

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

NATIONAL PARKS CONSERVATION ASSOCIATION

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the National Parks Conservation Association (the Association), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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 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 the Association as of June 30, 2015 and 2014, 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.

November 17, 2015

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NATIONAL PARKS CONSERVATION ASSOCIATION

**STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014**

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,898,370	\$ 4,708,217
Short-term investments (Notes 2, 4, 7 and 14)	3,190,017	3,162,483
Grants and contributions receivable, net of allowance for doubtful accounts of \$42,247 and \$54,222 in 2015 and 2014, respectively	2,096,495	2,899,734
Accounts receivable	35,382	57,688
Inventory	-	255
Prepaid expenses	<u>179,538</u>	<u>377,757</u>
Total current assets	<u>9,399,802</u>	<u>11,206,134</u>
FIXED ASSETS		
Equipment	607,136	592,357
Furniture	606,681	606,681
Software	355,405	355,405
Leasehold improvements (Note 11)	<u>2,644,439</u>	<u>2,644,439</u>
	4,213,661	4,198,882
Less: Accumulated depreciation and amortization	<u>(2,532,730)</u>	<u>(2,158,195)</u>
Net fixed assets	<u>1,680,931</u>	<u>2,040,687</u>
OTHER ASSETS		
Deposits	26,224	23,096
Investments (Notes 2, 4, 7 and 14)	35,701,490	36,256,681
Grants and contributions receivable, net of current portion and discount of \$149,509 and \$186,125 in 2015 and 2014, respectively (Note 3)	<u>1,881,491</u>	<u>2,282,125</u>
Total other assets	<u>37,609,205</u>	<u>38,561,902</u>
TOTAL ASSETS	<u>\$ 48,689,938</u>	<u>\$ 51,808,723</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,131,876	\$ 1,854,118
Accrued salaries and related benefits	1,015,847	849,475
Charitable gift annuities, current portion (Note 7)	305,314	266,962
Deferred membership dues	563,937	567,860
Deferred rent, current portion (Note 11)	<u>263,832</u>	<u>263,832</u>
Total current liabilities	<u>3,280,806</u>	<u>3,802,247</u>
LONG-TERM LIABILITIES		
Charitable gift annuities, net of current portion (Note 7)	2,299,519	1,963,172
Deferred rent, net of current portion (Note 11)	<u>2,350,458</u>	<u>2,547,985</u>
Total long-term liabilities	<u>4,649,977</u>	<u>4,511,157</u>
Total liabilities	<u>7,930,783</u>	<u>8,313,404</u>
NET ASSETS		
Unrestricted (Note 4)	13,521,571	15,726,888
Temporarily restricted (Note 5)	12,456,027	12,989,374
Permanently restricted (Note 6)	<u>14,781,557</u>	<u>14,779,057</u>
Total net assets	<u>40,759,155</u>	<u>43,495,319</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 48,689,938</u>	<u>\$ 51,808,723</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions (Notes 7 and 9)	\$ 19,285,151	\$ 5,435,287	\$ 2,500	\$ 24,722,938
Grants	38,028	2,647,921	-	2,685,949
Membership dues	1,085,178	-	-	1,085,178
Bequests	2,295,053	8,550	-	2,303,603
Investment return (Note 2)	123,036	169,665	-	292,701
Marketing income	713,134	1,005,000	-	1,718,134
Special events	285,020	21,655	-	306,675
Change in value of charitable gift annuities (Note 7)	(214,197)	-	-	(214,197)
Other revenue (Note 11)	178,190	-	-	178,190
Net assets released from donor restrictions (Note 5)	<u>9,821,425</u>	<u>(9,821,425)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>33,610,018</u>	<u>(533,347)</u>	<u>2,500</u>	<u>33,079,171</u>
EXPENSES				
Program Services:				
Protect and Restore	11,555,816	-	-	11,555,816
Engage, Educate and Empower	14,408,104	-	-	14,408,104
Strengthen and Enhance	<u>2,565,260</u>	<u>-</u>	<u>-</u>	<u>2,565,260</u>
Total program services	<u>28,529,180</u>	<u>-</u>	<u>-</u>	<u>28,529,180</u>
Supporting Services:				
Management and General	2,781,125	-	-	2,781,125
Fundraising	<u>4,505,030</u>	<u>-</u>	<u>-</u>	<u>4,505,030</u>
Total supporting services	<u>7,286,155</u>	<u>-</u>	<u>-</u>	<u>7,286,155</u>
Total expenses	<u>35,815,335</u>	<u>-</u>	<u>-</u>	<u>35,815,335</u>
Changes in net assets before other item	(2,205,317)	(533,347)	2,500	(2,736,164)
OTHER ITEM				
Transfer of net assets (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(2,205,317)	(533,347)	2,500	(2,736,164)
Net assets at beginning of year	<u>15,726,888</u>	<u>12,989,374</u>	<u>14,779,057</u>	<u>43,495,319</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,521,571</u>	<u>\$ 12,456,027</u>	<u>\$ 14,781,557</u>	<u>\$ 40,759,155</u>

