

ROCKY MOUNTAIN CONSERVANCY

Financial Statements As Of December 31, 2015
(With Summarized Financial Information
As Of December 31, 2014)

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rocky Mountain Conservancy:

Report on the Financial Statements

We have audited the accompanying financial statements of Rocky Mountain Conservancy (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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.

Auditors' 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 auditors' 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.

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Independent Auditors' Report (Continued)

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 Rocky Mountain Conservancy as of December 31, 2015, 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.

Reporting on Summarized Comparative Information

We have previously audited the Organization's December 31, 2014, financial statement, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JDS Professional Group

June 1, 2016

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position

As Of December 31, 2015

(With Summarized Financial Information As Of December 31, 2014)

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ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Current Assets:					
Cash and cash equivalents	\$ 2,488,317	\$ 1,194,900	\$	\$ 3,683,217	\$ 999,477
Investments	7,990,784	1,286,023		9,276,807	9,413,421
Accounts receivable	5,347			5,347	4,426
Contributions receivable		536,337		536,337	105,333
Due from (to) other funds	(376,069)	376,069			
Prepaid expenses	19,741			19,741	8,853
Inventory, net	<u>436,890</u>			<u>436,890</u>	<u>590,623</u>
Total Current Assets	10,565,010	3,393,329		13,958,339	11,122,133
Other Assets:					
Long-term contributions receivable		150,916		150,916	76,667
Cash and investments held for others	69,199			69,199	127,626
Long-term investments			276,982	276,982	276,982
Land held for sale	275,000			275,000	1,257,500
Property and equipment	<u>683,262</u>			<u>683,262</u>	<u>710,393</u>
TOTAL ASSETS	<u>\$ 11,592,471</u>	<u>\$ 3,544,245</u>	<u>\$ 276,982</u>	<u>\$ 15,413,698</u>	<u>\$ 13,571,301</u>

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position (Continued)

As Of December 31, 2015

(With Summarized Financial Information As Of December 31, 2014)

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LIABILITIES AND NET ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Current Liabilities:					
Accounts payable	\$ 72,382	\$ 295	\$	\$ 72,677	\$ 44,392
Accrued aid payable	299,136			299,136	244,683
Accrued expenses payable	70,084	18		70,102	51,855
Deferred revenue	4,435			4,435	5,561
Total Current Liabilities	<u>446,037</u>	<u>313</u>		<u>446,350</u>	<u>346,491</u>
Long Term Liabilities:					
Custodial funds held for others	<u>69,199</u>			<u>69,199</u>	<u>127,626</u>
Total Liabilities	<u>515,236</u>	<u>313</u>		<u>515,549</u>	<u>474,117</u>
Net Assets:					
Unrestricted:					
Undesignated:					
Operating	454,928			454,928	794,630
Fixed assets	683,262			683,262	710,393
Designated:					
Board designated savings and aid	600,000			600,000	230,000
Board designated operating loan	600,000			600,000	288,648
Quasi - endowments	7,319,359			7,319,359	7,340,751
Rocky Mountain National Park funds	1,419,686			1,419,686	655,312
Total Unrestricted Net Assets	<u>11,077,235</u>			<u>11,077,235</u>	<u>10,019,734</u>
Temporary Restricted		3,543,932		3,543,932	2,800,468
Permanently Restricted			276,982	276,982	276,982
Total Net Assets	<u>11,077,235</u>	<u>3,543,932</u>	<u>276,982</u>	<u>14,898,149</u>	<u>13,097,184</u>
TOTAL LIABILITIES AND AND NET ASSETS	<u>\$ 11,592,471</u>	<u>\$ 3,544,245</u>	<u>\$ 276,982</u>	<u>\$ 15,413,698</u>	<u>\$ 13,571,301</u>

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Activities

For The Year Ended December 31, 2015

(With Summarized Financial Information For The Year Ended December 31, 2014)

