

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

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-17

## ***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, 2017, 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, 2017, 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 August 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carl Palmer Abbisom & Co*

Cleveland, Ohio

December 18, 2017

FINANCIAL STATEMENTS

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2017**  
(With Comparative Totals as of August 31, 2016)

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS:</b>		
Cash and cash equivalents, unrestricted	\$ 261,975	\$ 405,500
Cash and cash equivalents, temporarily restricted	2,554,282	1,381,209
Accounts receivable, program, net of allowance for doubtful accounts	89,379	55,142
Accounts receivable, National Park Service	37,422	-
Pledges receivable, temporarily restricted	1,220,499	-
Certificates of deposit, temporarily restricted	749,683	750,313
Endowment funds, temporarily restricted	1,589,287	1,359,495
Prepaid expenses and supplies	137,584	134,205
Property and equipment, net	<u>574,985</u>	<u>224,385</u>
<b>TOTAL ASSETS</b>	<u><b>\$7,215,096</b></u>	<u><b>\$4,310,249</b></u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 49,822	\$ 194,238
Accounts payable, National Park Service	34,903	50,682
Accrued expenses	86,071	84,624
Deferred revenue	47,676	34,635
Program deposits	230,020	197,785
Visitor Center deposits	-	1,422,427
Note payable	<u>70,000</u>	<u>70,000</u>
<b>Total liabilities</b>	<u><b>518,492</b></u>	<u><b>2,054,391</b></u>
<b>NET ASSETS:</b>		
Unrestricted	148,078	163,772
Temporarily restricted	<u>6,548,526</u>	<u>2,092,086</u>
<b>Total net assets</b>	<u><b>6,696,604</b></u>	<u><b>2,255,858</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$7,215,096</b></u>	<u><b>\$4,310,249</b></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, 2017**  
**(With Comparative Totals as of August 31, 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT:</b>				
Environmental education:				
Program fees, net of scholarships of \$180,477 and \$158,684 in 2017 and 2016, respectively	\$ 464,485	\$ -	\$ 464,485	\$ 523,268
Community outreach	1,210,766	-	1,210,766	1,069,560
Contributions and grants:				
National Park Service program support	-	364,456	364,456	405,123
Special events	10,196	472,530	482,726	537,613
Environmental education programs	-	1,060,511	1,060,511	465,723
Memberships	824,171	-	824,171	882,787
Community outreach	13,843	62,504	76,347	220,865
Trails Forever	-	78,753	78,753	96,678
Capital projects	-	4,360,483	4,360,483	-
General operations	122,955	9,050	132,005	127,146
Investment income (loss)	3,524	160,778	164,302	(54,971)
Other income	21,048	-	21,048	43,254
Net assets released from restrictions	2,112,625	(2,112,625)	-	-
Total revenue, support and reclassifications	<u>4,783,613</u>	<u>4,456,440</u>	<u>9,240,053</u>	<u>4,317,046</u>
<b>EXPENDITURES:</b>				
Program services:				
Environmental education programs	1,030,115	-	1,030,115	886,741
Community outreach and park support	1,579,567	-	1,579,567	1,735,451
Special events	297,189	-	297,189	339,351
Trails Forever and projects	841,966	-	841,966	316,844
Total program services	<u>3,748,837</u>	<u>-</u>	<u>3,748,837</u>	<u>3,278,387</u>
Support services:				
Management and general	423,062	-	423,062	376,075
Fundraising	627,408	-	627,408	574,689
Total support services	<u>1,050,470</u>	<u>-</u>	<u>1,050,470</u>	<u>950,764</u>
Total expenditures	<u>4,799,307</u>	<u>-</u>	<u>4,799,307</u>	<u>4,229,151</u>
CHANGES IN NET ASSETS	(15,694)	4,456,440	4,440,746	87,895
NET ASSETS, BEGINNING OF YEAR	<u>163,772</u>	<u>2,092,086</u>	<u>2,255,858</u>	<u>2,167,963</u>
NET ASSETS, END OF YEAR	<u>\$ 148,078</u>	<u>\$6,548,526</u>	<u>\$6,696,604</u>	<u>\$2,255,858</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, 2017**  
(With Comparative Totals as of August 31, 2016)

