

**CONSERVANCY FOR CUYAHOGA
VALLEY NATIONAL PARK**

(A NONPROFIT ORGANIZATION)

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2014
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2013)**

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
FINANCIAL STATEMENTS
AUGUST 31, 2014

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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 financial statements of Conservancy for Cuyahoga Valley National Park (the "Conservancy", a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservancy for Cuyahoga Valley National Park as of August 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Conservancy for Cuyahoga Valley National Park's 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 19, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carl Palmer Aibbison & Co.

Cleveland, Ohio
December 17, 2014

FINANCIAL STATEMENTS

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2014
(With Comparative Totals as of August 31, 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash and cash equivalents, unrestricted	\$ 40,630	\$ -
Cash and cash equivalents, temporarily restricted	533,543	458,179
Cash and cash equivalents, permanently restricted	-	1,600
Accounts receivable, program, net of allowance for doubtful accounts	52,167	50,394
Pledges receivable, unrestricted	14,000	-
Pledges receivable, temporarily restricted	22,500	-
Certificates of deposit, temporarily restricted	750,000	-
Endowment funds, temporarily restricted	893,199	524,946
Endowment funds, permanently restricted	362,495	331,583
Prepaid expenses and supplies	107,642	113,930
Property and equipment, net	<u>346,805</u>	<u>358,000</u>
TOTAL ASSETS	<u>\$3,122,981</u>	<u>\$1,838,632</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 108,630	\$ 61,882
Accounts payable, National Park Service	40,457	37,607
Due to temporarily restricted	-	41,413
Accrued expenses	58,517	49,796
Deferred revenue	56,027	45,355
Program deposits	161,002	132,009
Visitor Center deposits	750,402	-
Note payable	<u>90,000</u>	<u>90,000</u>
Total liabilities	<u>1,265,035</u>	<u>458,062</u>
NET ASSETS:		
Unrestricted	46,611	64,262
Temporarily restricted	1,448,840	983,125
Permanently restricted	<u>362,495</u>	<u>333,183</u>
Total net assets	<u>1,857,946</u>	<u>1,380,570</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,122,981</u>	<u>\$1,838,632</u>

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, 2014
(With Comparative Totals as of August 31, 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT:					
Environmental education:					
Program fees, net of scholarships of \$150,835 and \$157,546 in 2014 and 2013, respectively	\$ 703,054	\$ -	\$ -	\$ 703,054	\$ 649,111
Community outreach	719,133	-	-	719,133	694,117
Contributions and grants:					
National Park Service program support	-	316,690	-	316,690	304,025
Special events	40,559	445,769	-	486,328	459,249
Environmental education programs	2,135	333,135	4,750	340,020	330,057
Memberships	497,155	-	-	497,155	410,042
Community outreach	12,456	104,532	-	116,988	189,871
Trails Forever	-	351,618	-	351,618	51,930
General operations	65,291	44,000	-	109,291	102,600
Investment income	-	73,279	42,505	115,784	75,375
Other income	23,084	-	-	23,084	38,602
Net assets released from restrictions	<u>1,221,251</u>	<u>(1,203,308)</u>	<u>(17,943)</u>	<u>-</u>	<u>-</u>
Total revenue, support and reclassifications	<u>3,284,118</u>	<u>465,715</u>	<u>29,312</u>	<u>3,779,145</u>	<u>3,304,979</u>
EXPENDITURES:					
Program services:					
Environmental education programs	1,040,817	-	-	1,040,817	900,231
Community outreach and park support	1,095,389	-	-	1,095,389	1,257,813
Special events	310,624	-	-	310,624	301,168
Trails Forever	131,208	-	-	131,208	114,306
Total program services	<u>2,578,038</u>	<u>-</u>	<u>-</u>	<u>2,578,038</u>	<u>2,573,518</u>
Support services:					
Management and general	332,414	-	-	332,414	293,307
Fundraising	391,317	-	-	391,317	338,228
Total support services	<u>723,731</u>	<u>-</u>	<u>-</u>	<u>723,731</u>	<u>631,535</u>
Total expenditures	<u>3,301,769</u>	<u>-</u>	<u>-</u>	<u>3,301,769</u>	<u>3,205,053</u>
CHANGES IN NET ASSETS	(17,651)	465,715	29,312	477,376	99,926
NET ASSETS, BEGINNING OF YEAR	<u>64,262</u>	<u>983,125</u>	<u>333,183</u>	<u>1,380,570</u>	<u>1,280,644</u>
NET ASSETS, END OF YEAR	<u>\$ 46,611</u>	<u>\$1,448,840</u>	<u>\$ 362,495</u>	<u>\$1,857,946</u>	<u>\$1,380,570</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, 2014
(With Comparative Totals as of August 31, 2013)

