



THE TRIBUTARY FUND

FINANCIAL REPORT

June 30, 2010

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
The Tributary Fund
Bozeman, Montana 59715

We have compiled the accompanying statement of financial position of The Tributary Fund (a nonprofit organization) as of June 30, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to the activities of the Tributary Fund.

Bozeman, Montana
September 3, 2010

THE TRIBUTARY FUND
STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

CURRENT ASSETS

| | |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 83,279 |
| Receivables | 127 |
| Inventory | <u>231</u> |
| Total current assets | <u>83,637</u> |

PROPERTY AND EQUIPMENT

| | |
|-------------------------------|----------------|
| Office equipment | 5,037 |
| Less accumulated depreciation | <u>(3,520)</u> |
| Property and equipment, net | <u>1,517</u> |

OTHER ASSETS

| | |
|---|--------------|
| Investments in marketable equity securities | <u>2,813</u> |
|---|--------------|

| | |
|--------------|------------------|
| TOTAL ASSETS | <u>\$ 87,967</u> |
|--------------|------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|-----------------------|----------|
| Payroll taxes payable | \$ 1,176 |
|-----------------------|----------|

NET ASSETS

| | |
|--------------|---------------|
| Unrestricted | <u>86,791</u> |
|--------------|---------------|

| | |
|----------------------------------|------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 87,967</u> |
|----------------------------------|------------------|

See accountant's compilation report.
The Notes to Financial Statements are an integral part of this statement.

THE TRIBUTARY FUND
STATEMENT OF ACTIVITIES
Year ended June 30, 2010

UNRESTRICTED REVENUES AND SUPPORT

| | |
|--|----------------|
| Contributions | \$ 229,716 |
| Interest income | 162 |
| Net loss on investments | <u>(91)</u> |
| Total unrestricted revenue and support | <u>229,787</u> |

OPERATING EXPENSES

| | |
|-------------------------------------|----------------|
| Program expenses | |
| Montana | 7,655 |
| Mongolia | 119,659 |
| Bhutan | 40,186 |
| Sudan | 415 |
| Conservation dialogues | 30,522 |
| Other programs | <u>1,619</u> |
| Total program expenses | 200,056 |
| General and administrative expenses | 28,674 |
| Fundraising expenses | <u>24,236</u> |
| Total operating expenses | <u>252,966</u> |

CHANGE IN UNRESTRICTED NET ASSETS (23,179)

UNRESTRICTED NET ASSETS, beginning of year 109,970

UNRESTRICTED NET ASSETS, end of year \$ 86,791

See accountant's compilation report.
The Notes to Financial Statements are an integral part of this statement.

THE TRIBUTARY FUND
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2010

| | PROGRAMS | GENERAL AND ADMIN- ISTRATIVE | FUNDRAISING | TOTAL |
|------------------------------|-------------------|------------------------------------|------------------|-------------------|
| Accounting fees | \$ 6,502 | \$ 1,565 | \$ - | \$ 8,067 |
| Bank service charges | 334 | 225 | 5 | 564 |
| Continuing education | 250 | - | - | 250 |
| Depreciation expense | - | 492 | - | 492 |
| Eco-clubs | 653 | - | - | 653 |
| Education and outreach | 31,528 | - | - | 31,528 |
| Equipment | 765 | 127 | - | 892 |
| Events | 249 | - | 3,007 | 3,256 |
| Exchange program | 20,371 | - | - | 20,371 |
| Film shoot | 689 | - | - | 689 |
| Green my faith | 16 | - | - | 16 |
| Marketing | 428 | - | 216 | 644 |
| Meals and entertainment | 798 | 65 | 344 | 1,207 |
| Media and publications | 35 | - | - | 35 |
| Membership dues | - | 125 | - | 125 |
| Miscellaneous | 27 | 175 | - | 202 |
| Mongolia fisheries research | 789 | - | - | 789 |
| Office manager | 11,500 | 122 | - | 11,622 |
| Office supplies | - | 1,199 | 13 | 1,212 |
| Payroll expense - | | | | |
| Benefits | 6,200 | 560 | 1,240 | 8,000 |
| Executive director | 30,373 | 6,361 | 6,656 | 43,390 |
| Community relations director | 16,882 | 1,688 | 5,547 | 24,117 |
| Program director | 32,305 | 2,570 | 1,836 | 36,711 |
| Payroll tax | 6,653 | 876 | 1,576 | 9,105 |
| Postage and shipping | - | 432 | 698 | 1,130 |
| Printing and publications | 1,282 | 986 | 2,037 | 4,305 |
| Rent | - | 4,000 | - | 4,000 |
| School supplies | 623 | - | - | 623 |
| Supplies | 668 | 58 | - | 726 |
| Telephone and internet | 397 | 6,120 | 315 | 6,832 |
| Workshop media | 3,279 | 25 | - | 3,304 |
| Travel | 26,460 | - | 746 | 27,206 |
| Workers comp insurance | - | 903 | - | 903 |
| Total operating expenses | <u>\$ 200,056</u> | <u>\$ 28,674</u> | <u>\$ 24,236</u> | <u>\$ 252,966</u> |

See accountant's compilation report.

