380	\$ 2,887,448	\$ 14,953,236
31,977	889,103	921,080	6,337,394
306	18,302	18,608	1,012,153
9,617	24,715	34,332	424,919
7,597	24,417	32,014	301,119
1,400	1,544,439	1,545,839	3,528,380
7,556	15,196	22,752	125,427
2,076	1,721,381	1,723,457	4,057,177
2,047	8,467	10,514	124,383
5,224	149,355	154,579	1,255,882
-	4,373	4,373	56,980
7,416	58,343	65,759	573,539
144,458	197,651	342,109	1,406,543
36,113	49,412	85,525	351,627
43,665	261,305	304,970	894,017
\$ 463,520	\$ 7,689,839	\$ 8,153,359	\$ 35,402,776

See accompanying notes to financial statements.

NATIONAL PARKS CONSERVATION ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (11,224,129)	\$ (3,164,365)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	504,443	351,627
Net depreciation (appreciation) of investments	344,646	(3,402,397)
Loss on disposal of fixed assets	-	4,663
Change in value of charitable gift annuities	471,213	(159,984)
Change in allowance for uncollectable pledges	(118,296)	(100,856)
Change in discount on grants and contributions receivable	(66,887)	(591,824)
Permanently restricted contributions	(151,272)	(200,000)
(Increase) decrease in:		
Grants and contributions receivable	11,804,597	10,085,541
Accounts receivable	(258,411)	27,191
Prepaid expenses	(105,489)	(143,999)
Deposits	14,566	8,044
Increase (decrease) in:		
Accounts payable and accrued liabilities	930,202	422,615
Accrued salaries and related benefits	165,946	97,902
Deferred membership dues	(25,502)	(141,789)
Deferred rent	172,909	221,089
Deposits	<u>10,425</u>	<u>-</u>
Net cash provided by operating activities	<u>2,468,961</u>	<u>3,313,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(50,218)	(747,013)
Purchase of investments	(3,866,118)	(28,591,646)
Proceeds from sale of investments	<u>1,913,637</u>	<u>25,872,671</u>
Net cash used by investing activities	<u>(2,002,699)</u>	<u>(3,465,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	151,272	200,000
Payments made on charitable gift annuities	(201,700)	(215,276)
Proceeds from charitable gift annuities	<u>216,601</u>	<u>510,001</u>
Net cash provided by financing activities	<u>166,173</u>	<u>494,725</u>
Net increase in cash and cash equivalents	632,435	342,195
Cash and cash equivalents at beginning of year	<u>7,705,922</u>	<u>7,363,727</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,338,357</u>	<u>\$ 7,705,922</u>
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Leasehold Improvements Funded by Landlord	<u>\$ -</u>	<u>\$ 2,638,320</u>
Donated Stock Received	<u>\$ 461,256</u>	<u>\$ 789,291</u>

See accompanying notes to financial statements.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Parks Conservation Association (the Association) was established in 1919 as a national nonprofit membership organization that focuses on defending, promoting and improving America's National Park System while educating the public about the parks. The Association seeks to protect park visitors, natural and historic resources from the impacts of air pollution and climate change. The Association also seeks to ensure the long-term health of park wildlife populations and habitat for the enjoyment of this and future generations. The Association was incorporated in the District of Columbia.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding cash and cash equivalents held by investment managers in the amounts of \$1,232,735 and \$2,671,420 for the years ended June 30, 2012 and 2011, respectively.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). The Association maintains a portion of its cash balances at financial institutions in noninterest-bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act.

At times during the year, the Association maintains a portion of its cash balances in interest-bearing accounts at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Unrealized and realized gains and losses are included in investment return in the Statements of Activities and Changes in Net Assets.

Accounts, grants and contributions receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Grants and contributions receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and historical experience.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost, or if donated, are recorded at the fair market value at the date of donation. Equipment, furniture and software are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Other revenue -

Membership dues are recognized when earned. Membership dues received in advance and not yet earned are deferred to the applicable period.

Bequests are recognized when received.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Association and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the Association.

Income taxes -

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association is not a private foundation. The Association earns unrelated business income on advertising. The Association did not have income tax expense for the years ended June 30, 2012 and 2011.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes.

