

ROCKY MOUNTAIN CONSERVANCY

Financial Statements As Of December 31, 2022
(With Summarized Financial Information
As Of December 31, 2021)

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:

Opinion

We have audited the accompanying financial statements of Rocky Mountain Conservancy (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Independent Auditors' Report (Continued)

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Reporting on Summarized Comparative Information

We have previously audited the Organization's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

May 10, 2023

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position

As Of December 31, 2022

(With Summarized Financial Information As Of December 31, 2021)

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ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Current Assets:				
Cash and cash equivalents	\$ 9,119,235	\$ 787,280	\$ 9,906,515	\$ 8,742,562
Investments	781,255	29,734	810,989	930,629
Accounts receivable	69,525		69,525	44,210
Government grants receivable	52,595	30,000	82,595	51,850
Contributions receivable		319,064	319,064	362,874
Due to/(due from)	(175,395)	175,395		
Prepaid expenses	105,064		105,064	71,272
Inventory, net	1,425,304		1,425,304	892,072
Total Current Assets	11,377,583	1,341,473	12,719,056	11,095,469
Other Assets:				
Cash held for others	7,929		7,929	7,928
Long-term contributions receivable		30,000	30,000	60,000
Long-term investments	8,416,345	1,571,567	9,987,912	12,422,413
Assets restricted to investment in land:				
Cash and cash equivalents		39,440	39,440	31,297
Land				500,000
Property and equipment, net	1,193,591		1,193,591	771,705
TOTAL ASSETS	\$ 20,995,448	\$ 2,982,480	\$ 23,977,928	\$ 24,888,812

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position (Continued)

As Of December 31, 2022

(With Summarized Financial Information As Of December 31, 2021)

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LIABILITIES AND NET ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Current Liabilities:				
Accounts payable	\$ 401,780	\$	\$ 401,780	\$ 286,599
Accrued aid payable	599,058		599,058	508,940
Accrued expenses payable	220,497		220,497	192,561
Total Current Liabilities	1,221,335		1,221,335	988,100
Long Term Liabilities:				
Custodial funds held for others	7,928		7,928	7,928
Total Liabilities	1,229,263		1,229,263	996,028
Net Assets:				
Without donor restrictions:				
Undesignated:				
Operating	3,138,114		3,138,114	3,217,965
Designated:				
Property and equipment	1,193,591		1,193,591	771,705
Rocky Terraces	3,008,138		3,008,138	
Board designated savings and aid reserve				100,000
Board designated operating reserve	600,000		600,000	600,000
Quasi - endowments	8,416,345		8,416,345	10,561,063
Rocky Mountain National Park funds	3,409,997		3,409,997	4,756,535
Total Designated	16,628,071		16,628,071	16,789,303
Total Net Assets Without Donor Restrictions	19,766,185		19,766,185	20,007,268
With donor restrictions:				
Purpose and time restrictions		1,410,913	1,410,913	2,024,166
Perpetual in nature		1,571,567	1,571,567	1,861,350
Total Net Assets With Donor Restrictions		2,982,480	2,982,480	3,885,516
Total Net Assets	19,766,185	2,982,480	22,748,665	23,892,784
TOTAL LIABILITIES AND AND NET ASSETS	\$ 20,995,448	\$ 2,982,480	\$ 23,977,928	\$ 24,888,812