2014			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 20,310,633	\$ 2,233,380	\$ 9,550	\$ 22,553,563
25,000	2,080,000	-	2,105,000
1,095,423	-	-	1,095,423
1,333,959	-	-	1,333,959
2,384,478	2,730,285	-	5,114,763
505,646	720,000	-	1,225,646
234,600	1,263,450	-	1,498,050
(192,553)	-	-	(192,553)
137,447	-	-	137,447
<u>8,644,072</u>	<u>(8,644,072)</u>	<u>-</u>	<u>-</u>
<u>34,478,705</u>	<u>383,043</u>	<u>9,550</u>	<u>34,871,298</u>
12,600,037	-	-	12,600,037
13,314,655	-	-	13,314,655
<u>2,318,572</u>	<u>-</u>	<u>-</u>	<u>2,318,572</u>
<u>28,233,264</u>	<u>-</u>	<u>-</u>	<u>28,233,264</u>
2,162,188	-	-	2,162,188
<u>4,670,143</u>	<u>-</u>	<u>-</u>	<u>4,670,143</u>
<u>6,832,331</u>	<u>-</u>	<u>-</u>	<u>6,832,331</u>
<u>35,065,595</u>	<u>-</u>	<u>-</u>	<u>35,065,595</u>
(586,890)	383,043	9,550	(194,297)
<u>-</u>	<u>110,000</u>	<u>(110,000)</u>	<u>-</u>
(586,890)	493,043	(100,450)	(194,297)
<u>16,313,778</u>	<u>12,496,331</u>	<u>14,879,507</u>	<u>43,689,616</u>
<u>\$ 15,726,888</u>	<u>\$ 12,989,374</u>	<u>\$ 14,779,057</u>	<u>\$ 43,495,319</u>

See accompanying notes to financial statements.

NATIONAL PARKS CONSERVATION ASSOCIATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services			Total Program Services
	Protect and Restore	Engage, Educate and Empower	Strengthen and Enhance	
Salaries and benefits (Note 8)	\$ 5,583,283	\$ 6,436,662	\$ 1,555,637	\$13,575,582
Professional and outside services (Note 9)	3,507,764	1,475,907	252,829	5,236,500
Grants and awards	97,139	347,758	86,079	530,976
Office supplies and expense	147,317	190,849	52,490	390,656
Telephone	151,810	101,458	20,517	273,785
Postage, shipping, lists and related costs	92,840	2,047,489	74,611	2,214,940
Equipment rental and maintenance	35,978	33,934	7,584	77,496
Printing	133,570	1,357,837	53,937	1,545,344
Publications, subscriptions and membership dues	19,650	65,893	19,139	104,682
Travel	530,095	466,764	188,028	1,184,887
Meetings and conferences	21,855	16,755	5,642	44,252
Special events	197,901	273,126	44,280	515,307
Building occupancy expense (Note 11)	713,635	671,626	135,160	1,520,421
Depreciation and amortization	135,523	128,293	25,873	289,689
Other	187,456	793,753	43,454	1,024,663
TOTAL	\$11,555,816	\$ 14,408,104	\$ 2,565,260	\$28,529,180