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Support, Revenue And Gains:					
Sales	\$ 3,418,894	\$	\$	\$ 3,418,894	\$ 2,714,260
Cost of goods sold	(1,656,805)			(1,656,805)	(1,347,792)
Gross Profit	<u>1,762,089</u>			<u>1,762,089</u>	<u>1,366,468</u>
Contributions	551,200	1,773,084		2,324,284	1,004,178
Membership contributions	200,881			200,881	247,561
In-kind donations	2,500	957		3,457	13,343
Interest and dividends	135,284	18,483		153,767	148,620
Field Institute income	109,160			109,160	101,053
Loss on sale of land		(162,500)		(162,500)	
Other income	5,304	1,000		6,304	4,091
Total Revenues, Gains and Other Support	<u>2,766,418</u>	<u>1,631,024</u>		<u>4,397,442</u>	<u>2,885,314</u>
Net assets released from restriction:					
Satisfaction of program and time restrictions	876,917	(876,917)			
Total Revenue, Gains and Other Support	<u>3,643,335</u>	<u>754,107</u>		<u>4,397,442</u>	<u>2,885,314</u>
Expenses:					
Program Services -					
Educational product sales	708,039			708,039	527,790
Communication and outreach	195,404			195,404	105,694
Membership	140,412			140,412	113,379
Field Institute	181,254			181,254	178,903
Other agency support	79,381			79,381	67,695
RMNP support	726,262			726,262	797,352
Total Program Services	<u>2,030,752</u>			<u>2,030,752</u>	<u>1,790,813</u>
Supporting Services -					
Fundraising	180,824			180,824	158,826
General and administration	301,871			301,871	360,552
Total Supporting Services	<u>482,695</u>			<u>482,695</u>	<u>519,378</u>
Total Expenses	<u>2,513,447</u>			<u>2,513,447</u>	<u>2,310,191</u>
CHANGES IN NET ASSETS BEFORE GAIN (LOSS) ON INVESTMENTS					
Realized/unrealized gain on investments	1,129,888	754,107		1,883,995	575,123
	<u>(72,387)</u>	<u>(10,643)</u>		<u>(83,030)</u>	<u>426,813</u>
CHANGES IN NET ASSETS	<u>1,057,501</u>	<u>743,464</u>		<u>1,800,965</u>	<u>1,001,936</u>
Net Assets, Beginning Of Year	<u>10,019,734</u>	<u>2,800,468</u>	<u>276,982</u>	<u>13,097,184</u>	<u>12,095,248</u>
NET ASSETS, END OF YEAR	<u>\$ 11,077,235</u>	<u>\$ 3,543,932</u>	<u>\$ 276,982</u>	<u>\$ 14,898,149</u>	<u>\$ 13,097,184</u>

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Cash Flows

For The Year Ended December 31, 2015

(With Summarized Financial Information For The Year Ended December 31, 2014)

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$1,800,965	\$1,001,936
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	56,424	46,745
Loss on sale of land held for sale	162,500	
Unrealized/realized gain in investments	83,030	(426,813)
Inventory obsolescence	38,188	4,558
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(921)	36,508
(Increase) in contributions receivable	(505,253)	(182,000)
(Increase) decrease in prepaid expenses	(10,888)	9,939
(Increase) decrease in inventory	115,545	(46,869)
Increase in accounts payable	28,285	20,070
Increase in accrued aid payable	54,453	27,798
Increase (decrease) in accrued expenses payable	18,247	(8,122)
(Decrease) in deferred revenue	(1,126)	(79,284)
Net cash provided by operating activities	<u>1,839,449</u>	<u>404,466</u>
Cash flows from investing activities:		
Purchases of investments	(8,419,097)	(2,744,791)
Purchases of property and equipment	(29,293)	(49,735)
Proceeds from land held for sale	820,000	
Sales of investments	8,472,681	2,427,919
Net cash provided by (used in) investing activities	<u>844,291</u>	<u>(366,607)</u>
Cash flows from financing activities:		
Proceeds from line of credit	175,000	375,000
Payments on line of credit	(175,000)	(375,000)
Net cash provided by (used in) financing	<u>0</u>	<u>0</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,683,740	37,859
Cash and Cash Equivalents, Beginning Of Year	<u>999,477</u>	<u>961,618</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$3,683,217</u></u>	<u><u>\$ 999,477</u></u>