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Activities

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Operating Activities:				
Revenues And Other Support -				
Sales	\$ 6,344,448	\$	\$ 6,344,448	\$ 5,433,074
Cost of goods sold	(3,157,441)		(3,157,441)	(2,636,150)
Gross Profit	<u>3,187,007</u>		<u>3,187,007</u>	<u>2,796,924</u>
Contributions	968,043	828,949	1,796,992	2,858,781
Government grants	214,383		214,383	554,119
Membership contributions	199,350		199,350	195,683
Contributions of nonfinancial assets	500,250		500,250	
Net investment return appropriated for spending	422,895	60,144	483,039	515,893
Gain (loss) on disposal of property	238,487		238,487	(194,000)
Field Institute income	5,825		5,825	
Other income	29,336		29,336	141,505
Total Revenues, Gains and Other Support	<u>5,765,576</u>	<u>889,093</u>	<u>6,654,669</u>	<u>6,868,905</u>
Net assets released from restriction:				
Satisfaction of purpose and time restrictions	1,475,477	(1,475,477)		
Total Revenues And Other Support	<u>7,241,053</u>	<u>(586,384)</u>	<u>6,654,669</u>	<u>6,868,905</u>
Expenses:				
Program Services -				
Educational product sales	1,666,969		1,666,969	1,307,883
Communication and outreach	218,513		218,513	190,191
Membership	180,631		180,631	203,074
Field Institute	131,863		131,863	84,454
RMNP and Partner support	2,382,579		2,382,579	1,985,048
Total Program Services	<u>4,580,555</u>		<u>4,580,555</u>	<u>3,770,650</u>
Supporting Services -				
Fundraising	238,474		238,474	260,506
General and administration	436,595		436,595	357,472
Total Supporting Services	<u>675,069</u>		<u>675,069</u>	<u>617,978</u>
Total Expenses	<u>5,255,624</u>		<u>5,255,624</u>	<u>4,388,628</u>
Changes In Net Asset From Operations	1,985,429	(586,384)	1,399,045	2,480,277
Nonoperating activities:				
Net investment return in excess of amounts appropriated for spending	(2,226,512)	(316,652)	(2,543,164)	882,962
CHANGES IN NET ASSETS	<u>(241,083)</u>	<u>(903,036)</u>	<u>(1,144,119)</u>	<u>3,363,239</u>
Net Assets, Beginning Of Year	<u>20,007,268</u>	<u>3,885,516</u>	<u>23,892,784</u>	<u>20,529,545</u>
NET ASSETS, END OF YEAR	<u>\$ 19,766,185</u>	<u>\$ 2,982,480</u>	<u>\$ 22,748,665</u>	<u>\$ 23,892,784</u>

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Functional Expenses

For The Year Ended December 31, 2022

(With Summarized Comparative Totals for the Year Ended December 31, 2021)

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	Educational Product Sales	Comm and Outreach	Membership	Field Institute	RMNP and Partner Support	Total Program Services	Fundraising	General and Admin	Total Support Services	2022 Total	2021 Total
Aid - direct	\$ 242,667	\$	\$	\$	\$ 125	\$ 242,792	\$	\$	\$	\$ 242,792	\$ 188,577
Appeals and marketing		6,034	100	1,216		7,350	4,397		4,397	11,747	12,841
Bank and merchant fees	159,187	2,707	4,750	892	1,397	168,933	7,835	1,488	9,323	178,256	167,053
Board expenses								8,156	8,156	8,156	4,552
Compensation and benefits	1,014,897	142,334	94,594	67,562	444,782	1,764,169	120,943	320,402	441,345	2,205,514	1,785,538
Depreciation	40,377	2,031	1,681	9,910	3,884	57,883	1,681	8,774	10,455	68,338	78,667
Education honorariums				1,583	6,450	8,033				8,033	
Events	321	13,533	1,318		907	16,079				16,079	1,924
Exhibits and facilities improvement					4,341	4,341				4,341	301,423
Facilities expense	35,344	3,471	3,412	6,696	448	49,371	3,413	3,235	6,648	56,019	44,671
Information technology	57,929	12,108	8,848	14,009	10,494	103,388	23,387	17,944	41,331	144,719	137,835
Insurance	42,517	1,186	1,551	13,834	5,487	64,575	2,375	7,227	9,602	74,177	59,395
Land protection					500,000	500,000				500,000	
Legal and professional fees	3,459	3,187	7,202	1,822	6,097	21,767	22,038	46,175	68,213	89,980	42,546
Meetings, training, and conferences	2,585	337	575	3,459	36,683	43,639	1,930	6,208	8,138	51,777	28,200
Membership premiums			26,521			26,521				26,521	17,538
Miscellaneous	1,216			16		1,232	1,000	3,478	4,478	5,710	5,683
Office expense	20,914	6,480	3,537	8,326	4,763	44,020	14,627	10,158	24,785	68,805	69,352
Printing and postage	6,428	25,047	26,300	196	45	58,016	34,138	2,940	37,078	95,094	86,816
Project labor and housing				100	1,009,346	1,009,446				1,009,446	1,040,604
Project supplies					269,726	269,726				269,726	249,602
Sales fulfillment	25,473					25,473				25,473	14,132
Vehicle and travel	13,655	58	242	2,242	77,604	93,801	710	410	1,120	94,921	51,679
Total	\$ 1,666,969	\$ 218,513	\$ 180,631	\$ 131,863	\$ 2,382,579	\$ 4,580,555	\$ 238,474	\$ 436,595	\$ 675,069	\$ 5,255,624	\$ 4,388,628