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 501,124	\$ 1,834,213	\$ 2,335,337	\$ 15,910,919
202,225	221,885	424,110	5,660,610
(62)	3,058	2,996	533,972
33,149	36,364	69,513	460,169
12,383	20,916	33,299	307,084
877,674	971,711	1,849,385	4,064,325
10,543	9,573	20,116	97,612
532,831	662,829	1,195,660	2,741,004
209	13,628	13,837	118,519
3,487	139,662	143,149	1,328,036
-	1,437	1,437	45,689
516	43,910	44,426	559,733
252,530	190,717	443,247	1,963,668
48,339	36,507	84,846	374,535
306,177	318,620	624,797	1,649,460
\$ 2,781,125	\$ 4,505,030	\$ 7,286,155	\$ 35,815,335

NATIONAL PARKS CONSERVATION ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services			Total Program Services
	Protect and Restore	Engage, Educate and Empower	Strengthen and Enhance	
Salaries and benefits (Note 8)	\$ 6,423,157	\$ 4,615,850	\$ 1,219,708	\$12,258,715
Professional and outside services (Note 9)	3,169,589	1,255,702	450,570	4,875,861
Grants and awards	150,841	431,724	2,508	585,073
Office supplies and expense	178,694	221,945	69,447	470,086
Telephone	179,143	51,810	21,256	252,209
Postage, shipping, lists and related costs	101,721	2,679,303	68,997	2,850,021
Equipment rental and maintenance	92,674	35,318	17,397	145,389
Printing	156,853	1,795,616	50,235	2,002,704
Publications, subscriptions and membership dues	22,073	64,095	7,127	93,295
Travel	657,761	342,322	147,446	1,147,529
Meetings and conferences	32,261	16,182	5,612	54,055
Special events	227,863	565,145	19,050	812,058
Building occupancy expense (Note 11)	861,869	363,908	160,805	1,386,582
Depreciation and amortization	182,164	76,968	34,324	293,456
Other	163,374	798,767	44,090	1,006,231
TOTAL	\$ 12,600,037	\$ 13,314,655	\$ 2,318,572	\$28,233,264

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 371,365	\$ 2,097,269	\$ 2,468,634	\$ 14,727,349
167,441	213,418	380,859	5,256,720
220	7,620	7,840	592,913
31,516	37,469	68,985	539,071
9,627	28,913	38,540	290,749
678,594	601,557	1,280,151	4,130,172
17,013	32,247	49,260	194,649
427,269	535,451	962,720	2,965,424
647	5,613	6,260	99,555
8,738	152,838	161,576	1,309,105
767	3,281	4,048	58,103
1,650	239,685	241,335	1,053,393
194,799	346,889	541,688	1,928,270
41,391	73,881	115,272	408,728
211,151	294,012	505,163	1,511,394
\$ 2,162,188	\$ 4,670,143	\$ 6,832,331	\$ 35,065,595

