ROCKY MOUNTAIN CONSERVANCY

Financial Statements As Of December 31, 2018
(With Summarized Financial Information
As Of December 31, 2017)

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, 2018, 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.

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.

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, 2018, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Reporting on Summarized Comparative Information

We have previously audited the Organization's December 31, 2017, financial statement, and we expressed an unmodified audit opinion on those audited financial statements in out report dated June 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

May 30, 2019

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position
As Of December 31, 2018
(With Summarized Financial Information As Of December 31, 2017)

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Current Assets:				
Cash and cash equivalents	$ 4,290,086	$ 835,434	$ 5,125,520	$ 4,106,742
Investments	7,923,747	1,251,766	9,175,513	10,109,020
Accounts receivable	20,249		20,249	36,178
Contributions receivable		34,005	34,005	29,425
Prepaid expenses	44,734		44,734	24,201
Inventory, net	493,291		493,291	490,508
Total Current Assets	12,772,107	2,121,205	14,893,312	14,796,074
Other Assets:				
Cash and investments held for others	7,928		7,928	13,204
Long-term investments		278,017	278,017	278,017
Assets restricted to investment in land:				
Cash and cash equivalents		13,398	13,398	
Land		500,000	500,000	
Property and equipment, net	680,608		680,608	686,874
TOTAL ASSETS	$ 13,460,643	$ 2,912,620	$ 16,373,263	$ 15,774,169

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

Statement Of Financial Position (Continued)
As Of December 31, 2018
(With Summarized Financial Information As Of December 31, 2017)

LIABILITIES AND NET ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Current Liabilities:				
Accounts payable	$ 97,729	$	$ 97,729	$ 70,598
Accrued aid payable	441,319		441,319	408,995
Accrued expenses payable	152,244		152,244	120,420
Deferred revenue	3,671		3,671	5,167
Total Current Liabilities	694,963	0	694,963	605,180
Long Term Liabilities:				
Custodial funds held for others	7,928		7,928	13,204
Total Liabilities	702,891	0	702,891	618,384
Net Assets:				
Without donor restrictions:				
Undesignated:				
Operating	1,170,491		1,170,491	718,630
Designated:				
Property and equipment	680,608		680,608	686,874
Board designated savings and aid reserve	600,000		600,000	600,000
Board designated operating reserve	600,000		600,000	600,000
Quasi - endowments	7,047,058		7,047,058	7,889,352
Rocky Mountain National Park funds	2,659,595		2,659,595	2,267,609
Total Designated	11,587,261		11,587,261	12,043,835
Total Net Assets Without Donor Restrictions	12,757,752		12,757,752	12,762,465
With donor restrictions:				
Purpose and time restrictions		2,634,603	2,634,603	2,115,303
Perpetual in nature		278,017	278,017	278,017
Total Net Assets With Donor Restrictions		2,912,620	2,912,620	2,393,320
Total Net Assets	12,757,752	2,912,620	15,670,372	15,155,785
TOTAL LIABILITIES AND AND NET ASSETS	$ 13,460,643	$ 2,912,620	$ 16,373,263	$ 15,774,169