For the years ended June 30, 2012 and 2011, the Association has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurements -

The Association adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Association accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2. INVESTMENTS

Investments consisted of the following at June 30, 2012 and 2011:

	Market Value	
	2012	2011
Cash and cash equivalents	\$ 1,232,735	\$ 2,671,420
Equity mutual funds	13,523,762	12,744,591
Fixed income	12,490,638	10,837,601
Real estate funds	1,283,293	1,181,744
Commodities funds	1,133,782	972,561
Alternative investments	<u>3,350,551</u>	<u>2,999,009</u>
	33,014,761	31,406,926
Less: Short-term investments	<u>(3,444,618)</u>	<u>(2,292,700)</u>
TOTAL INVESTMENTS	<u>\$ 29,570,143</u>	<u>\$ 29,114,226</u>

Short-term investments include operating funds and Board Project Funds (see Note 4).

Under the terms of certain agreements for several alternative investments, the Association is obligated to remit additional funding periodically as capital calls are exercised. As of June 30, 2012 and 2011, the Association has uncalled commitments of \$577,200 and \$837,600, respectively.

Alternative investments are comprised of the following at June 30, 2012:

Investment Type	2012	2011	Liquidity
Northgate IV Limited Partnership	\$ 929,990	\$ 728,152	Long-term limited partnerships with investment period where capital is drawn down and then as investments are sold, capital is returned. Term will continue until assets are sold and proceeds distributed and will expire in approximately 14 years.
Siguler Guff Distressed Opportunities Fund Limited Partnership	1,102,086	975,292	Long-term limited partnerships with investment period where capital is drawn down and then as investments are sold, capital is returned. Term will expire on the earlier of December 31, 2019 or the date all assets have been distributed.
J.D. Clark & Company Common Sense Long-Biased Offshore, LTD	<u>1,318,475</u>	<u>1,295,565</u>	One-year lock-up period expired August 1, 2009; liquidity semi-annual with 95 days written notice.
ALTERNATIVE INVESTMENTS	<u>\$3,350,551</u>	<u>\$2,999,009</u>	

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2. INVESTMENTS (Continued)

Included in the investments balance at June 30, 2012 and 2011 are investments related to certain split interest agreements (see Note 7) as follows:

	2012	2011
Cash and cash equivalents	\$ 1,513	\$ 126,303
Equity mutual funds	1,267,375	1,191,196
Fixed income	1,450,143	1,260,427
Real estate funds	188,861	148,128
TOTAL INVESTMENTS	\$ 2,907,892	\$ 2,726,054

Included in investment return are the following:

	2012	2011
Interest and dividends	\$ 620,246	\$ 983,175
Net unrealized and realized (losses) gains	(344,646)	3,402,397
TOTAL INVESTMENT RETURN	\$ 275,600	\$ 4,385,572

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following at June 30, 2012 and 2011:

	2012	2011
Amounts due in:		
Less than one year	\$ 4,258,488	\$ 14,975,683
One to five years	1,296,432	2,383,834
Total amounts due	5,554,920	17,359,517
Less: Present value discount	(94,159)	(161,046)
Allowance for uncollectable pledges	(55,549)	(173,845)
NET GRANTS AND CONTRIBUTIONS RECEIVABLE	\$ 5,405,212	\$ 17,024,626

The present value discount is calculated using a rate of 5% for the years ended June 30, 2012 and 2011. Grants and contributions receivable include \$823,103 and \$4,097,799 from officers, directors and employees of the Association as of June 30, 2012 and 2011, respectively.

4. BOARD DESIGNATED FUNDS

The Board of Trustees has established a Board Reserve Fund to provide financial stability and capital in order to meet the future needs of the Association. Investment income may be used to support programs and operations of the Association up to 4.5% of the rolling average of the fund's market value of the previous twelve quarters. At June 30, 2012 and 2011, the Board Reserve Fund amounted to \$11,741,812 and \$11,595,413, respectively.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

4. BOARD DESIGNATED FUNDS (Continued)

The Board of Trustees established a Board Project Fund to meet the expenses occurring as a result of unanticipated activities and multi-year projects funded through temporarily restricted income, improve the return on funds held for expenditure over the next one to five years, and to manage investment risk. Income generated by the Board Project Fund may be used to fund current operating expenses. At June 30, 2012 and 2011, the Board Project Fund amounted to \$3,414,996 and \$2,282,573, respectively.