NATIONAL PARKS CONSERVATION ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (2,736,164)	\$ (194,297)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	374,535	408,728
Unrealized losses (gains)	1,467,277	(3,459,059)
Realized gains	(877,188)	(994,930)
Change in value of charitable gift annuities	214,197	192,553
Change in allowance for uncollectable pledges	(11,975)	(25,460)
Change in discount on grants and contributions receivable	(36,616)	(209,192)
Permanently restricted contributions	(2,500)	(9,550)
(Increase) decrease in:		
Grants and contributions receivable	1,252,464	2,545,996
Accounts receivable	22,306	4,354
Inventory	255	(255)
Prepaid expenses	198,219	(141,553)
Deposits	(3,128)	1,649
Increase (decrease) in:		
Accounts payable and accrued liabilities	(722,242)	(237,241)
Accrued salaries and related benefits	166,372	49,638
Deferred membership dues	(3,923)	(14,313)
Deferred rent	<u>(197,527)</u>	<u>(159,989)</u>
Net cash used by operating activities	<u>(895,638)</u>	<u>(2,242,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(14,779)	(28,182)
Purchase of investments	(2,450,863)	(1,778,038)
Proceeds from sale of investments	<u>2,388,431</u>	<u>2,938,806</u>
Net cash (used) provided by investing activities	<u>(77,211)</u>	<u>1,132,586</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	2,500	9,550
Payments made on charitable gift annuities	(281,685)	(223,898)
Liability related to charitable gift annuities	<u>442,187</u>	<u>312,205</u>
Net cash provided by financing activities	<u>163,002</u>	<u>97,857</u>
Net decrease in cash and cash equivalents	(809,847)	(1,012,478)
Cash and cash equivalents at beginning of year	<u>4,708,217</u>	<u>5,720,695</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,898,370</u>	<u>\$ 4,708,217</u>
SUPPLEMENTAL INFORMATION		
Donated Stock Received	<u>\$ 731,720</u>	<u>\$ 467,660</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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. Cash and cash equivalents held by investment managers in the amounts of \$970,047 and \$1,246,642 for the years ended June 30, 2015 and 2014, respectively, are reported as investments instead of cash because the Association holds those funds as an endowment.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Association maintains cash balances in excess of the FDIC insurance 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.

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.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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

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.

Marketing income includes advertising and corporate sponsorship revenue. Advertising revenue is recognized when received. Corporate sponsorship revenue is recorded when contracts are ratified and may include sponsor imposed restrictions and benefits. Corporate sponsorship revenue is shown as temporarily restricted in the accompanying financial statements until sponsor benefits have been realized and time restrictions satisfied.

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 and its alternative investments. The Association's income tax expense related to its alternative investments for the years ended June 30, 2015 and 2014 was \$135 and \$705, respectively. The Association did not have income tax expense related to advertising for the years ended June 30, 2015 and 2014.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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

Uncertain tax positions -

For the years ended June 30, 2015 and 2014, the Association has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has 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.

During the year ended June 30, 2015, the Association embarked on a thorough review of the Association's functional expense allocation. Our analysis revealed that a significant portion of staff time and operating expenses, which are dedicated to serving the Association's members and supporters, as well as internal administrative activities, was incorrectly allocated to fundraising. These expenses were correctly allocated to management and general for the year ended June 30, 2015 and a revised allocation was prepared for the year ended June 30, 2014.

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 measurement -

The Association adopted the provisions of FASB ASC 820, *Fair Value Measurement*. 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, 2015 AND 2014**

2. INVESTMENTS

Investments consisted of the following at June 30, 2015 and 2014:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
Cash and money market	\$ 970,047	\$ 1,246,642
Certificate of deposit	125,239	253,544
Equities:		
Emerging markets	1,286,303	1,393,337
International	5,525,270	6,100,633
Domestic	13,850,247	13,850,461
Global Region	869,081	1,062,751
Fixed income:		
Corporate bonds	7,421,892	7,019,466
Government obligations	2,806,095	344,536
International mutual funds	282,336	930,540
Domestic mutual funds	2,599,080	3,809,120
Real estate funds	1,420,379	1,386,856
Alternatives:		
Hedge fund	-	73,106
Limited Partnerships	<u>1,735,538</u>	<u>1,948,172</u>
	38,891,507	39,419,164
Less: Short-term investments	<u>(3,190,017)</u>	<u>(3,162,483)</u>
TOTAL LONG-TERM INVESTMENTS	<u>\$ 35,701,490</u>	<u>\$ 36,256,681</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, 2015 and 2014, the Association has uncalled commitments of \$166,800 and \$271,200, respectively.