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Cash Flows

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (1,144,119)	\$ 3,363,239
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	68,338	78,667
(Gain) loss on disposal of property	(238,487)	194,000
Forgiveness of PPP		(554,119)
Contributed property received	(485,000)	
Donation of property	500,000	
Unrealized/realized (gain) loss in investments	2,460,285	(1,004,513)
Inventory obsolescence	9,127	
Contributions restricted for long-term purposes	(14,275)	(30,100)
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(25,315)	40,837
(Increase) in government grants receivable	(30,745)	(51,850)
(Increase) decrease in contributions receivable	73,810	(194,189)
(Increase) in prepaid expenses	(33,792)	(7,975)
(Increase) in inventory	(542,359)	(282,683)
Increase in accounts payable	115,183	145,619
Increase in accrued aid payable	90,118	94,500
Increase in accrued expenses payable	27,936	40,205
Net cash provided by operating activities	<u>830,705</u>	<u>1,831,638</u>
Cash flows from investing activities:		
Purchases of investments	(413,229)	(831,041)
Proceeds from sale of property	717,718	
Purchases of property and equipment	(484,457)	(47,569)
Sales of investments	507,085	924,101
Net cash provided by investing activities	<u>327,117</u>	<u>45,491</u>
Cash flows from financing activities:		
Proceeds from refundable advance - PPP		274,467
Proceeds from contributions to be held in perpetuity	14,275	30,100
Net cash provided by financing activities	<u>14,275</u>	<u>304,567</u>
NET INCREASE IN CASH AND RESTRICTED CASH	1,172,097	2,181,696
Cash and Restricted Cash, Beginning Of Year	<u>8,781,787</u>	<u>6,600,091</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 9,953,884</u>	<u>\$ 8,781,787</u>

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Cash Flows (Continued)

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	<u>2022</u>	<u>2021</u>
Reconciliation of cash and restricted cash reported within the		
Statement of Financial Position that sum to the total of the		
same such amounts in the Statement of Cash Flows.		
Cash and cash equivalents	\$ 9,906,515	\$ 8,742,562
Cash held for others	7,929	7,928
Cash and cash equivalents - restricted	39,440	31,297
	<u>\$ 9,953,884</u>	<u>\$ 8,781,787</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, 2022

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(1) Nature Of The Organization

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, 2006, and 2019, 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 and Grand
Including East, West, and North locations and various smaller retail facilities located within the Park.	Lake, CO

National Monument

Florissant Fossil Beds National Monument	Florissant, CO
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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
Centennial Visitor Center	Centennial, WY
Comanche National Grassland	Springfield, CO
Comanche National Grassland - Picketwire Canyonlands	La Junta, CO
Grand Mesa Visitor Center	Cedaredge, CO
Leadville Ranger District	Leadville, CO
Medicine Bow/Laramie Ranger District	Laramie, WY
Sopris Ranger District	Carbondale, CO
South Park Ranger District	Fairplay, CO
Sulphur Ranger District	Granby, CO

Cash, Restricted 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.

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.

Fixed income, 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.

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 the lower of net realizable value or 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 in the amount of \$42,050 as of December 31, 2022.

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.

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. Contributions received for fixed asset acquisitions are recorded as net assets with donor restrictions. When these resources are used to acquire fixed assets, the Organization reports the resources as having been released from

restriction. Construction in progress is not depreciated until it is placed in service. 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

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 the 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.