	2014						2013	
	Program Services				Support Services		2014 Total	2013 Total
	Environmental Education Programs	Community Outreach and Park Support	Special Events	Trails Forever	Management and General	Fund- raising		
Salaries and wages	\$ 625,443	\$ 427,417	\$ 40,025	\$ 66,705	\$ 102,846	\$ 219,221	\$ 1,481,657	\$ 1,451,909
Payroll taxes and benefits	135,932	79,252	5,732	8,915	34,909	39,389	304,129	312,685
Program supplies and merchandise	37,340	197,136	192,533	853	670	18,783	447,315	467,408
Food services	58,948	44,611	882	-	1,054	10,628	116,123	111,699
Facility supplies and service	23,729	37,908	-	-	4,691	-	66,328	79,257
Contractor fees and services	56,804	92,026	69,369	-	1,804	3,000	223,003	198,806
Transportation services	30,729	23,755	-	-	-	-	54,484	48,982
Marketing	10,461	28,229	2,083	7,443	11,668	47,296	107,180	102,219
Office supplies, equipment and support	6,571	5,336	-	(1,641)	58,583	20,491	89,340	57,151
Utilities, communications, and postage	10,860	37,081	-	907	17,494	17,314	83,656	76,412
Staff related expenses	16,640	11,357	-	-	13,228	7,098	48,323	64,887
Professional fees, dues, and subscriptions	965	14,274	-	3,002	52,729	8,097	79,067	67,806
Liability insurance	12,947	10,684	-	-	8,515	-	32,146	32,737
Rental expense	-	40,036	-	-	-	-	40,036	38,097
Donations and grants	-	4,000	-	45,024	7,000	-	56,024	21,753
Depreciation	13,448	39,787	-	-	15,274	-	68,509	64,576
Other expenses	-	2,500	-	-	1,949	-	4,449	8,669
Total functional expenses	<u>\$ 1,040,817</u>	<u>\$ 1,095,389</u>	<u>\$ 310,624</u>	<u>\$ 131,208</u>	<u>\$ 332,414</u>	<u>\$ 391,317</u>	<u>\$ 3,301,769</u>	<u>\$ 3,205,053</u>

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, 2014
(With Comparative Totals as of August 31, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 477,376	\$ 99,926
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	68,509	64,576
Increase in allowance for doubtful accounts	50	34
Unrealized gain on endowment funds	(115,784)	(75,329)
Contributions restricted for long-term purposes	(6,350)	(300)
(Increase) decrease in operating assets:		
Accounts receivable, program	(1,823)	30,198
Accounts receivable, National Park Service	-	116,635
Pledges and grants receivable	(36,500)	-
Prepaid expenses and supplies	6,288	(31,813)
Increase (decrease) in operating liabilities:		
Accounts payable	46,748	(17,787)
Accounts payable, National Park Service	2,850	(17,547)
Due to temporarily restricted	(41,413)	41,413
Accrued expenses	8,721	(6,477)
Deferred revenue	10,672	8,535
Program deposits	28,993	38,991
Visitor Center deposits	750,402	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,198,739	251,055
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in temporarily restricted endowment funds	(322,498)	(151,341)
Investment in temporarily restricted certificates of deposit	(750,000)	-
Capital expenditures	(57,314)	(123,755)
Distribution from endowment funds	45,467	36,038
NET CASH USED BY INVESTING ACTIVITIES	(1,084,345)	(239,058)
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,394	11,997
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	459,779	447,782
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 574,173	\$459,779

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

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

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.

Certificates of deposit

The Conservancy invests in certificates of deposits with interest rates ranging from 0.35% to 0.70% and maturities ranging from nine to fifteen months from the statement of financial position date.

Pledges receivable

Included in pledges and grants receivable, if any, 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, 2014

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, 2014 was \$68,509.