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

Statement Of Activities
For The Year Ended December 31, 2018
(With Summarized Financial Information For The Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Operating Activities:				
Revenues And Other Support -				
Sales	$ 4,084,293	$	$ 4,084,293	$ 3,658,913
Cost of goods sold	(1,927,477)		(1,927,477)	(1,737,993)
Gross Profit	2,156,816		2,156,816	1,920,920
Contributions	546,538	474,964	1,021,502	910,434
Membership contributions	146,114		146,114	163,610
In-kind donations	2,660		2,660	2,750
Donation of land		500,000	500,000	
Net investment return appropriated for spending	(21,665)	(296)	(21,961)	
Field Institute income	97,529		97,529	100,827
Other income	128,081		128,081	32,610
Total Revenues, Gains and Other Support	899,257	974,668	4,030,741	3,131,151
Net assets released from restriction:				
Satisfaction of purpose and time restrictions	363,991	(363,991)		
Total Revenues And Other Support	3,420,064	610,677	4,030,741	3,131,151
Expenses:				
Program Services -				
Educational product sales	919,556		919,556	726,027
Communication and outreach	235,538		235,538	189,836
Membership	103,082		103,082	119,731
Field institute	190,976		190,976	206,088
RMNP and Partner support	978,369		978,369	1,183,228
Total Program Services	2,427,521		2,427,521	2,424,910
Supporting Services -				
Fundraising	179,931		179,931	191,673
General and administration	292,068		292,068	340,357
Total Supporting Services	471,999		471,999	532,030
Total Expenses	2,899,520		2,899,520	2,956,940
Changes In Net Asset From Operations	520,544	610,677	1,131,221	174,211
Nonoperating activities:				
Net investment return in excess of amounts appropriated for spending	(525,257)	(91,377)	(616,634)	1,112,964
CHANGES IN NET ASSETS	(4,713)	519,300	514,587	1,287,175
Net Assets, Beginning Of Year	12,762,465	2,393,320	15,155,785	13,868,610
NET ASSETS, END OF YEAR	$ 12,757,752	$ 2,912,620	$ 15,670,372	$ 15,155,785

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

Statement Of Functional Expenses
For The Year Ended December 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	Educational Product Sales	Comm and Outreach	Membership	Field Institute	RMNP and Partner Support	Total Program Services	Fundraising	General and Admin	Total Support Services	2018 Total	2017 Total
Aid - direct	$	$	$	$	$ 197,707	$ 197,707	$	$	$	$ 197,707	$ 207,041
Appeals and marketing	838	79	448	10,066		11,431	1,054		1,054	12,485	15,618
Bank and merchant fees	122,448		2,940	1,137	3,427	129,952	8,885	414	9,299	139,251	142,043
Board expenses								9,697	9,697	9,697	9,470
Compensation and benefits	616,156	185,344	61,056	101,434	132,727	1,096,717	106,591	211,191	317,782	1,414,499	1,233,929
Depreciation	26,548	7,986	2,631	4,370	5,719	47,254	4,593	9,098	13,691	60,945	62,073
Education honorariums				18,804	1,025	19,829				19,829	23,491
Events	20	936	4,186	86	1,520	6,748	67		67	6,815	14,952
Facilities expense	5,868	1,868	1,650	12,655	2,855	24,896	1,650	740	2,390	27,286	32,312
Information technology	45,874	13,946	5,573	13,984	3,767	83,144	12,785	11,252	24,037	107,181	81,928
Insurance	20,093	1,584	573	12,991	1,674	36,915	669	4,614	5,283	42,198	40,439
Legal and professional fees	1,032				1,929	2,961	1,043	19,904	20,947	23,908	41,659
Meetings, training, and conferences	8,056	3,078	2,410	4,649	20,501	38,694	2,677	10,560	13,237	51,931	32,747
Membership premiums			1,420			1,420				1,420	16,718
Miscellaneous	1,134	2,767	104	755	249	5,009		377	377	5,386	3,877
Office expense	40,230	7,319	3,457	7,515	4,903	63,424	16,254	10,462	26,716	90,140	94,768
Printing and postage	5,890	9,924	16,566	9,867	7,197	49,444	23,343	2,386	25,729	75,173	69,852
Program reimbursements				(20,000)	20,000						(4,431)
Project labor and housing				8,580	467,944	476,524				476,524	383,978
Project supplies					85,222	85,222				85,222	403,986
Sales fulfillment	12,860					12,860				12,860	9,650
Land protection					1,704	1,704				1,704	
Vehicle and travel	12,509	707	68	4,083	18,299	35,666	320	1,373	1,693	37,359	40,840
Total	$ 919,556	$ 235,538	$ 103,082	$ 190,976	$ 978,369	$ 2,427,521	$ 179,931	$ 292,068	$ 471,999	$ 2,899,520	$ 2,956,940