Compensated Absences

The Organization accrues for the costs of compensated absences to the extent that the employee’s right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated. The Organization accrues for vacation leave but not sick leave, as such amount cannot be reasonably estimated.

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.

Revenue And Revenue Recognition

The Organization recognizes sales revenue based when the performance obligation the exchange of goods or services is complete, generally at the point of sale. Field Institute income is recognized as the event occurs.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional contributions receivable is received. Unconditional contributions receivable are recorded at net

realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of December 31, 2022, 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. Management expects that all promises to give will be fully collectible; accordingly, there is no allowance for uncollectible contributions receivable.

Conditional contributions receivable with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization records donated land at market value using appraisal data and sales history of similar property.

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.

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.

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:

<u>Expense</u>	<u>Method of Allocation</u>
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

Comparative Financial Information

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, 2021, from which the summarized information was derived.

Subsequent Events

The Organization has performed an evaluation of subsequent events through May 10, 2023, 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) Income Taxes

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.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization is no longer subject to U.S. federal audits on its Form 990 by taxing authorities for years ending prior to 2019. 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, 2022, the Organization's cash demand deposits exceeded the FDIC limit by approximately \$9,213,000. 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) **Contributions Receivable**

As of December 31, 2022, contributions receivable consisted of the following:

Receivables due within one year	\$ 319,064
Receivables due in one to five years	30,000
Total receivables	<u>\$ 349,064</u>

(6) **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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Fixed income				
Corporate bond	\$ 253,021	\$	\$	\$ 253,021
Intermediate core bond	1,059,341			1,059,341
Long-term bond	245,045			245,045
Short-term bond	562,375			562,375
World bond	893,601			893,601
Mutual Funds -				
Foreign large blend	2,859,358			2,859,358
Large blend	4,155,526			4,155,526
Mix tgt all grow	13,524			13,524
Total	<u>\$ 10,041,791</u>	<u>\$</u>	<u>\$</u>	<u>10,041,791</u>
Cash and cash equivalents				757,110
Total				<u>\$ 10,798,901</u>

The valuation technique used to measure the fair value of the Level 3 investments for the donated land was based upon the appraised value as of the date of donation. Management has determined the fair value has not changed relative to the donated land as there is no current intent to sell the land.

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

Balance, January 1, 2022	\$ 12,453,479
Purchase of investments	13,069
Sales of investments	(10,414,852)
Total gains or losses (realized and unrealized)	(2,319,701)
Investment income, net of fees	268,005
Balance, December 31, 2022	<u>\$ 0</u>

(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 is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 UPMIFA 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 UPMIFA 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, and (7) investment policies of the Organization.

Changes In Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 10,561,063	\$ 1,861,350	\$ 12,422,413
Contributions	1,025	14,275	15,300
Investment return, net	(1,824,090)	(255,617)	(2,079,707)
Appropriation of assets for expenditure	(321,653)	(48,440)	(370,093)
Endowment Net Assets, End of Year	<u>\$ 8,416,345</u>	<u>\$ 1,571,568</u>	<u>\$ 9,987,913</u>

As of December 31, 2022, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment net assets	\$	\$ 1,571,568	\$ 1,571,568
Board designated endowment net assets	8,416,345		8,416,345
Total Endowments	<u>\$ 8,416,345</u>	<u>\$ 1,571,568</u>	<u>\$ 9,987,913</u>

Underwater Funds

As of December 31, 2022, 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. Endowments from which no distribution has been made during the previous three consecutive years the distribution in any year shall not exceed 10% of the rolling average; provided, such a distribution may not reduce the market value of the endowment to an amount below the original corpus of that endowment after deducting the proposed distribution. During the year ended December 31, 2022, 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.

