

**CONSERVANCY FOR CUYAHOGA
VALLEY NATIONAL PARK**
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2012
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2011)

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
FINANCIAL STATEMENTS
AUGUST 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Conservancy for Cuyahoga Valley National Park

We have audited the accompanying statement of financial position of Conservancy for Cuyahoga Valley National Park (the "Conservancy", a nonprofit organization) as of August 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Conservancy's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Conservancy's 2011 financial statements and, in our report dated December 7, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Conservancy for Cuyahoga Valley National Park as of August 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Card Palmer Sibbison & Co.

Cleveland, Ohio
December 10, 2012

FINANCIAL STATEMENTS

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2012
(With Comparative Totals as of August 31, 2011)

ASSETS

	2012	2011
ASSETS:		
Cash and cash equivalents, unrestricted	\$ 130,352	\$ 225,531
Cash and cash equivalents, temporarily restricted	317,430	290,617
Accounts receivable, program, net of allowance for doubtful accounts	80,626	49,671
Accounts receivable, National Park Service	116,635	98,690
Pledges and grants receivable, temporarily restricted	-	42,878
Endowment funds, temporarily restricted	352,579	276,824
Endowment funds, permanently restricted	313,017	336,565
Prepaid expenses and supplies	82,117	85,830
Property and equipment, net	298,822	167,073
TOTAL ASSETS	\$1,691,578	\$1,573,679

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 79,669	\$ 111,959
Accounts payable, National Park Service	55,154	34,134
Accrued expenses	56,273	78,430
Deferred revenue	36,820	20,785
Program deposits	93,018	79,420
Note payable	90,000	-
Total liabilities	410,934	324,728
NET ASSETS:		
Unrestricted	180,983	203,377
Temporarily restricted	786,644	709,009
Permanently restricted	313,017	336,565
Total net assets	1,280,644	1,248,951
TOTAL LIABILITIES AND NET ASSETS	\$1,691,578	\$1,573,679

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012
(With Comparative Totals as of August 31, 2011)

	2012			2011	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT:					
Environmental education:					
Program fees, net of scholarships of \$118,112 and \$137,546 in 2012 and 2011, respectively	\$ 677,887	\$ -	\$ -	\$ 677,887	\$ 652,198
Community outreach	546,373	-	-	546,373	432,968
Contributions and grants:					
National Park Service program support	-	316,067	-	316,067	140,250
Special events	41,469	410,255	-	451,724	347,254
Environmental education programs	500	267,441	1,875	269,816	213,652
Memberships	329,741	-	-	329,741	263,776
Community outreach	7,388	171,964	-	179,352	353,869
Trails Forever	-	152,672	-	152,672	24,210
General operations	63,300	12,650	-	75,950	86,105
Investment income (loss)	480	(7,761)	(6,702)	(13,983)	88,973
Other income	4,446	-	-	4,446	7,893
Net assets released from restrictions	<u>1,264,374</u>	<u>(1,245,653)</u>	<u>(18,721)</u>	<u>-</u>	<u>-</u>
Total revenue, support and reclassifications	<u>2,935,958</u>	<u>77,635</u>	<u>(23,548)</u>	<u>2,990,045</u>	<u>2,611,148</u>
EXPENDITURES:					
Program services:					
Environmental education programs	988,618	-	-	988,618	893,165
Community outreach and park support	995,349	-	-	995,349	884,471
Special events	251,676	-	-	251,676	281,900
Trails Forever	173,610	-	-	173,610	27,169
Total program services	<u>2,409,253</u>	<u>-</u>	<u>-</u>	<u>2,409,253</u>	<u>2,086,705</u>
Support services:					
Management and general	296,432	-	-	296,432	265,829
Fundraising	252,667	-	-	252,667	290,245
Total support services	<u>549,099</u>	<u>-</u>	<u>-</u>	<u>549,099</u>	<u>556,074</u>
Total expenditures	<u>2,958,352</u>	<u>-</u>	<u>-</u>	<u>2,958,352</u>	<u>2,642,779</u>
CHANGES IN NET ASSETS	(22,394)	77,635	(23,548)	31,693	(31,631)
NET ASSETS, BEGINNING OF YEAR	<u>203,377</u>	<u>709,009</u>	<u>336,565</u>	<u>1,248,951</u>	<u>1,280,582</u>
NET ASSETS, END OF YEAR	<u>\$ 180,983</u>	<u>\$ 786,644</u>	<u>\$ 313,017</u>	<u>\$1,280,644</u>	<u>\$1,248,951</u>