The Board of Trustees has noted its authority to undesignate certain assets as appropriate and has determined that it is not necessary at this time to undesignate funds sufficient to cover the negative undesignated balance.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2012 and 2011:

	2012	2011
Timing Restrictions	\$ 4,974,984	\$ 9,000,476
Protect and Enhance Natural and Cultural Resources	2,975,426	4,305,577
Engage, Educate and Empower Americans	877,356	2,223,960
Park Funding and Management	3,264,906	7,522,622
Regional	956,610	1,573,429
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ 13,049,282	\$ 24,626,064

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors or the passage of time:

	2012	2011
Timing Restrictions	\$ 6,214,630	\$ 8,685,689
Protect and Enhance Natural and Cultural Resources	3,351,726	2,302,154
Engage, Educate and Empower Americans	1,597,354	2,419,984
Park Funding and Management	4,886,991	6,380,111
Regional	1,925,623	438,317
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 17,976,324	\$ 20,226,255

6. PERMANENTLY RESTRICTED NET ASSETS

The Association's endowment consists of donor-restricted endowment funds. As required by GAAP, endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>(23,009)</u>	\$ <u>482,987</u>	\$ <u>14,490,582</u>	\$ <u>14,950,560</u>

Changes in endowment net assets for the year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	\$ -	\$ 1,590,142	\$ 14,339,310	\$ 15,929,452
Investment return:				
Investment income	-	287,135	-	287,135
Net depreciation (realized and unrealized)	-	(270,244)	-	(270,244)
Total investment return	-	16,891	-	16,891
Contributions	-	-	151,272	151,272
Appropriation of endowment assets for expenditure	-	(1,147,055)	-	(1,147,055)
Transfer for deficiency of funds	(23,009)	23,009	-	-
ENDOWMENT NET ASSETS, JUNE 30, 2012	\$ <u>(23,009)</u>	\$ <u>482,987</u>	\$ <u>14,490,582</u>	\$ <u>14,950,560</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>-</u>	\$ <u>1,590,142</u>	\$ <u>14,339,310</u>	\$ <u>15,929,452</u>

Changes in endowment net assets for the year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2010	\$ <u>(774,847)</u>	\$ <u>14,492</u>	\$ <u>14,139,310</u>	\$ <u>13,378,955</u>
Investment return:				
Investment income	-	444,442	-	444,442
Net appreciation (realized and unrealized)	<u>774,847</u>	<u>1,183,596</u>	<u>-</u>	<u>1,958,443</u>
Total investment return	<u>774,847</u>	<u>1,628,038</u>	<u>-</u>	<u>2,402,885</u>
Contributions	-	-	200,000	200,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(52,388)</u>	<u>-</u>	<u>(52,388)</u>
ENDOWMENT NET ASSETS, JUNE 30, 2011	\$ <u>-</u>	\$ <u>1,590,142</u>	\$ <u>14,339,310</u>	\$ <u>15,929,452</u>

The income from permanently restricted net assets are restricted for the following programs:

	<u>2012</u>	<u>2011</u>
Park Protection Endowment	\$ 9,999,981	\$ 9,999,981
EDAR Endowment	1,207,942	1,207,942
Frank H. Filley and Family Endowment Fund	440,416	440,416
H. William Walter Endowed Internship Program	305,300	305,300
Stephen Tyng Mather Award Endowed by Booz, Allen, Hamilton	100,000	100,000
General NPCA Endowment Fund	228,713	77,441
Norman G. Cohen Park Education Endowment	51,230	51,230
Yellowstone Conservation Fund Endowment	657,000	657,000
NERO Endowment	<u>1,500,000</u>	<u>1,500,000</u>
	\$ <u>14,490,582</u>	\$ <u>14,339,310</u>

Park Protection Endowment:

This endowment is funded through the generosity of an anonymous donor. Its purpose is to enhance the long term financial base of the Association in order to consistently propel the organization towards protecting and enhancing America's National Parks for present and future generations.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

EDAR Endowment:

The EDAR Endowment was created and initially funded by Armstrong Chinn, Jr. for the purpose of creating a permanent memorial endowment fund to further the mission of the Association.