(8) **Property And Equipment**

Property and equipment consisted of the following as of December 31, 2022:

Land	\$ 371,108
Building and improvements	481,524
Equipment	205,907
Vehicles	422,544
Leasehold improvements	34,899
Less: accumulated depreciation	(427,354)
Net property and equipment	<u>1,088,628</u>
Construction in progress	104,963
Total property and equipment	<u><u>\$ 1,193,591</u></u>

(9) **Net Assets**

Net assets are designated or restricted for the following purposes as of December 31, 2022:

	<u>Without Donor Restrictions</u>
<u>Designated Net Assets:</u>	
Property and equipment	\$ 1,193,591
Rocky Terraces	3,008,138
Operating reserve	600,000
Greenhouse Quasi-Endowment Fund	347,473
Land and Historical Preservation Quasi-Endowment Fund	222,909
Next Generation Quasi-Endowment Fund	6,870,977
Legacy Quasi-Endowment Fund	667,787
Sustainability Quasi-Endowment Fund	307,199
Rocky Mountain National Park Funds	3,409,997
Total Net Assets Without Donor Restrictions	<u><u>\$ 16,628,071</u></u>
 <u>Subject to Expenditure for Specified Purpose:</u>	
Trails	\$ 295,127
Cascade Cottages	45,542
RMNP Fire fund	56,066
RMNP License plate	352,052
SAR & wilderness education	83,192
Sister park	32,259
Bailey fellowships	9,660
Trail River Ranch	33,500
Sessel family foundation	46,154
Brown foundations fellowship	36,811

Land Protection	39,440
Rocky Mountain National Park Funds	362,213
Total Subject to Expenditure for Specified Purpose	<u>1,392,016</u>
<u>Subject to the passage of time:</u>	
Time restricted contributions	18,896
<u>Subject to Spending Policy and Appropriation:</u>	
Land and Historical Preservation Quasi-Endowment Fund	341,960
Next Generation Quasi-Endowment Fund	268,635
Legacy Quasi-Endowment Fund	295,191
Sustainability Quasi-Endowment Fund	307,376
Investment in Perpetuity	358,406
Total Subject to Spending Policy and Appropriation	<u>1,571,568</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,982,480</u>

Quasi-Endowments

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

(10) 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 2022, the discretionary contribution was 5%. The Organization incurred \$77,090 in total contributions for the year ended December 31, 2022.

(11) Liquidity And Availability Of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2022, 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, as of December 31, 2022	\$ 21,176,600
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor restricted endowments	(1,571,567)
Board designations:	
Quasi-endowment fund, solely for non-operating activity	(7,912,683)
Rocky Mountain National Park support	(2,217,872)
Amounts set aside for operating reserve	<u>(600,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,874,478</u>

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 operating reserve, which was \$600,000 as of December 31, 2022. 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.

(12) Expenses

Total expenses incurred are as follows for the year ended December 31, 2022:

Total expenses reported by function	\$ 5,255,624
Cost of goods sold	<u>3,157,441</u>
Total expenses	<u>\$ 8,413,065</u>

(13) **Contribution Of Nonfinancial Assets**

Gifts-In-Kind

The Organization received gifts-in-kind for the year ended December 31, 2022:

Building and land	\$ 485,000
Project supplies	14,300
Advertising	950
Total gifts-in-kind	<u>\$ 500,250</u>

During the year ended December 31, 2022, the Organization received a donation of a parcel of land with a building that will be used for Field Institute employee housing. The building and land was capitalized based on appraised fair value.

Contributed supplies and advertising was valued using estimated U.S. retail prices (principal market) of identical products or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed project supplies was used to support the RMNP program. Contributed advertising was used to support the communications and outreach program.

All gifts-in-kind received by the Organization for the year ended December 31, 2022, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

(14) **Commitments**

During the year ended December 31, 2022, the Organization entered into a contract for general contractor services in the amount of \$2,850,544. As of December 31, 2022, \$11,810 has been incurred.

(15) **Cooperating Association Agreement**

The Organization renewed the Cooperating Association Agreement (the “Agreement”) on April 19, 2022, 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 ten 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 period, up to ten years, upon written agreement of the parties prior to expiration.

(16) **Friends Group Agreement**

The Organization renewed the Friends Group Agreement (the "Agreement") on November 10, 2020. 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 through 2040 unless it is terminated earlier by one of the parties in accordance with the terms of the Agreement.