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

ROCKY MOUNTAIN CONSERVANCY

Notes To Financial Statements
For The Year Ended December 31, 2015

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(1) Nature Of The Organizations

The Rocky Mountain Conservancy (the "Organization") was organized in 1931. The Organization was incorporated in 1955 under the laws of the State of Colorado. In 1972 and 2006, the Articles of Incorporation of the Organization were restated under the Colorado Non-Profit Corporation Act for the following purposes:

- To stimulate interest in the interpretive activities of Rocky Mountain National Park (Park) and its cooperating issues.
- To encourage scientific investigation and research in the field of history, geology, natural history, and related subjects that has a bearing on the Park and its cooperating areas and adjacent territories.
- To assist in the development of the library of the Park and cooperating areas.
- To assist in the care and development of museums and other interpretive facilities and programs in the Park and cooperating areas.
- To assist in obtaining photographs, slides, films, and other materials and equipment for use in explaining and exhibiting the history, earth sciences, and other natural history portrayed in the Park and cooperating areas.
- To accept donations for and to maintain and use other funds for furthering the educational objectives of the National Park Service in the Park and cooperating areas, including the acquisition of private lands.
- To publish, or aid the publication of, material pertinent to the educational objectives of the National Park Service.
- To make available for sale at museums and other desirable outlets, in the Park and cooperating areas, publications, visual aids, photographs, or other material pertinent to the educational objectives of the National Park Service. The earnings from these buying and selling operations shall be used only for the furtherance of the Organization and to carry out the purpose of its existence, as outlined in the previous sections. The operations, property and assets of the Organization shall be strictly limited to the purposes for which it has been established, and no part of the net income of the Organization shall inure to the financial benefit of any officer or member thereof.
- To purchase, lease or otherwise acquire and to hold, own, sell, or dispose of real and personal property of all kinds and in particular lands, buildings, business concerns and undertakings, merchandise, and any interest in real or personal property.

- To do all and everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers hereinbefore set forth, either alone or in connection with other corporations, firms or individuals and either as principals or agents, and to do every other act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid objects purposes or powers, or any of them provided the same by not inconsistent with the laws under which this Organization is organized.

During 2014, the Organization changed its name from Rocky Mountain Nature Association, Inc. to Rocky Mountain Conservancy.

The Organization's major sources of revenue are retail sales, contributions, and investment income.

The Organization is organized solely for public, charitable, and educational purposes, including such purposes as the making of distributions to the United States Government for the benefit of its national parks, and the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is classified as an organization that qualifies for charitable contribution deductions for individual donors. The administrative offices of the Organization are located at Rocky Mountain National Park Headquarters at Estes Park, Colorado. The Organization has retail outlets at the following locations, all of which are included in these financial statements:

National Park

Rocky Mountain National Park	Estes Park, Co
Including East, West, and North locations and various smaller retail facilities located within the Park.	

National Monument

Florissant Fossil Beds National Monument	Florissant, CO
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U.S. Forest Service Locations

Arrowhead Lodge Visitor Center	Bellevue, CO
Aspen Ranger District	Aspen, CO
Boulder Ranger District	Boulder, CO
Brush Creek Ranger District	Saratoga, WY
Canyon Lakes Ranger District	Fort Collins, CO
Grand Mesa Visitor Center	Cedaredge, CO
Leadville Ranger District	Leadville, CO
Picket Wire Canyon Ranger District	La Junta, Co
Sopris Ranger District	Carbondale, CO
South Park Ranger District	Fairplay, CO
South Park Ranger District	Wilkerson Pass, CO