	2017						2016	
	Program Services				Support Services		2017 Total	2016 Total
	Environmental Education Programs	Community Outreach and Park Support	Special Events	Trails Forever and Projects	Management and General	Fund- raising		
Salaries and wages	\$ 612,621	\$ 669,386	\$ 24,234	\$ 61,405	\$ 135,683	\$ 430,637	\$ 1,933,966	\$ 1,899,555
Payroll taxes and benefits	138,589	157,313	4,371	9,308	43,061	88,755	441,397	420,600
Program supplies and merchandise	40,128	363,407	208,798	2,628	638	25,293	640,892	653,422
Food services	100,758	7,298	900	-	2,315	4,174	115,445	138,741
Facility supplies and service	11,620	65,457	-	-	10,470	-	87,547	81,490
Contractor fees and services	36,580	97,997	58,755	30,745	-	835	224,912	356,775
Transportation services	32,251	12,833	-	-	-	-	45,084	41,073
Marketing	7,285	15,420	-	2,890	20,701	36,077	82,373	83,596
Office supplies, equipment, and support	6,623	11,666	-	-	85,111	1,392	104,792	110,860
Utilities, communications, and postage	5,613	45,131	131	468	12,086	24,915	88,344	87,914
Staff related expenses	23,470	5,677	-	-	31,840	6,163	67,150	50,072
Professional fees, dues, and subscriptions	1,412	27,729	-	1,164	67,863	9,167	107,335	111,386
Liability insurance	11,213	15,068	-	-	8,761	-	35,042	34,571
Rental expense	-	42,158	-	-	-	-	42,158	42,516
Donations and grants	-	-	-	733,358	2,568	-	735,926	48,852
Depreciation	1,952	40,527	-	-	768	-	43,247	64,856
Other expenses	-	2,500	-	-	1,197	-	3,697	2,872
<b>Total functional expenses</b>	<b><u>\$ 1,030,115</u></b>	<b><u>\$ 1,579,567</u></b>	<b><u>\$ 297,189</u></b>	<b><u>\$ 841,966</u></b>	<b><u>\$ 423,062</u></b>	<b><u>\$ 627,408</u></b>	<b><u>\$ 4,799,307</u></b>	<b><u>\$ 4,229,151</u></b>

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, 2017**  
**(With Comparative Totals as of August 31, 2016)**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$4,440,746	\$ 87,895
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	43,247	64,856
Increase (decrease) in allowance for doubtful accounts	799	(788)
Unrealized (gain) loss on endowment funds	(160,778)	59,281
Unrealized loss on certificates of deposit	630	77
Contributions restricted for long-term purposes	-	(7,500)
Forgiveness of debt	-	(20,000)
(Increase) decrease in operating assets:		
Accounts receivable, program	(35,036)	(15,906)
Accounts receivable, National Park Service	(37,422)	53,687
Pledges and grants receivable	(1,220,499)	-
Prepaid expenses and supplies	(3,379)	(13,183)
Increase (decrease) in operating liabilities:		
Accounts payable	(144,416)	(55,319)
Accounts payable, National Park Service	(15,779)	34,361
Accrued expenses	1,447	28,530
Deferred revenue	13,041	(20,050)
Program deposits	32,235	(11,205)
Visitor Center deposits	(1,422,427)	496,025
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,492,409</b>	<b>680,761</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in temporarily restricted endowment funds	(134,643)	(106,855)
Capital expenditures	(393,847)	(9,761)
Distribution from endowment funds	65,629	61,727
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(462,861)</b>	<b>(54,889)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,029,548	625,872
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,786,709	1,160,837
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$2,816,257</b>	<b>\$1,786,709</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 2,107	\$ 2,157

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

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**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 deposit with interest rates ranging from 0.95% to 1.20% and maturities ranging from one to seven months from the statement of financial position date.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pledges receivable**

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

**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, 2017 was \$43,247.

**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.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2017 was \$82,373.

**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, 2017, accounts receivable are stated net of an allowance for doubtful accounts of \$4,799. Bad debt expense amounted to \$1,197 for the year ended August 31, 2017.

**New accounting pronouncements**

The Financial Accounting Standards Board has recently issued Accounting Standards Update (ASU) No. 2016-02, Leases, (Topic 842), ASU No. 2016-14, Not-for-Profit Entities, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, ASU 2016-18, Statement of Cash Flows, (Topic 230), *Restricted Cash*, and ASU No. 2016-10, Revenue from Contracts with Customers, (Topic 606), *Identifying Performance Obligations and Licensing*. The objective of these ASUs is to improve and clarify the current standards relating to an entity's liquidity, financial performance and cash flows. The ASUs are not yet effective, and therefore, have not yet been adopted. The Conservancy is currently evaluating the impact that the adoption of this guidance will have on its results of operation, financial position, and liquidity.

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of August 31, 2017:

Projects in progress	\$ 367,352
Store buildings	359,307
Office equipment	202,208
Computer equipment	87,045
Leasehold improvements	3,892
Less accumulated depreciation	<u>(444,819)</u>
Property and equipment, net	<u>\$ 574,985</u>

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**4. 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. While the Foundations manage the endowment funds, the Conservancy holds variance power over the funds.

*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, 2017 is as follows:

	Temporarily Restricted
Donor-restricted endowment funds	<u>\$ 1,589,287</u>

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**4. ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets as of August 31, 2017 are as follows:

	Temporarily Restricted
Endowment net assets, beginning of year	\$ 1,359,495
Contributions	134,643
Investment income, net \$17,432 of investment fees	160,778
Appropriated for expenditures	(65,629)
 Endowment net assets, end of year	 \$ 1,589,287

**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. The Conservancy met certain provisions of the agreement and \$20,000 of the note payable was forgiven by the unrelated party during 2016. All outstanding principal on the note is payable on May 1, 2022. The outstanding balance of the loan as of August 31, 2017 was \$70,000.