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2012
(With Comparative Totals as of August 31, 2011)

	2012						2011	
	Program Services			Support Services			2012 Total	2011 Total
	Environmental Education Programs	Community Outreach and Park Support	Special Events	Trails Forever	Management and General	Fund- raising		
Salaries and wages	\$ 576,119	\$ 436,854	\$ 34,729	\$ 111,794	\$ 110,947	\$ 150,437	\$1,420,880	\$1,256,697
Payroll taxes and benefits	128,243	92,267	6,962	20,647	19,140	17,652	284,911	248,402
Program supplies and merchandise	51,184	159,104	162,957	3,635	-	15,456	392,336	376,943
Food services	91,808	20,029	-	-	91	1,323	113,251	99,185
Facility supplies and service	8,470	28,453	-	-	2,701	-	39,624	38,326
Contractor fees and services	39,414	87,602	44,018	-	3,630	1,528	176,192	134,740
Transportation services	35,733	9,750	-	-	-	-	45,483	26,742
Marketing	11,468	28,475	1,346	24,295	6,641	40,984	113,209	126,584
Office supplies, equipment and support	4,915	3,795	-	-	35,259	3,952	47,921	25,739
Utilities, communications and postage	4,183	33,156	1,664	156	15,965	14,220	69,344	52,005
Staff related expenses	24,818	10,158	-	-	17,596	2,718	55,290	36,670
Professional fees, dues and subscription	890	10,266	-	-	40,731	4,071	55,958	57,073
Liability insurance	9,680	9,738	-	-	19,425	-	38,843	36,574
Rental expense	-	42,246	-	-	-	-	42,246	23,734
Donations and grants	-	200	-	13,083	3,016	-	16,299	72,708
Depreciation	1,324	22,885	-	-	19,618	-	43,827	29,585
Other expenses	369	371	-	-	1,672	326	2,738	1,072
Total functional expenses	\$ 988,618	\$ 995,349	\$ 251,676	\$ 173,610	\$ 296,432	\$ 252,667	\$2,958,352	\$2,642,779

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2012
(With Comparative Totals as of August 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 31,693	\$ (31,631)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	43,827	29,585
Loss on disposal of fixed assets	368	-
Decrease in allowance for doubtful accounts	(3,571)	(1,515)
Unrealized (gain) loss on endowment funds	14,463	(87,526)
Contributions restricted for long-term purposes	(1,875)	(3,400)
(Increase) decrease in operating assets:		
Accounts receivable, program	(27,384)	(26,793)
Accounts receivable, National Park Service	(17,945)	(33,820)
Pledges and grants receivable	42,878	(42,878)
Prepaid expenses and supplies	3,713	(24,092)
Increase (decrease) in operating liabilities:		
Accounts payable	(32,290)	88,627
Accounts payable, National Park Service	21,020	4,503
Accrued expenses	(22,157)	12,935
Deferred revenue	16,035	12,818
Program deposits	13,598	38,117
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	82,373	(65,070)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in temporarily restricted endowment funds	(96,599)	(43,770)
Capital expenditures	(175,944)	(115,896)
Distribution from endowment funds	31,804	33,650
Proceeds from note payable	90,000	-
NET CASH USED BY INVESTING ACTIVITIES	(150,739)	(126,016)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,366)	(191,086)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	516,148	707,234
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$447,782	\$516,148

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

1. ORGANIZATION

Conservancy for Cuyahoga Valley National Park (the "Conservancy") is a nonprofit corporation working to protect, support and promote Cuyahoga Valley National Park. The Conservancy is the friends group for Cuyahoga Valley National Park and engages public support and provides services to enhance public use and enjoyment of the park.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the statements to the reader.

Financial statement presentation

The Conservancy is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

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

Cash and cash equivalents

For purposes of the statement of cash flows, the Conservancy considers cash on hand, demand deposits, and money market funds to be cash and cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Pledges receivable

Included in pledges and grants receivable are grants and unconditional promises to give, all of which are expected to be collected currently.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and support services.

Property and equipment

Acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance and renewals that significantly extend the useful lives of assets are capitalized. Property and equipment are carried at cost. When property and equipment are retired or otherwise disposed of, the cost of the property or equipment is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference is charged or credited to operations as a gain or loss.