Alternative investments are comprised of the following:

<u>Investment Type</u>	<u>2015</u>	<u>2014</u>	<u>Liquidity</u>
Northgate IV Limited Partnership	\$ 1,137,131	\$ 1,102,528	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.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

2. INVESTMENTS (Continued)

Alternative investments are comprised of the following (continued):

<u>Investment Type</u>	<u>2015</u>	<u>2014</u>	<u>Liquidity</u>
			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.
Siguler Guff Distressed Opportunities Fund Limited Partnership	\$ 598,407	\$ 845,644	
J.D. Clark & Company Common Sense Long-Biased Offshore, LTD	-	73,106	One-year lock-up period expired August 1, 2009; liquidity semi-annual with 95 days written notice.
ALTERNATIVE INVESTMENTS	<u>\$ 1,735,538</u>	<u>\$ 2,021,278</u>	

Included in the investments balance at June 30, 2015 and 2014 are investments related to certain charitable gift annuities (see Note 7) as follows:

	<u>2015</u>	<u>2014</u>
Cash and money market	\$ 126,080	\$ 129,075
Equities:		
International	490,426	468,902
Domestic	1,689,678	1,536,487
Fixed income:		
Corporate bonds	241,694	-
Government obligations	467,802	344,536
International mutual funds	282,336	253,636
Domestic mutual funds	544,563	621,128
Real estate funds	<u>313,771</u>	<u>284,737</u>
TOTAL INVESTMENTS FOR CHARITABLE GIFT ANNUITIES	<u>\$ 4,156,350</u>	<u>\$ 3,638,501</u>

Included in investment return are the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 882,790	\$ 660,774
Realized gains	877,188	994,930
Unrealized (losses) gains	<u>(1,467,277)</u>	<u>3,459,059</u>
TOTAL INVESTMENT RETURN	<u>\$ 292,701</u>	<u>\$ 5,114,763</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 2,138,742	\$ 2,953,956
One to five years	<u>2,031,000</u>	<u>2,468,250</u>
Total amounts due	4,169,742	5,422,206
Less: Present value discount	(149,509)	(186,125)
Allowance for uncollectable pledges	<u>(42,247)</u>	<u>(54,222)</u>
NET GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 3,977,986</u>	<u>\$ 5,181,859</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

3. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

The present value discount is calculated using a rate of 5% for the years ended June 30, 2015 and 2014. Grants and contributions receivable include \$861,289 and \$1,713,703 from officers, directors and employees of the Association as of June 30, 2015 and 2014, 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, 2015 and 2014, the Board Reserve Fund amounted to \$3,499,454 and \$3,666,080, respectively.

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, 2015 and 2014, the Board Project Fund amounted to \$3,173,860 and \$3,158,717, respectively.

The Board Designated Endowment Fund was established to enhance the long term financial base of the Association. Wholly funded by Board Reserve Funds, the Board Designated Endowment Fund combined with the Donor Restricted Endowments achieves the targeted goal of more than \$25 million in endowment investments. At June 30, 2015 and 2014, the Board Designated Endowment Fund amounted to \$9,983,993 and \$10,315,026, respectively. See Note 6 for further details.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Timing Restrictions	\$ 2,044,488	\$ 3,377,998
Protect and Restore	8,535,872	5,994,503
Engage, Educate and Empower	1,613,758	3,102,100
Strengthen and Enhance	<u>261,909</u>	<u>514,773</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 12,456,027</u>	<u>\$ 12,989,374</u>

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:

	<u>2015</u>	<u>2014</u>
Passage of Time	\$ 2,527,328	\$ 2,398,080
Protect and Restore	4,595,885	3,404,074
Engage, Educate and Empower	2,023,011	2,131,816
Strengthen and Enhance	<u>675,201</u>	<u>710,102</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 9,821,425</u>	<u>\$ 8,644,072</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

6. PERMANENTLY RESTRICTED NET ASSETS

The Association's endowment consists of donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During the year ended June 30, 2014, a donor released his prior restriction to maintain his \$110,000 award in perpetuity. Accordingly, such amounts were transferred out of permanently restricted net assets to the non-endowment portion of temporarily restricted net assets.

The Board of Trustees 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. Funds designated by the Board of Trustees are classified as unrestricted funds until those amounts are appropriated for expenditure by the Association.