Frank H. Filley and Family Endowment Fund:

The Frank H. Filley and Family Endowment Fund was created in December 2001 and was established as an endowment generally supporting the activities of the Association.

H. William Walter Endowed Internship Program:

This endowment is funded by the friends and family of William Walter, to honor him for his years of generous support, leadership and outreach on behalf of the Association and our national parks. The investment income is to support an internship program at the Association, so that college and graduate students can have an opportunity to gain experience, possibly leading to careers in park conservation.

Stephen Tyng Mather Award (Endowed by Booz, Allen, Hamilton):

The Stephen Tyng Mather Award Endowed by Booz Allen Hamilton Fund was set up in the Winter of 2007. The investment income of the fund is specifically directed to be used to offset the cost of the award, given each year to a deserving National Park Service employee who has exhibited exemplary and distinguished performance in park protection and enhancement.

General National Parks Conservation Association Endowment Fund:

The General National Parks Conservation Association Endowment was established for the purpose of supporting the Association's activities. This endowment was initiated through the generosity of John and Jane Strandberg who indicated a desire to fund a general endowment for the Association.

Norman G. Cohen Park Education Endowment:

The Norman G. Cohen Park Education Endowment established by Norman G. Cohen in 1992, with the purpose to provide youth from the Washington, D.C. area with educational activities that help them appreciate and understand the national parks.

Yellowstone Conservation Fund Endowment:

The Yellowstone Conservation Endowment Fund was established for the purpose of protecting the greater Yellowstone ecosystem. Individuals from the Midwest and Northern Rockies Regions area are supporting the fund. Income from the fund may be used to support any type of strategy or project to protect the national park and its surroundings.

Northeast Regional Office (NERO) Endowment:

The Northeast Regional Office (NERO) Endowment fund was established to produce income designated for the Association's work through its Northeast Regional Office (NERO) or in direct support of it. Income from this fund may be used for Association work that directly supports NERO, for NERO staff salaries and/or benefits, consultants, direct operating expenses, office space, or other reasonable and necessary expenses to maintain an effective presence in the Northeast region.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

6. 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 or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets totaled \$23,009 and \$0 at June 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriations for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters -

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in-perpetuity or for a donor-specified period(s) 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 provide real (inflation adjusted) growth of capital, without undue risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Association will utilize a strategy of fixed income, equities and cash equivalents in a mix which is conducive to participation in rising markets while allowing for protection in falling markets. The assets will be invested with the care, skill, prudence and diligence under the circumstances then prevailing. The greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. The criteria utilized to determine the target investment allocation include the total return against CPI, Treasury Bill Index and a standard deviation based on acceptable risk.

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

The Association has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior 12 quarters, unless explicitly directed otherwise by the donor. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long-term, the Association expects the current spending policy to allow its endowment to grow at an average of at least 4.5% annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

7. CHARITABLE GIFT ANNUITIES

The Association administers various charitable gift annuity agreements that allow a donor to contribute assets to the Association in exchange for a promise to pay a fixed amount to the donor or to other designated beneficiaries over the agreements' term, usually the designated beneficiary's lifetime. At the end of the agreements' term, the remaining assets are available for the Association's use.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

7. CHARITABLE GIFT ANNUITIES (Continued)

The portion of the agreement attributable to the future interest of the Association is recorded in the Statements of Activities and Changes in Net Assets as unrestricted contributions in the period the agreement is established. Assets are recorded at readily determinable fair value in the Statements of Financial Position. On an annual basis, the Association revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate ranging from 1.4% to 8.2% and applicable mortality tables.

The following liabilities have been recorded in the Statements of Financial Position at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Current liability to the beneficiaries	\$ 238,192	\$ 223,350
Long-term liability to the beneficiaries	<u>1,726,653</u>	<u>1,255,381</u>
TOTAL LIABILITY TO THE BENEFICIARIES	<u>\$ 1,964,845</u>	<u>\$ 1,478,731</u>

Unrestricted contribution revenue from these agreements of \$149,668 and \$271,699 was recorded in the Statements of Activities and Changes in Net Assets for the years ended June 30, 2012 and 2011, respectively.

8. PENSION PLANS

The Association has a defined contribution plan for employer only contributions to all eligible employees. Employer contributions are based upon each eligible employee's annual compensation. Total pension expense for the years ended June 30, 2012 and 2011 was \$958,464 and \$875,697, respectively.