Sulphur Ranger District

Granby, CO

Colorado State Park Locations

Colorado River

Clifton, CO

Crawford

Crawford, CO

Eldorado Canyon

Eldorado Springs, CO

Eleven Mile

Lake George, CO

Golden Gate

Golden, CO

Lathrop

Walsenburg, CO

Mueller

Divide, CO

Navajo

Arboles, CO

Southern Regional Office

Colorado Springs, CO

State Forest State Park

Walden, CO

Steamboat Lake

Steamboat Springs, CO

Other

Comanche National Grasslands

Springfield, CO

Nature and Raptor Center

Pueblo, CO

Historic Trails Interpretive Center

Casper, WY

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

The Organization 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.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reported period. Actual results could differ from those estimates.

Cash and Investments

The Board of Directors allows cash and investments to be invested in various accounts at the discretion of the Investment Committee. For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. Investments in marketable securities with readily determinable fair market values are valued at their fair market values in the Statement of Financial Position.

Fair Value Measurements

The Organization follows *Fair Value Measurements* accounting standard which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes 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 the standard are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 other than quoted prices that are observable for the asset or liability;
 - 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's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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 methodologies used for assets measured at fair value.

Money market: The fair value of the money market is based on cost which approximates fair value.

Bonds: Valued at quoted market prices or quoted market prices for similar bonds.

Equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statement of Financial Position.

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents, accounts receivable, contributions receivable, accounts payable and accrued expenses payable, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Accounts Receivable

Receivables are charged to bad debt when they are deemed uncollectible. Management believes all accounts are collectible, accordingly, no provision has been made for allowance for doubtful accounts.

Contributions Receivable

Unconditional contributions receivable are recognized as revenues or gains in the period received, and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional contributions receivable are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management expects that all contributions receivable will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Contributions receivable are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. As of December 31, 2015, there was no material difference between the present value of the contributions receivable and the amount recorded in the financial statements which is at face value.

Inventory

Inventory consisted of books, maps, apparel, etc. Inventory directly tracked by the Point of Sale and Inventory Stock System (items located at the Organization warehouse for the Rocky Mountain National Park (RMNP) locations and the Historic Trails Interpretive Center) are valued at average cost. All other outlets value inventory at the last purchased cost to the outlet unless it is an item transferred from the warehouse, in which case it is valued at average cost. Inventory is presented net of an allowance for obsolete inventory of \$38,188 as of December 31, 2015.

Property and Equipment

The Organization capitalizes all asset purchases with an original cost in excess of \$2,000. Contributed property and equipment is recorded at fair market value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is recorded using the straight-line method over the estimated useful life as follows:

Buildings	27-40 years
Building improvements	7-39 years
Equipment	5-10 years
Vehicles	5 years
Software	3 years

Land Held for Sale

The Organization records land held for sale at market value at the date of purchase using appraisal data and sales history of similar property. The Organization intends to sell or transfer the land to the U.S. Forest Service and National Park Service in the near future.

Custodial Funds Held for Others

The Organization holds funds for other agencies in a custodial capacity. The purpose of the fund and its related expenditures must be made in conformity to the Organization's mission, exclusively for charitable purposes. All disbursement requests are made by agency-designated coordinators or program managers in writing, and then approved by Organization's Executive Director. The Organization provides an accounting of each fund balance to the agencies. The establishment of new accounts over \$10,000 requires Operations Committee approval. Custodial funds are maintained in separate bank and investment accounts and are presented as restricted cash and investments on the Statement of Financial Position.

Revenue Recognition

In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period in which the contribution, pledge, or unconditional promise to give is received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Investment income is shown as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. When a donor restriction expires, that is when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified from temporarily restricted to unrestricted.

Sales revenue is recognized net of discounts and allowances at the time of sale.

Administrative Transfers

The Organization charges a 15% administrative transfer fee on donations to cover administrative and fund raising expenses related to accepting and expending contributed income.

Donated Goods and Services

Certain donated services and goods that meet the criteria for recognition, are reflected in the financial statements at fair market value at the time of the donation.