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, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2014	\$ 10,315,026	\$ 3,358,969	\$ 14,779,057	\$ 28,453,052
Investment return:				
Investment income	226,506	409,390	-	635,896
Net depreciation (realized and unrealized)	<u>(132,464)</u>	<u>(239,724)</u>	<u>-</u>	<u>(372,188)</u>
Total investment return	<u>94,042</u>	<u>169,666</u>	<u>-</u>	<u>263,708</u>
Contributions	-	-	2,500	2,500
Appropriation of endowment assets for expenditure	<u>(425,075)</u>	<u>(768,344)</u>	<u>-</u>	<u>(1,193,419)</u>
ENDOWMENT NET ASSETS, JUNE 30, 2015	<u>\$ 9,983,993</u>	<u>\$ 2,760,291</u>	<u>\$ 14,781,557</u>	<u>\$ 27,525,841</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ <u>9,163,169</u>	\$ <u>1,283,859</u>	\$ <u>14,879,507</u>	\$ <u>25,326,535</u>
Investment return:				
Investment income	188,697	340,510	-	529,207
Net appreciation (realized and unrealized)	<u>1,324,308</u>	<u>2,389,775</u>	<u>-</u>	<u>3,714,083</u>
Total investment return	<u>1,513,005</u>	<u>2,730,285</u>	<u>-</u>	<u>4,243,290</u>
Contributions	-	-	9,550	9,550
Transfer of funds	-	110,000	(110,000)	-
Appropriation of endowment assets for expenditure	(363,135)	(655,175)	-	(1,018,310)
Reclassifications made in 2015	<u>1,987</u>	<u>(110,000)</u>	<u>-</u>	<u>(108,013)</u>
ENDOWMENT NET ASSETS, JUNE 30, 2014	\$ <u>10,315,026</u>	\$ <u>3,358,969</u>	\$ <u>14,779,057</u>	\$ <u>28,453,052</u>

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

	<u>2015</u>	<u>2014</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
Gretchen Long Endowment	286,831	286,831
General NPCA Endowment Fund	359,807	359,807
Norman G. Cohen Park Education Endowment	63,280	60,780
Yellowstone Conservation Fund Endowment	518,000	518,000
NERO Endowment	<u>1,500,000</u>	<u>1,500,000</u>
	\$ <u>14,781,557</u>	\$ <u>14,779,057</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 toward protecting and enhancing America's National Parks for present and future generations.

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.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

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.

Gretchen Long Endowment:

The Gretchen Long Endowment was created by and initially funded by the friends of Gretchen Long to honor her service to the Association. Funding by Gretchen Long and friends was endowed to support the mission of the Association.

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 was 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, 2015 AND 2014

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

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 utilizes 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.

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 held in investments, which 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 1.2% to 8.2% and applicable mortality tables.

The following liabilities have been recorded in the Statements of Financial Position at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Current liability to the beneficiaries	\$ 305,314	\$ 266,962
Long-term liability to the beneficiaries	<u>2,299,519</u>	<u>1,963,172</u>
TOTAL LIABILITY TO THE BENEFICIARIES	<u>\$ 2,604,833</u>	<u>\$ 2,230,134</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

7. CHARITABLE GIFT ANNUITIES (Continued)

Unrestricted contribution revenue from these agreements of \$370,865 and \$214,828 was recorded in the Statements of Activities and Changes in Net Assets for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 was \$871,163 and \$857,801, 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, 2015 and 2014, the amount of legal services recorded was \$2,670,772 and \$2,283,820, respectively. All donated legal services benefited the Protect and Enhance Natural and Cultural Resources program.

10. ALLOCATION OF JOINT COSTS

For the years ended June 30, 2015 and 2014, the Association incurred joint costs of \$5,669,824 and \$6,477,690, respectively, for informational materials and activities that included fundraising appeals. For the years ended June 30, 2015 and 2014, \$2,995,905 and \$3,405,359 of those costs were allocated to engage, educate and empower expense, \$1,272,318 and \$1,358,460 were allocated to fundraising expense for membership development, and \$1,401,601 and \$1,713,871, remained in other fundraising expense, respectively.