Additionally, the Association has a 403(b) plan covering all of its employees. Employee only contributions are discretionary and are made through salary deferral arrangements, up to the maximum allowable amount.

9. DONATED SERVICES AND MATERIALS

A substantial number of volunteers have donated significant amounts of time to the Association's program services and to its fundraising campaigns. No amounts have been recognized in the Statements of Activities and Changes in Net Assets since services performed by the Association's volunteers do not fall into the criteria established by the Financial Accounting Standards Board in this area.

The Association records donated legal services at the fair market values of the services rendered. For the years ended June 30, 2012 and 2011, the amount of legal services recorded was \$1,650,455 and \$1,691,346, respectively. All donated legal services benefited the Protect and Enhance Natural and Cultural Resources program.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

10. ALLOCATION OF JOINT COSTS

Joint costs incurred for mailings were \$5,413,674 and \$4,427,983 for the years ended June 30, 2012 and 2011, respectively. Joint costs incurred for special events were \$682,576 and \$221,071 for the years ended June 30, 2012 and 2011, respectively. Mailings consisted of program strategies and activities that included fundraising appeals. These costs include the costs of keeping the members of the Association informed of park issues through letters, the annual report and implementation materials relating to specific programs. Fundraising is that component of joint costs associated with asking the Association's current members for contributions.

Joint costs were allocated as follows at June 30, 2012:

	<u>Mailings</u>	<u>Special Events</u>	<u>Total</u>
Program Services:			
Engage, Educate and Empower Americans	\$ 2,805,172	\$ 353,266	\$ 3,158,438
Supporting Services:			
Fundraising - Membership Development	1,431,900	-	1,431,900
Fundraising - Other	<u>1,176,602</u>	<u>329,310</u>	<u>1,505,912</u>
TOTAL EXPENSES	<u>\$ 5,413,674</u>	<u>\$ 682,576</u>	<u>\$ 6,096,250</u>

Joint costs were allocated as follows at June 30, 2011:

	<u>Mailings</u>	<u>Special Events</u>	<u>Total</u>
Program Services:			
Engage, Educate and Empower Americans	\$ 2,295,158	\$ 198,964	\$ 2,494,122
Supporting Services:			
Fundraising - Membership Development	1,246,949	-	1,246,949
Fundraising - Other	<u>885,876</u>	<u>22,107</u>	<u>907,983</u>
TOTAL EXPENSES	<u>\$ 4,427,983</u>	<u>\$ 221,071</u>	<u>\$ 4,649,054</u>

11. COMMITMENTS

The Association has commitments under several operating leases for office space expiring at various times. Some leases have scheduled rental increases and some contain options to renew. During fiscal year 2010, the Association signed a new lease for their headquarters which began in fiscal year 2011 and expires in the year ending June 30, 2021. The landlord provided \$2,638,320 of leasehold improvements, which was recorded as deferred rent and is being amortized over the life of the lease. Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is being deferred.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

11. COMMITMENTS (Continued)

Future minimum rental payments, by year and in aggregate, under the operating leases are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 1,851,243
2014	1,819,333
2015	1,780,152
2016	1,759,965
2017	1,750,825
Thereafter	<u>7,375,588</u>
	<u>\$ 16,337,106</u>

Rent expense, which is included in building occupancy expense in the Statements of Functional Expenses, for the years ended June 30, 2012 and 2011 was \$1,924,809 and \$1,355,325, respectively.

The Association sublets space to a third party. The lease operates on a month to month basis.

Rental income is included in other income in the Statements of Activities and Changes in Net Assets. Rental income received for the years ended June 30, 2012 and 2011 was \$9,340 and \$10,375, respectively.

12. PROGRAM AND SUPPORTING SERVICES DESCRIPTIONS

Since 1919, the nonpartisan National Parks Conservation Association has been the leading voice of the American people in protecting and enhancing our National Park System. The Association, its members and partners work together to protect the park system and preserve our nation's natural, historical and cultural heritage for America's tomorrow. A brief description of the Association programs and supporting services follows:

Protect and Enhance Natural and Cultural Resources:

These programs protect parks from external threats that negatively impact, degrade, or destroy park resources or values, and serve to protect, restore, and maintain park, natural, and cultural resources unimpaired for future generations. The Association has offices across the nation to ensure that threats to resources at our parks are detected early and solutions to these threats implemented quickly. These offices also work to seize opportunities to measure the health of and improve the condition of these resources.