Employees of affiliated organizations provide donated services in the sales areas and other volunteers also donate significant amounts of time in the areas of secretarial, business consulting and Board of Directors functions. These donated services are not included in the financial statements as they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing various programs and other service activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Advertising Expense

The Organization expenses the cost of advertising as it is incurred. Advertising expenses incurred in 2015 were \$15,257.

Prior-Year Amounts

The financial statements include 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent Events

The Organization has performed an evaluation of subsequent events through June 1, 2016, which is the date the financial statements were available to be issued and considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization.

The Organization follows *Accounting for Uncertainty in Income Taxes* accounting standard, which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate December 31, 2015, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal audits on its Form 990 by taxing authorities for fiscal years ending prior to 2012. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) **Concentrations Of Credit Risk**

The Organization's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2015, the Organization's cash demand deposits exceeded the FDIC limit by approximately \$2,871,000.

(5) **Fair Value Measurements**

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Bonds (By Sector):				
Energy	\$	\$ 56,025	\$	\$ 56,025
Financial		127,601		127,601
Utilities	908,468			908,468
Equities (By Sector):				
Basic Materials	419,397			419,397
Industrial Goods	208,160			208,160
Consumer Goods	726,541			726,541
Energy	226,783			226,783
Financial	2,258,893			2,258,893
Healthcare	2,045,307			2,045,307
Technology	595,266			595,266
Communications	488,719			488,719
Mutual Funds (By Type):				
Income Funds	720,617			720,617
Short Term Bond Fund	829,635			829,635
Total Investments	<u>9,427,786</u>	<u>183,626</u>		<u>9,611,412</u>
Land held for sale			275,000	275,000
Total	<u>\$ 9,427,786</u>	<u>\$ 183,626</u>	<u>\$ 275,000</u>	<u>\$ 9,886,412</u>

The composition of investments above includes \$57,620 of custodial investments held for others, which are presented separately on the Statement of Financial Position.

The changes in investments for which the Organization has used level 3 inputs to determine the fair values are as follows:

Balance, January 1, 2015	\$ 1,257,500
Land sales	(820,000)
Loss on land sales	(162,500)
Balance, December 31, 2015	<u>\$ 275,000</u>

(6) **Contributions Receivable**

Contributions receivable consisted of the following as of December 31, 2015:

Receivables due in less than one year	\$ 536,337
Receivables due in one to five years	150,916
	<u>\$ 687,253</u>

As of December 31, 2015, 27% of contributions receivable is due from one donor.

(7) **Endowments**

The Organization's endowments currently consist of a donor restricted fund of Land Acquisition for Rocky Mountain National Park ("RMNP") for the preservation or restoration of buildings or land protection. In addition, there are board designated endowments for the benefit of RMNP, Next Generation Fund and RMNP Greenhouse. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi-Endowments

The Organization has several endowment funds which have elements of both donor restricted and board designated funds within the endowments. The Organization has defined these funds as quasi-endowments within its financial statements. Quasi-endowment funds are funds functioning as an endowment that were established by the Organization, and will be retained and invested rather than expended. The quasi-endowment must retain the purpose and intent as specified by the donor or Board of Directors, and earnings may be expended only for those purposes. Since the quasi-endowments were established by the Organization's Board of Directors rather than by a donor, the principal may be expended as stipulated by the donor provided the quasi-fund was not created by permanently restricted funds.