Joint costs were allocated as follows at June 30, 2015:

	<u>Mailings</u>	<u>Special Events</u>	<u>Total</u>
Program Services:			
Engage, Educate and Empower	\$ 2,707,280	\$ 288,625	\$ 2,995,905
Supporting Services:			
Fundraising - Membership Development	1,272,318	-	1,272,318
Fundraising - Other	<u>1,369,532</u>	<u>32,069</u>	<u>1,401,601</u>
TOTAL EXPENSES	<u>\$ 5,349,130</u>	<u>\$ 320,694</u>	<u>\$ 5,669,824</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

10. ALLOCATION OF JOINT COSTS (Continued)

Joint costs were allocated as follows at June 30, 2014:

	Mailings	Special Events	Total
Program Services:			
Engage, Educate and Empower	\$ 2,965,457	\$ 439,902	\$ 3,405,359
Supporting Services:			
Fundraising - Membership Development	1,358,460	-	1,358,460
Fundraising - Other	<u>1,370,627</u>	<u>343,244</u>	<u>1,713,871</u>
TOTAL EXPENSES	<u>\$ 5,694,544</u>	<u>\$ 783,146</u>	<u>\$ 6,477,690</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 Association delivered to the landlord a letter of credit in the amount of \$500,000 as a lease security deposit. The lease security deposit and the letter of credit have been reduced to \$125,000 in accordance with the lease security provisions. No draws had been made on the letter of credit as of June 30, 2015.

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.

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

<u>Year Ending June 30,</u>	
2016	\$ 2,062,256
2017	2,060,108
2018	2,041,958
2019	2,016,884
2020	2,050,626
Thereafter	<u>1,979,024</u>
	<u>\$ 12,210,856</u>

Rent expense, which is included in building occupancy expense in the Statements of Functional Expenses, for the years ended June 30, 2015 and 2014 was \$1,921,166 and \$1,890,846, respectively.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

11. COMMITMENTS (Continued)

The Association sublets space to a third party. The lease operates on a month to month basis. Rental income is included in other revenue in the Statements of Activities and Changes in Net Assets. Rental income received for the years ended June 30, 2015 and 2014 totaled \$5,445 and \$5,940, 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 Restore:

The Association protects parks from external threats that negatively effect, degrade, or destroy park resources or values, and serves to protect, restore, and maintain park, natural, and cultural resources unimpaired for future generations. The Association has offices across the country to ensure that threats to resources at our parks are detected early and solutions to these threats implemented quickly. The Association also identifies and cultivates park champions who can advance policies that protect parks and thwart emerging threats.

Engage, Educate, and Empower:

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 seeks 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 includes non-traditional allies and a broader constituency that more closely represents the changing demographics of America.

Strengthen and Enhance:

The Association will ensure that the national parks have the money they need to keep parks open, thriving, and in good repair by securing adequate funding for the National Park Service and identifying additional public and private funding sources. New national parks are added to the system or expanded to tell the full story of America. 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.

NATIONAL PARKS CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

13. CONTINGENCIES

Various lawsuits and other contingent liabilities arise in the ordinary course of the Association's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Association's financial statements.

14. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, 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:

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. These are investments where 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, 2015 and 2014.

- *Cash and money market funds* - Fair value is equal to the reported net asset value of the funds.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Equities* - 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 and real estate funds* - 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.

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

14. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2015</u>
Asset Class:				
Cash and money market	\$ 970,047	\$ -	\$ -	\$ 970,047
Certificate of deposit	-	125,239	-	125,239
Equities:				
Emerging markets	1,286,303	-	-	1,286,303
International	5,525,270	-	-	5,525,270
Domestic	13,850,247	-	-	13,850,247
Global Region	869,081	-	-	869,081
Fixed income:				
Corporate bonds	-	7,421,892	-	7,421,892
Government obligations	-	2,806,095	-	2,806,095
International mutual funds	282,336	-	-	282,336
Domestic mutual funds	2,599,080	-	-	2,599,080
Real estate funds	-	1,420,379	-	1,420,379
Alternatives:				
Limited Partnerships	-	-	1,735,538	1,735,538
TOTAL	<u>\$ 25,382,364</u>	<u>\$ 11,773,605</u>	<u>\$ 1,735,538</u>	<u>\$ 38,891,507</u>