Engage, Educate, and Empower Americans:

The long-term viability and vibrancy of the national parks depend on a broader, more diverse, committed, and engaged constituency that values the national park idea. To gain broader support for the parks, the Association will seek through this strategic priority to create a larger national park community that is engaged, educated, and empowered to protect and enhance our national parks and monuments. This broader community will include non-traditional allies and a broader constituency that more closely represents the changing demographics of America.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

12. PROGRAM AND SUPPORTING SERVICES DESCRIPTIONS (Continued)

Park Funding and Management:

The Association's research indicates that the National Park Service faces an operating funding deficit of approximately \$600 million, a maintenance backlog of over \$10 billion, and a backlog of land acquisition needs within park boundaries of over \$2 billion. The Association is working to minimize this gap in a challenging budgetary climate. A better managed national park system is a better protected national park system. Through its Center for Park Management the Association works with the National Park Service to promote and enhance the management capacity within the National Park Service.

Management and General:

Expenses include the functions necessary to provide the coordination and articulation of the Association's program strategy through the executive offices; to secure proper administrative functioning of the Board of Trustees; to manage the financial and budgetary responsibilities of the Association; and to maintain an equitable employment program and ensure an adequate work environment.

Fundraising:

Activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; soliciting for prospective members and conducting other activities involved in soliciting contributions from individuals, foundations, corporations and others.

13. CONTINGENCIES

Various lawsuits and other contingent liabilities arise in the ordinary course of the Association's activities. Based upon information currently available, management believes that any liability resulting there from will not materially affect the financial position or the operations of the Association.

14. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

14. FAIR VALUE MEASUREMENTS (Continued)

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Association has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2012 and 2011.

- *Cash and cash equivalents* - Fair value is equal to the reported net asset value of the funds.
- *Equity mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Fixed income funds, real estate funds and commodities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Alternative investments* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of June 30, 2012:

	2012			
	Level 1	Level 2	Level 3	Total
Asset Class - Investments:				
Cash and cash equivalents	\$ 1,232,735	\$ -	\$ -	\$ 1,232,735
Equity mutual funds	13,523,762	-	-	13,523,762
Fixed income	-	12,490,638	-	12,490,638
Real estate funds	-	1,283,293	-	1,283,293
Commodities	-	1,133,782	-	1,133,782
Alternative investments	-	-	3,350,551	3,350,551
TOTAL	\$ 14,756,497	\$ 14,907,713	\$ 3,350,551	\$ 33,014,761

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

14. FAIR VALUE MEASUREMENTS (Continued)

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of June 30, 2011:

	2011			Total
	Level 1	Level 2	Level 3	
Asset Class - Investments:				
Cash and cash equivalents	\$ 2,671,420	\$ -	\$ -	\$ 2,671,420
Equity mutual funds	12,744,591	-	-	12,744,591
Fixed income	-	10,837,601	-	10,837,601
Real estate funds	-	1,181,744	-	1,181,744
Commodities	-	972,561	-	972,561
Alternative investments	-	-	2,999,009	2,999,009
TOTAL	<u>\$ 15,416,011</u>	<u>\$ 12,991,906</u>	<u>\$ 2,999,009</u>	<u>\$ 31,406,926</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Association's Level 3 financial assets for the years ended June 30, 2011 and 2012:

	<u>Investments</u>
Beginning balance as of July 1, 2010	\$ 3,851,685
Purchases	279,600
Distributions	(1,427,059)
Unrealized and realized losses	<u>294,783</u>
BALANCE AS OF JUNE 30, 2011	2,999,009
Purchases	180,463
Unrealized gains	<u>171,079</u>
BALANCE AS OF JUNE 30, 2012	<u>\$ 3,350,551</u>

The amount of total gains or losses for the year ended June 30, 2012 included in net unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date **\$ 171,079**

The amount of total gains or losses for the year ended June 30, 2011 included in net unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date **\$ 175,609**

15. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 6, 2012, the date the financial statements were issued.