Interpretation of Relevant Law

The Organization has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the Organization to maintain the purchasing power of its donor-restricted endowment funds, if any, but only to preserve the donor-restricted endowment absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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 pursuant to 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
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 Organization
7. Investment policies of the Organization

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning Endowment Net Assets	\$ 7,340,751	\$ 1,257,380	\$ 276,982	\$ 8,875,113
Contributions		5,931		5,931
Investment return:				
Interest & dividends, net of fees	37,719	6,240		43,959
Net gain/loss on investments (realized and unrealized)	(59,111)	(10,285)		(69,396)
Total investment return	(21,392)	(4,045)		(25,437)
Appropriation of assets for expenditure		(6,891)		(6,891)
Endowment Net Assets, End of Year	<u>\$ 7,319,359</u>	<u>\$ 1,252,375</u>	<u>\$ 276,982</u>	<u>\$ 8,848,716</u>

As of December 31, 2015, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment net assets	\$	\$ 1,252,375	\$ 276,982	\$ 1,529,357
Board designated endowment net assets	7,319,359			7,319,359
Total Endowments	<u>\$ 7,319,359</u>	<u>\$ 1,252,375</u>	<u>\$ 276,982</u>	<u>\$ 8,848,716</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that may occur after the investment of permanently restricted contributions and appropriation that was deemed prudent by the Board. As of December 31, 2015, no funds had such deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy that attempts to provide funding to programs supported by its endowment. Under this policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to produce results that meet or exceed the market index, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization policy permits spending up to 4% of a rolling three year average of the market value at the end of the prior fiscal year, subject to the limitation that no funds may be spent if such expenditure results in a reduction of asset value of the endowment to an amount less than the total of the original contribution received plus any future additional contributions. Only the accumulated net appreciation and income may be spent.

Variance Power

The Board retains the power and the duty to modify and eliminate any designation, restriction, or condition on the distribution of funds for any specified charitable purposes only if in its sole judgement (without the necessity or approval of any donor, custodian or agent) such designation, restriction or condition becomes in effect unnecessary, undesirable, impractical, incapable of fulfillment or inconsistent with charitable needs of the Organization as stipulated in its mission statement.

(8) Property and Equipment

Property and equipment consisted of the following as of December 31, 2015:

Land	\$ 170,000
Building and improvements	614,455
Equipment	315,366
Vehicles	142,031
Leasehold improvements	25,219
	<u>1,267,071</u>
Less: accumulated depreciation	(583,809)
Net property and equipment	<u><u>\$ 683,262</u></u>

(9) Line Of Credit

The Organization has a line of credit in the amount of \$500,000 with a financial institution at 5% which matures on August 18, 2016. A minimum payment of interest only is due each month. As of December 31, 2015, there was no balance owed on the line of credit. The Organization has granted a security interest in the property at 1895 Fall River Road, Estes Park, CO 80517 in order to obtain the line of credit.

(10) Pension Plan

The Organization adopted a 401(k) profit sharing plan in September 2004. Eligibility requirements include that a participant has been employed with the Organization for at least one year or completed over 1,000 hours of service for the year, and be at least 21 years of age. Participants are 100% vested immediately.

The Organization matches participant contributions 100%, up to 4% of annual salary, and includes a discretionary profit sharing contribution. The Organization incurred \$42,230 in matching contributions for the year ended December 31, 2015.

(11) **Net Assets**

Net assets are designated or restricted for the following purposes:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Savings/Aid Reserve	\$ 600,000	\$	\$
Operating Reserve	600,000		
Greenhouse Quasi-Endowment Fund	310,686		
Land and Historical Preservation			
Quasi-Endowment Fund	123,187	291,200	275,440
Next Generation Quasi-Endowment Fund	6,042,201	296,928	1,500
Legacy Quasi-Endowment Fund	504,505	325,469	42
Sustainability Quasi-Endowment Fund	338,780	338,780	
Next Generation	25,114	14,062	
Trails		245,090	
Cascade Cottages	420,190	1,675,915	
Land Acquisition		11,366	
Bailey Fellowship		27,311	
Olson Fellowship		8,385	
Trail River Ranch		26,087	
RMNP License Plate		510	
Rocky Mountain National Park Funds	974,382	98,829	
Time restriction		184,000	
Total	<u>\$ 9,939,045</u>	<u>\$ 3,543,932</u>	<u>\$ 276,982</u>

Quasi-Endowments

Quasi-endowments are defined as having elements of both donor restricted and board designated funds within the endowments.