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Cash Flows
For The Year Ended December 31, 2018
(With Summarized Financial Information For The Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ 514,587	$1,287,175
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	60,945	62,073
Donation of land	(500,000)	
Unrealized/realized gain in investments	870,810	(1,037,624)
Contributions restricted for long-term purposes		(100)
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	15,929	(10,940)
(Increase) decrease in contributions receivable	(4,580)	574,864
(Increase) decrease in prepaid expenses	(20,533)	7,383
(Increase) in inventory	(2,783)	(35,676)
Increase (decrease) in accounts payable	27,131	(15,649)
Increase in accrued aid payable	32,324	58,502
Increase (decrease) in accrued expenses	31,824	(2,198)
Increase (decrease) in deferred revenue	(1,496)	1,674
Net cash provided by operating activities	1,024,158	889,484
Cash flows from investing activities:		
Purchases of investments	(13,694,952)	(6,247,353)
Purchases of property and equipment	(54,679)	(59,400)
Proceeds from land held for sale		247,000
Sales of investments	13,757,649	
Net cash provided by investing activities	8,018	141,963
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes:		
Land acquisition	(13,398)	
Proceeds from contributions restricted for investment in permanent endowment		100
Net cash provided by (used in) financing activities	(13,398)	100
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,018,778	1,031,547
Cash and Cash Equivalents, Beginning Of Year	4,106,742	3,075,195
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,125,520	$4,106,742

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

(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 by 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 Including East, West, and North locations and various smaller retail facilities located within the Park.	Estes Park and Grand Lake, CO
National Monument	
Florissant Fossil Beds National Monument	Florissant, CO
U.S. Forest Service Locations	
Arrowhead Lodge Visitor Center	Bellevue, 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
Sulphur Ranger District	Granby, CO

Colorado State Park Locations	
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
State Forest	Walden, CO
Steamboat Lake	Steamboat Springs, CO
Other	
Comanche National Grasslands	Springfield, CO
Historic Trails Interpretive Center	Casper, WY
The Old Gallery	Allenspark, CO

(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

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. These net assets may be used at the discretion of the Organization's management and the Board of Directors in accordance with the Organization's agreements with the National Park Service.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and net investment return appropriated for spending. Nonoperating activities are limited to net investment return in excess of amounts appropriated for spending and activities considered to be of a more unusual or nonrecurring nature.

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 except for funds held in the investment portfolio. Investments in marketable securities with readily determinable fair market values are valued at their fair market values in the Statement of Financial Position.

Assets restricted to investment in land

Cash restricted to purchase land has been restricted by donors and is not available for operating purposes. Land was restricted by the donor to be transferred to Rocky Mountain National Park.

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.

Mutual funds: Valued at the published net asset value (NAV) of the shares held at the reporting date.

Investments held by Texas Presbyterian Foundation: Value as reported by Texas Presbyterian Foundation.

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. As of December 31, 2018, all contributions receivable are deemed collectible within one year.

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, 2018, 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, 2018.

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 support without donor restrictions. 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 or donation using appraisal data and sales history of similar property.

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 net assets with donor restrictions. Investment income is shown as an increase or decrease in net assets without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 most donations to cover administrative and fund raising expenses related to accepting and expending certain 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.

Methods Used for Allocation of Expenses from Management and General Activities

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Compensation and benefits	Time and effort
Depreciation	Time and effort
Facilities expense	Square footage
Information technologies	Full-time equivalent
Insurance	Time and effort
Meetings, training, and conferences	Time and effort
Office expense	Full-time equivalent
Printing and postage	Time and effort
Vehicle and Travel	Time and effort

Advertising Expense

The Organization expenses the cost of advertising as it is incurred. Advertising expenses incurred in 2018 were $12,484.