Depreciation has been provided using the straight-line and accelerated methods of accounting in order to relate the cost of the assets to operations over their estimated service lives. Depreciation expense for the year ended August 31, 2012 was \$43,827.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the financial statements.

Concentration of credit risk

The Conservancy maintains its cash and cash equivalents in accounts which at times may exceed federally insured limits. The Conservancy has not experienced any losses in such accounts and management of the Conservancy believes it is not exposed to any significant credit risk.

Advertising and marketing costs

The Conservancy conducts non-direct response advertising. These costs are expensed as incurred. Advertising expense for the year ended August 31, 2012 was \$113,209.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable and allowance for doubtful accounts

The Conservancy grants credit to program activity participants as deemed necessary and mitigates the associated risk by performing ongoing credit evaluations. Accounts are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of accounts. At August 31, 2012, accounts receivable are stated net of an allowance for doubtful accounts of \$504. There was no bad debt expense for the year ended August 31, 2012.

3. ENDOWMENT FUNDS

The Conservancy's endowment consists of seven individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Conservancy 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 Conservancy 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 Conservancy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Conservancy, and (7) the Conservancy's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Conservancy has granted ultimate authority and control over the endowment funds to the Akron Community Foundation and the Cleveland Foundation, together the "Foundations", who each hold certain individual endowment funds. In doing so, the Conservancy allows the Foundations to manage the endowment funds and set the investment return objectives, risk parameters and strategies.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

3. ENDOWMENT FUNDS (Continued)

Spending Policy. The Conservancy has different spending policies for each endowment. These policies vary from appropriating the distribution of only net income to appropriating 6% of the endowment's fair value for distribution.

Endowment net asset composition by type of fund as of August 31, 2012 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	<u>\$ 352,579</u>	<u>\$ 313,017</u>	<u>\$ 665,596</u>

Changes in endowment net assets as of August 31, 2012 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 276,824	\$ 336,565	\$ 613,389
Contributions	96,599	1,875	98,474
Investment loss and fees	(7,761)	(6,702)	(14,463)
Appropriated for expenditures	<u>(13,083)</u>	<u>(18,721)</u>	<u>(31,804)</u>
Endowment net assets, end of year	<u>\$ 352,579</u>	<u>\$ 313,017</u>	<u>\$ 665,596</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31, 2012:

Construction in progress	\$ 154,429
Computer equipment	109,911
Office equipment	194,619
Store building	23,690
Less accumulated depreciation	<u>(183,827)</u>
Property and equipment, net	<u>\$ 298,822</u>

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

5. NOTE PAYABLE

During the year ended August 31, 2012, the Conservancy entered into a loan and grant agreement with an unrelated party. Per the terms of the agreement, the unrelated party agreed to lend the Conservancy \$90,000 to be used for the construction of certain improvements to a store space the Conservancy leases from the same unrelated party. The loan bears interest at 3%, which is payable quarterly. If the Conservancy meets certain provisions of the agreement, the unrelated party will forgive \$20,000 of the note payable after the initial three years of the agreement. All outstanding principal on the note is payable on May 1, 2022. The outstanding balance of the loan as of August 31, 2012 was \$90,000.

6. BOARD DESIGNATED UNRESTRICTED NET ASSETS

Unrestricted net assets that are designated by the Board and are being held by the Conservancy include the following as of August 31, 2012:

Photographic society	\$ <u>6,219</u>
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7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent funds to be used in future periods and are restricted for the following purposes as of August 31, 2012:

Trails Forever	\$ 481,988
Scholarships	164,981
General operations	87,066
Environmental education	44,212
Community outreach	<u>8,397</u>
	<u>\$ 786,644</u>

The Conservancy released net assets of \$1,245,653 and \$18,721 from temporary and permanent restrictions, respectively, during the year ended August 31, 2012 by incurring expenditures which satisfied their restricted purposes.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent funds to be held in perpetuity with income generated by the funds restricted for the following purpose as of August 31, 2012:

Environmental education program scholarships	\$ 165,181
General operations	<u>147,836</u>
	<u>\$ 313,017</u>

9. DONATED SERVICES AND FACILITIES

The Conservancy receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied. Volunteer hours totaled approximately 40,182 hours for the year ended August 31, 2012.

In addition, the Conservancy occupies, without charge, certain administrative and program facilities owned by the National Park Service. The fair rental value of these premises, including utilities and services such as security and parking, cannot be reasonably estimated by management or the National Park Service and, therefore, are not reflected in the financial statements.