(12) **Expenses**

Total expenses incurred are as follows for the year ended December 31, 2015:

Total expenses reported by function	\$ 2,513,447
Cost of goods sold	1,656,805
Total expenses	<u>\$ 4,170,252</u>

(13) Cooperating Association Agreement

The Organization entered into a Cooperating Association Agreement (the “Agreement”) on August 11, 2011, with the National Park Service (“NPS”). The objective of this Agreement is for the Organization and NPS to work together to provide park visitors valuable interpretive and educational materials to facilitate an expanded appreciation of the National Park System. This Agreement dictates that NPS will approve all sales items available for sale at each park. It also states NPS will provide the Organization with a suitable sales area and other facilities to enable the Organization to conduct business. NPS reserves the right to relocate or withdraw any such facilities (upon reasonable notice) in order to meet the needs of NPS. The Organization and NPS also determine jointly the appropriate level of aid that the Organization will provide NPS based upon the nature and extent of the Organization’s activities and the needs of NPS. The Agreement is effective for a period of five years unless it is terminated earlier by one of the parties in accordance with the terms of the Agreement. The Agreement may be renewed for an additional five year period upon written agreement of the parties prior to expiration.

ROCKY MOUNTAIN CONSERVANCY

Supplemental Schedule Of Functional Expenses For The Year Ended December 31, 2015

(With Summarized Comparative Totals for the Year Ended December 31, 2014)

	Educational Product Sales	Comm and Outreach	Membership	Field Institute	Other Agency Support	RMNP Support	Total Program Services	Fundraising	General and Admin	Total Support Services	2015 Total	2014 Total
Aid - direct	\$ 564	\$ 518	\$ 2,332	\$ 6,199	\$ 79,381	\$120,148	\$ 199,529	\$ 35,622	\$	\$ 35,622	\$ 199,529	\$ 152,228
Appeals and marketing Bank, merchant, and investment fees	90,304		2,759	2,259		84,886	180,208	243	9,809	10,052	190,260	166,124
Board expenses	441,225	133,346	68,612	75,456		63,064	781,703	123,033	5,133	5,133	791,971	8,325
Compensation and benefits	11,040	3,600	1,800	30,408			46,848	1,800	216,394	339,427	1,121,130	967,549
Depreciation				36,271		1,675	37,946		7,776	9,576	56,424	46,745
Education honorariums	225	23,106	13,419	477		2,768	39,995	1,126		1,126	37,946	36,385
Events												
Exhibits and facility improvement												17,136
Facilities expense	5,644	1,845	922	8,457		7,679	24,547	868	1,869	2,737	27,284	1,749
Information technology	18,478	6,758	4,698	10,333			40,267	8,305	12,882	21,187	61,454	58,113
Insurance	17,934			10,187		206	28,327		5,961	5,961	34,288	32,069
Legal and professional fees									19,241	19,241	19,241	36,835
Meetings, training, and conferences	4,318	3,226	1,407	3,362		7,501	19,814	502	4,692	5,194	25,008	21,529
Membership premiums			17,583				17,583				17,583	12,858
Miscellaneous	84	5,512	59	47			5,702	1,339	18	1,357	7,059	3,726
Office expense	34,321	5,048	3,570	7,076		17,712	67,727	4,437	11,664	16,101	83,828	88,387
Printing and postage	6,615	12,269	23,251	8,063		27,360	77,558	3,117	782	3,899	81,457	57,548
Program reimbursements				(20,000)		20,000						
Project labor and housing						324,885	324,885				324,885	426,948
Project supplies	62,442					28,350	28,350				28,350	52,257
Sales fulfillment	14,845	176		2,659		18,055	35,735	432	5,650	6,082	41,817	7,699
Vehicle and travel												37,676
Total	\$ 708,039	\$ 195,404	\$ 140,412	\$ 181,254	\$ 79,381	\$ 726,262	\$ 2,030,752	\$ 180,824	\$ 301,871	\$ 482,695	\$ 2,513,447	\$ 2,310,191