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, 2017, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported changes in net assets.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions

Subsequent Events

The Organization has performed an evaluation of subsequent events through May 30, 2019, 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, 2018, 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 2015. 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 material 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, 2018, the Organization's cash demand deposits exceeded the FDIC limit by approximately $1,700,000. The Organization requires its cash account to exceed the FDIC limit in order to have cash available immediately for inventory purchases, use of undesignated funds, and for operations.

(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, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Investments held by Texas Presbyterian Foundation	$	$	$ 8,578,627	$ 8,578,627
Mutual Funds - Income funds	14,214			14,214
Total Investments	14,214		8,578,627	8,592,841
Land			500,000	500,000
Total	$ 14,214	$	$ 9,078,627	9,092,841
Cash and cash equivalents				868,617
Total				$ 9,961,458

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

Balance, January 1, 2018	$
Purchase of investments	9,600,420
Sales of investments	(286,500)
Total gains or losses (realized and unrealized)	(872,580)
Investment income, net of fees	137,287
Donation of land	500,000
Balance, December 31, 2018	$ 9,078,627

(6) 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 is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. 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, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 7,889,352	$ 1,591,750	$ 9,481,102
Contributions		26,100	26,100
Investment return, net	(555,794)	(92,181)	(647,975)
Appropriation of assets for expenditure	(286,500)	(3,915)	(290,415)
Endowment Net Assets, End of Year	$ 7,047,058	$ 1,521,754	$ 8,568,812

As of December 31, 2018, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment net assets	$	$ 1,521,754	$ 1,521,754
Board designated endowment net assets	7,047,058		7,047,058
Total Endowments	$ 7,047,058	$ 1,521,754	$ 8,568,812

Underwater Funds

As of December 31, 2018, no funds were underwater.

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. During the year ended December 31, 2018, the Organization followed its spending policy.

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.

(7) Property and Equipment

Property and equipment consisted of the following as of December 31, 2018:

Land	$ 170,000
Building and improvements	627,466
Equipment	352,761
Vehicles	242,631
Construction in progress	14,563
Leasehold improvements	34,899
	1,442,320
Less: accumulated depreciation	(761,712)
Net property and equipment	$ 680,608

(8) Line Of Credit

The Organization has a line of credit in the amount of $500,000 with a financial institution at 6.0% which matures on August 18, 2019. A minimum payment of interest only is due each month. As of December 31, 2018, 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.

(9) Retirement 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, 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. In 2018, the discretionary contribution was 4%. The Organization incurred $48,696 in total contributions for the year ended December 31, 2018.

(10) Net Assets

Net assets are designated or restricted for the following purposes as of December 31, 2018:

	Without Donor Restrictions
Designated Net Assets:	
Fixed Assets	$ 680,608
Savings/Aid Reserve	600,000
Operating Reserve	600,000
Greenhouse Quasi-Endowment Fund	292,821
Land and Historical Preservation Quasi-Endowment Fund	114,207
Next Generation Quasi-Endowment Fund	5,813,197
Legacy Quasi-Endowment Fund	528,096
Sustainability Quasi-Endowment Fund	298,737
Land Protection	201,705
Rocky Mountain National Park Funds	2,457,851
Rocky Mountain Conservation Corps	39
Total Net Assets Without Donor Restrictions	$ 11,587,261

	With Donor Restrictions
Subject to Expenditure for Specified Purpose:	
Next Generation Fund	$ 151,863
Trails	243,428
Cascade Cottages	65,318
Land Protection	513,398
Bailey Fellowship	22,535
Trail River Ranch	25,117
RMNP License Plate	134,646
Rocky Mountain National Park Funds	150,299
Rocky Mountain Conservation Corps	40,000
Sister Park Fund	34,262
Total Subject to Expenditure for Specified Purpose	1,380,866
Subject to Passage of Time:	
Time restriction	10,000
Subject to Spending Policy and Appropriation:	
Land and Historical Preservation Quasi-Endowment Fund	305,093
Next Generation Quasi-Endowment Fund	311,120
Legacy Quasi-Endowment Fund	328,786
Sustainability Quasi-Endowment Fund	298,738
Investment in Perpetuity	278,017
Total Subject to Spending Policy and Appropriation	1,521,754
Total Net Assets With Donor Restrictions	$ 2,912,620

Quasi-Endowments

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

(11) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in quasi-endowments and donor restricted endowments that are used solely to support Rocky Mountain National Park and not the operations of the Organization.