The Notes to Financial Statements are an integral part of this statement.

THE TRIBUTARY FUND
STATEMENT OF CASH FLOWS
Year ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Change in net assets | \$ (23,179) |
| Adjustments to reconcile change in net assets to cash used by operating activities: | |
| Depreciation expense | 492 |
| Unrealized loss on investments | 79 |
| (Increase) decrease in assets: | |
| Receivables | 21,873 |
| Inventory | 609 |
| Increase (decrease) in liabilities: | |
| Payroll taxes payable | <u>(522)</u> |
| Net cash used by operating activities | <u>(648)</u> |
| | |
| DECREASE IN CASH AND CASH EQUIVALENTS | (648) |
| | |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>83,927</u> |
| | |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 83,279</u> |

See accountant's compilation report.
The Notes to Financial Statements are an integral part of this statement.

THE TRIBUTARY FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. NATURE OF ACTIVITIES

Nature of Activities

The Tributary Fund engages communities in conservation solutions by connecting religious, scientific and local leaders. The Tributary Fund is not a religious organization, but recognizes the immense power and importance of religious beliefs to undertake projects that join culture and conservation.

The Tributary Fund was founded in September 2004 as a vehicle for bringing Buddhist monks into the Eg-Uur Watershed Project, a collaborative watershed conservation effort in the Hovsgol Province of northern Mongolia. The Tributary Fund joined the Mongolian-based Taimen Conservation Fund, Hovsgol Travel, the Mongolian Ministry of the Environment, US-based Sweetwater Travel Company, and an international scientific research team from the Mongolian Academy of Sciences, the University of Wisconsin Limnology Department, the Tahoe-Baikal Institute and the University of Nevada Fisheries Department. The project was initially funded by the IFC (International Finance Committee and GEF (Global Environmental Fund).

Presently, The Tributary Fund is implementing their unique model in Mongolia and is seeking further replication internationally.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, (“GAAP”), as codified by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Tributary Fund and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of The Tributary Fund and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE TRIBUTARY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by The Tributary Fund. Generally, the donors of these assets permit The Tributary Fund to use all or part of the income earned on any related investments for general or specific purposes.

As of June 30, 2010, The Tributary Fund has no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Tributary Fund considers all unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at face value. The Tributary Fund uses the direct write-off method of accounting for doubtful accounts. Accounts receivable are reviewed periodically and those accounts, which are considered doubtful, are charged off to current year's operating expenses. The Tributary Fund does not charge finance charges on unpaid receivable balances.

Pledges Receivable

Pledges receivable are stated at their net realizable value. Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted support in accordance with donor stipulations. Unconditional pledges are recognized at the date of the pledge commitment. An allowance for uncollectible accounts has not been included as management believes all reported pledges are collectible.

THE TRIBUTARY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of items used in fundraising. Inventories are stated at the lower of cost of market with cost determined using the FIFO (first-in, first-out) method of inventory valuation.

Property and Equipment

Property and equipment are stated at historical costs. The assets are depreciated using the straight-line method over estimated useful lives ranging from three to seven years. Expenditures for maintenance, repairs and minor replacements are charged to operations, and expenditures for major replacements and betterments are capitalized.

Investments In Marketable Equity Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets for identical securities (Level 1 input measurements). Unrealized gains and losses are included in the change in net assets. The Tributary Fund does not have any donor restricted investment income.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When temporary restrictions expire, temporarily restricted net assets are reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same accounting period in which the contribution is received, The Tributary Fund reports the support as unrestricted.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by The Tributary Fund's management.

THE TRIBUTARY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

Management has evaluated subsequent events through September 3, 2010, the date which the financial statements were available for issue.

Income Taxes

The Tributary Fund is classified as a Section 501(c) (3) organization under the Federal Internal Revenue Code and Section 15-31-102 of the Montana Code Annotated. As a result, it has been determined to be exempt from federal and state income taxes and therefore, has made no provision for income taxes in the accompanying financial statements. The determination of exempt status is considered a tax position. The Tributary Fund's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that The Tributary Fund has no uncertain tax positions that would be subject to recognition under these standards.

NOTE 3. RECENTLY ADOPTED ACCOUNTING PRONOUCEMENTS

The Tributary Fund adopted the provisions of *Fair Value Measurements*, as issued by the Financial Accounting Standards Board for the fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The adoption of these provisions did not have a material impact on The Tributary Fund's financial position or results of operations.