**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, 2017:

Photographic society	\$ 7,883
----------------------	----------

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**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, 2017:

Fundraising and projects	\$ 3,707,147
Trails Forever	1,382,839
Environmental education	683,079
Environmental education program scholarships	570,094
General operations	175,690
Community outreach	<u>29,677</u>
	<u>\$ 6,548,526</u>

The Conservancy released net assets of \$2,112,625 from temporary restrictions during the year ended August 31, 2017 by incurring expenditures which satisfied their restricted purposes.

**8. 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 30,300 hours for the year ended August 31, 2017.

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.

**9. 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 \$80,149 for the year ended August 31, 2017.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**10. INVESTMENT INCOME**

The following summarizes the Conservancy's investment return for the year ended August 31, 2017:

Investment income (interest and dividends)	\$ 3,524
Unrealized gain on endowment funds	<u>160,778</u>
Total investment income	<u>\$ 164,302</u>

**11. COOPERATIVE AGREEMENT**

The Conservancy had an agreement with the National Park Service (NPS), Department of the Interior, which was effective through December 2016. During the year ended August 31, 2017, a new agreement was implemented, which is effective through September 20, 2022. Under this agreement, the Conservancy is required to provide programs and projects that enhance public understanding and enjoyment of and involvement in Cuyahoga Valley National Park, manage assigned buildings in support of park programs, maintain food service and kitchen equipment, and work with NPS staff on various other projects while the National Park Service is required to provide financial support, space, maintenance, equipment, staff, and other assistance as needed. The Conservancy received National Park Service program support of \$364,456 for the Conservancy's various programs under this agreement during the year ended August 31, 2017.

**12. OPERATING LEASES**

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, 2017 was \$31,524.

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, 2017 was \$10,634.

The Conservancy also leases office equipment from an unrelated party. Total expense for the year ended August 31, 2017 was \$15,229.



**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**12. OPERATING LEASES (Continued)**

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

2018		\$	54,083
2019			49,608
2020			45,744
2021			39,974
2022			10,508
Total		\$	199,917

**13. 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, 2017, 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, 2014 through August 31, 2017. 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.

**14. 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.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**14. FAIR VALUE MEASUREMENT (Continued)**

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, 2017.

*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, 2017.

**Assets at Fair Value as of August 31, 2017**

	Level 1	Level 2	Level 3	Total
Endowment funds	\$ -	\$ -	\$ 1,589,287	\$ 1,589,287

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**14. FAIR VALUE MEASUREMENT (Continued)**

**Level 3 Assets Year Ended August 31, 2017**

	Endowment Funds
Balance, beginning of year	\$ 1,359,495
Contributions	134,643
Fund appreciation	160,778
Distributions	(65,629)
Balance, end of year	\$ 1,589,287

**15. CAPITAL CAMPAIGN**

The Conservancy has a capital campaign in progress to raise funds to build a new park visitor center using an existing historic structure. The Conservancy had an option to purchase the property that is to be renovated which was set to expire in 2017. During the year ended August 31, 2017, the option to purchase the property was exercised. The property was then donated to the National Park Service.

If sufficient funding for the project was not secured, unspent contributions previously raised would have been returned to the donors. Therefore, the raised funds were included in Visitor's Center deposits on the balance sheet in the prior year. During the year ended August 31, 2017, the Conservancy raised the required funds and the board authorized the continuance of the project. At that time, all deferred revenue related to this project was recognized as temporarily restricted income.

The Conservancy has also received two conditional pledges from two donors. One donor will contribute \$500,000 when certain conditions regarding planning and design are met and another donor will contribute the final \$500,000 of the capital campaign. These pledges will not be recognized in the financial statements until the conditions are met.

Expenditures incurred related to the planning, design, and construction of the Visitor's center have been accumulated as Projects in Progress and are included in Property and equipment – net on the balance sheet. As of August 31, 2017, the Conservancy has capitalized approximately \$367,000 of costs paid to date as part of the project.

Upon successful completion of the project, which is expected to occur in 2019, the temporarily restricted contributions will be released from donor restrictions and the accumulated capitalized project costs will be donated to the National Park Service.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**16. COMMITMENTS**

The Conservancy has entered into agreements with two unrelated contractors related to the design and construction of the Visitor's Center, as described in Note 15. The Conservancy is committed to pay the contractors approximately \$611,000 total to fulfill the terms of each contract. To date, the Conservancy has paid approximately \$228,000 on these contracts. The Conservancy receives progress billings on these contracts as the work progresses.

**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, 2016, from which the summarized information was derived.

**18. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 18, 2017, which is the date the financial statements were available to be issued.