Financial assets, at year-end	$	14,355,287
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowments		(1,243,736)
Board designations:		
Quasi-endowment fund, solely for non-operating activity		(7,047,058)
Rocky Mountain National Park support		(2,659,595)
Amounts set aside for liquidity reserve		(600,000)
Financial assets available to meet cash needs for general expenditures within one year	$	2,804,898

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its liquidity reserve, which was $600,000 as of December 31, 2018. This is a fund established by the Governing Board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization also could draw upon $500,000 of available lines of credit (as further discussed in Note 8).

(12) **Expenses**

Total expenses incurred are as follows for the year ended December 31, 2018:

Total expenses reported by function	$ 2,899,520
Cost of goods sold	1,927,477
Total expenses	$ 4,826,997

(13) **Cooperating Association Agreement**

The Organization renewed the Cooperating Association Agreement (the "Agreement") on December 10, 2015, 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.

(14) **Friends Group Agreement**

The Organization renewed the Friends Group Agreement (the "Agreement") on February 24, 2015. The Agreement between the Organization and NPS serves as a memorandum of understanding and is intended to provide a legal and policy framework for the philanthropic work the Organization provides for Rocky Mountain National Park. Both parties of the Agreement are responsible for promoting policies and best practices relating to philanthropy and donor appreciation as expressed within NPS Director's Order #21 and its Reference Manual. Both parties agree to promote this relationship as a way of accomplishing mutual goals pursuant to this Agreement and recognize the partnership as a way of leveraging resources to accomplish philanthropic projects. Both parties agree to submit all materials intended for public distribution and that refer to the partnership or each other, to one another for advance review and approval. Both parties agree the Park Superintendent, or their designee, shall be a non-voting liaison to the Board of the Organization. NPS agrees to publically recognize the Organization as an official park support organization, support the Organization in its endeavors on behalf of NPS, and review proposed donations to ensure they meet NPS needs, requirements, and specifications. The Organization agrees to support the mission of NPS, establish and maintain a collaborative relationship with NPS, be qualified to solicit and accept philanthropic contributions under applicable state and federal laws, and insure that fundraising costs for Identified Projects do not exceed 20% of funds raised with no payment made as commissions or as a percentage of funds raised, and ensure that its Articles of Incorporation and Bylaws are consistent with the terms of this Agreement. 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.

(15) Adoption of Accounting Standards Update 2016-14

The following financial statement line items for the year ended December 31, 2017, were reclassified as a result of the adoption of FASB Accounting Standards Update No. 2014-16, *Presentation of Financial Statements of Not-For-Profit Entities*.

	As Previously Reported	Adoption of ASU No. 2016-14	As Reclassified
Unrestricted net assets	$ 12,762,465	$ (12,762,465)	$
Temporarily restricted net assets	2,115,303	(2,115,303)	
Permanently restricted net assets	278,017	(278,017)	
Net assets without donor restrictions		12,762,465	12,762,465
Net assets with donor restrictions		2,393,320	2,393,320
Total	$ 15,155,785	$	$ 15,155,785

(16) New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Organization for the year ended December 31, 2019. Early application is permitted for the Organization. The Organization is evaluating the effect that ASU No. 2015-14 will have on its financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities* - Revenue Recognition, while exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The new standard is effective for the Organization for the year ended December 31, 2019. Early adoption is permitted. The Organization is evaluating the effect that ASU No. 2018-08 will have on its financial statements and related disclosures.