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2014</u>
Asset Class:				
Cash and money market	\$ 1,246,642	\$ -	\$ -	\$ 1,246,642
Certificate of deposit	-	253,544	-	253,544
Equities:				
Emerging markets	1,393,337	-	-	1,393,337
International	6,100,633	-	-	6,100,633
Domestic	13,850,461	-	-	13,850,461
Global Region	1,062,751	-	-	1,062,751
Fixed income:				
Corporate bonds	-	7,019,466	-	7,019,466
Government obligations	-	344,536	-	344,536
International mutual funds	930,540	-	-	930,540
Domestic mutual funds	3,809,120	-	-	3,809,120
Real estate funds	-	1,386,856	-	1,386,856
Alternatives:				
Hedge fund	-	-	73,106	73,106
Limited Partnerships	-	-	1,948,172	1,948,172
TOTAL	<u>\$ 28,393,484</u>	<u>\$ 9,004,402</u>	<u>\$ 2,021,278</u>	<u>\$ 39,419,164</u>

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

14. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2015 and 2014.

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, 2014 and 2015:

	<u>JD Clark</u>	<u>Siguler Guff</u>	<u>Northgate</u>	<u>Total</u>
Beginning balance as of July 1, 2013	\$ 1,414,092	\$ 889,470	\$ 949,162	\$ 3,252,724
Purchases	-	15,905	-	15,905
Distributions	(1,391,943)	(118,605)	(93,120)	(1,603,668)
Unrealized and realized gains	<u>50,957</u>	<u>58,874</u>	<u>246,486</u>	<u>356,317</u>
Balance as of June 30, 2014	73,106	845,644	1,102,528	2,021,278
Distributions	(70,656)	(375,554)	(82,559)	(528,769)
Interest	112	5,182	-	5,294
Unrealized and realized (losses) gains	<u>(2,562)</u>	<u>123,135</u>	<u>117,162</u>	<u>237,735</u>
BALANCE AS OF JUNE 30, 2015	<u>\$ -</u>	<u>\$ 598,407</u>	<u>\$ 1,137,131</u>	<u>\$ 1,735,538</u>

	<u>JD Clark</u>	<u>Siguler Guff</u>	<u>Northgate</u>	<u>Total</u>
The amount of total gains or losses for the year ended June 30, 2015 included in net unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date.	<u>\$ (1,732)</u>	<u>\$ 43,875</u>	<u>\$ 41,737</u>	<u>\$ 83,880</u>

The amount of total gains or losses for the year ended June 30, 2014 included in net unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date.	<u>\$ (6,566)</u>	<u>\$ (6,606)</u>	<u>\$ 148,897</u>	<u>\$ 135,725</u>
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As of June 30, 2015, the Association's individual investment funds which exceed 5% of net assets are:

<u>Name of Investment</u>	<u>Type of Investment</u>	<u>Fair Value</u>	<u>Fair Value as a % of Net Assets</u>
Northern Stock Index Fund	Equities - domestic	\$ 8,060,867	20%
Northern International Equity Index Fund	Equities - international	\$ 5,034,844	12%
Northern Ultra-Short Fixed Income Fund	Fixed income - corporate bonds	\$ 3,066,484	8%
DoubleLine Core Fixed Income Fund	Fixed income - government obligations	\$ 2,337,658	6%

NATIONAL PARKS CONSERVATION ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

14. FAIR VALUE MEASUREMENT (Continued)

As of June 30, 2014, the Association's individual investment funds which exceed 5% of net assets are:

<u>Name of Investment</u>	<u>Type of Investment</u>	<u>Fair Value</u>	<u>Fair Value as a % of Net Assets</u>
Northern Stock Index Fund	Equities - domestic	\$ 7,896,629	18%
Northern International Equity Index Fund	Equities - international	\$ 5,631,732	13%
Northern Ultra-Short Fixed Income Fund	Fixed income - corporate bonds	\$ 3,066,484	7%

15. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 17, 2015, the date the financial statements were issued.