10. PENSION PLANS

The Conservancy has a defined contribution retirement plan and a tax-deferred annuity plan, both of which cover all employees of the Conservancy who have met certain length of service, age and hour requirements. Employee deferral contributions to the defined contribution retirement plan are made on a tax-deferred basis pursuant to a salary reduction agreement, which can be terminated or modified at any time at the employee's request. The Conservancy automatically contributes an employer contribution of 3% of each employee's salary to the plans, regardless of the amount contributed by the employee. In addition, the Conservancy matches 100% up to the first 3% contributed by the employee. Pension expense was \$47,865 for the year ended August 31, 2012.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

11. INVESTMENT INCOME

The following summarizes the Conservancy's investment return for the year ended August 31, 2012:

Investment income (interest and dividends)	\$ 480
Unrealized loss on endowment funds	<u>(14,463)</u>
Total investment income	<u>\$ (13,983)</u>

12. COOPERATIVE AGREEMENT

The Conservancy has an agreement with the National Park Service, Department of the Interior which is effective from December 28, 2011 through December 2016. Under this agreement, the Conservancy is required to manage and provide environmental education programs and related services while the National Park Service is required to provide financial support, space, staff and other assistance as needed. The Conservancy is also required to co-manage the VIP Program. The Conservancy was awarded a subsidy of \$316,067 for the Conservancy's various programs under this agreement.

13. COMMITMENTS

The Conservancy had an agreement with an unrelated party to lease space to operate an educational gift shop. The agreement called for monthly payments of \$2,000 and expired on January 1, 2012 at which time the Conservancy vacated the space. The Conservancy then entered into a new agreement with another unrelated party and began leasing a new space for the same purpose. The ten year lease calls for monthly rental payments of \$2,550 per month for the first five years and \$2,627 per month for the remaining five years. The lease will expire on December 31, 2021 at which time certain renewal options are available. Rental expense for the year ended August 31, 2012 was \$28,400.

The Conservancy also has a facilities lease with the National Park Service to maintain and rent out certain National Park Service facilities to the public. The National Park Service charges the Conservancy a base rent of \$300 per month and 2% of the gross revenue from the rentals. Rental expense for the year ended August 31, 2012 was \$13,846.

The Conservancy also leases office equipment from an unrelated party. Total expense for the year ended August 31, 2012 was \$7,992.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

13. COMMITMENTS (Continued)

The future minimum lease payments are as follows for the year ending August 31,

2012	\$	45,672
2013		45,672
2014		42,558
2015		41,748
2016		42,364
Thereafter		<u>148,662</u>
Total	\$	<u>366,676</u>

During 2012, the Conservancy entered into a contract with a construction company for the renovation of its store space. The total cost of the contract is \$170,045. As of August 31, 2012, approximately \$65,600 remained to be paid.

14. TAX STATUS

The Conservancy is a nonprofit corporation exempt from federal income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(3).

The Conservancy has adopted guidance, as required by the Income Taxes Topic of the FASB Accounting Standards Codification regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Conservancy's income tax returns. As of August 31, 2012, the Conservancy has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Conservancy records related interest expenses and penalties, if any, as a tax expense, consistent with this guidance. The Conservancy's open audit periods are for the tax years ended August 31, 2009 through August 31, 2012. In evaluating the Conservancy's tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Conservancy believes their estimates are appropriate based on the current facts and circumstances.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

15. FAIR VALUE MEASUREMENT

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB guidance are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at August 31, 2012.

Endowment funds – Based on model-based valuation techniques for which all significant assumptions are unobservable in the market.

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

15. FAIR VALUE MEASUREMENT (Continued)

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of August 31, 2012.

Assets at Fair Value as of August 31, 2011

	Level 1	Level 2	Level 3	Total
Endowment funds	\$ -	\$ -	\$ 665,596	\$ 665,596

Level 3 Assets Year Ended August 31, 2011

	Endowment Funds
Balance, beginning of year	\$ 613,389
Contributions	98,474
Fund depreciation	(14,463)
Distributions	(31,804)
Balance, end of year	\$ 665,596

16. PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements contain certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly such information should be read in conjunction with the Conservancy's financial statements for the year ended August 31, 2011, from which the summarized information was derived.

17. RECLASSIFICATIONS

Certain reclassifications were made to the 2011 numbers to conform to the 2012 presentation.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 10, 2012, which is the date the financial statements were available to be issued.