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, 2014 was \$107,180.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

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, 2014, accounts receivable are stated net of an allowance for doubtful accounts of \$588. Bad debt expense amounted to \$1,949 for the year ended August 31, 2014.

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, 2014

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 up to 6% of the endowment's fair value for distribution.

Endowment net asset composition by type of fund as of August 31, 2014 is as follows:

	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	<u>\$ 893,199</u>	<u>\$ 362,495</u>	<u>\$ 1,255,694</u>

Changes in endowment net assets as of August 31, 2014 are as follows:

	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year	\$ 524,946	\$ 331,583	\$ 856,529
Contributions	322,498	6,350	328,848
Investment gains and fees, net	73,279	42,505	115,784
Appropriated for expenditures	<u>(27,524)</u>	<u>(17,943)</u>	<u>(45,467)</u>
Endowment net assets, end of year	<u>\$ 893,199</u>	<u>\$ 362,495</u>	<u>\$ 1,255,694</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31, 2014:

Computer equipment	\$ 87,045
Office equipment	171,191
Store buildings	354,445
Less accumulated depreciation	<u>(265,876)</u>
Property and equipment, net	<u>\$ 346,805</u>

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

5. NOTE PAYABLE

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 that 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, 2014 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, 2014:

Photographic society	\$ <u>10,510</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, 2014:

Trails Forever	\$ 950,875
Scholarships	238,937
General operations	139,469
Environmental education	65,900
Community outreach	<u>53,659</u>
	<u>\$ 1,448,840</u>

The Conservancy released net assets of \$1,203,308 and \$17,943 from temporary and permanent restrictions, respectively, during the year ended August 31, 2014 by incurring expenditures which satisfied their restricted purposes.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

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, 2014:

Environmental education program scholarships	\$ 192,308
General operations	<u>170,187</u>
	<u>\$ 362,495</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 40,610 hours for the year ended August 31, 2014.

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 \$55,826 for the year ended August 31, 2014.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

11. INVESTMENT INCOME

The following summarizes the Conservancy's investment return for the year ended August 31, 2014:

Unrealized gain on endowment funds	\$ <u>115,784</u>
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12. COOPERATIVE AGREEMENT

The Conservancy has an agreement with the National Park Service, Department of the Interior, which is effective 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 received National Park Service program support of \$316,690 for the Conservancy's various programs under this agreement.

13. COMMITMENTS

The Conservancy entered into an agreement with an unrelated party to lease space to operate an educational gift shop. 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, 2014 was \$30,600.

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, 2014 was \$9,436.

The Conservancy also leases office equipment from an unrelated party. Total expense for the year ended August 31, 2014 was \$11,993.

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

2015	\$ 42,658
2016	42,398
2017	43,014
2018	43,322
2019	37,173
Thereafter	<u>97,556</u>
 Total	 \$ <u>306,121</u>

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

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, 2014, 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, 2011 through August 31, 2014. 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.

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.

CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014

15. FAIR VALUE MEASUREMENT (Continued)

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, 2014.

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.

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of August 31, 2014.

Assets at Fair Value as of August 31, 2014

	Level 1	Level 2	Level 3	Total
Endowment funds	\$ -	\$ -	\$ 1,255,694	\$ 1,255,694

Level 3 Assets Year Ended August 31, 2014

	Endowment Funds
Balance, beginning of year	\$ 856,529
Contributions	328,848
Fund appreciation	115,784
Distributions	<u>(45,467)</u>
Balance, end of year	<u>\$ 1,255,694</u>

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NOTES TO FINANCIAL STATEMENTS
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16. CAPITAL CAMPAIGN

During the year ended August 31, 2014, the Conservancy began a capital campaign to build a new park visitor center using an existing historic structure. The Conservancy has an option to purchase the property that is to be renovated which will expire in 2016. The funds on hand for the project as of August 31, 2014 amounted to \$750,402. If sufficient funding for the project is not secured, unspent contributions previously raised will be returned to the donors. The Conservancy has also received a conditional pledge from a donor, who will contribute the final \$500,000 of the capital campaign. This pledge will not be recognized in the financial statements until the funding goals are achieved.

17. 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, 2013, from which the summarized information was derived.

18. RECLASSIFICATIONS

Certain items in the 2013 comparative information have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the change in net assets.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 17, 2014, which is the date the financial statements were available to be issued.