

**ROCKY MOUNTAIN CONSERVANCY**

Financial Statements As Of December 31, 2019  
(With Summarized Financial Information  
As Of December 31, 2018)

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, 2019, 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.

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

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Independent Auditors' Report (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Conservancy as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Reporting on Summarized Comparative Information**

We have previously audited the Organization's December 31, 2018, financial statement, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*JDS Professional Group*

October 1, 2020

# ROCKY MOUNTAIN CONSERVANCY

## Statement Of Financial Position

As Of December 31, 2019

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

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<b>ASSETS</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,290,497	\$ 1,054,854	\$ 5,345,351	\$ 5,125,520
Investments	9,321,317	1,465,161	10,786,478	9,175,513
Accounts receivable	31,344		31,344	20,249
Contributions receivable		127,175	127,175	34,005
Due to/(due from)	385,837	(385,837)		
Prepaid expenses	55,476		55,476	44,734
Inventory, net	659,174		659,174	493,291
Total Current Assets	14,743,645	2,261,353	17,004,998	14,893,312
<b>Other Assets:</b>				
Cash and investments held for others	7,928		7,928	7,928
Long-term investments		320,602	320,602	278,017
<b>Assets restricted to investment in land:</b>				
Cash and cash equivalents		13,054	13,054	13,398
Land		500,000	500,000	500,000
Property and equipment, net	722,066		722,066	680,608
<b>TOTAL ASSETS</b>	<b>\$ 15,473,639</b>	<b>\$ 3,095,009</b>	<b>\$ 18,568,648</b>	<b>\$ 16,373,263</b>

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

# ROCKY MOUNTAIN CONSERVANCY

## Statement Of Financial Position (Continued)

As Of December 31, 2019

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

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<b>LIABILITIES AND NET ASSETS</b>	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
<b>Current Liabilities:</b>				
Accounts payable	\$ 124,154	\$	\$ 124,154	\$ 97,729
Accrued aid payable	469,091		469,091	441,319
Accrued expenses payable	139,082		139,082	152,244
Refundable advances	2,180		2,180	3,671
Total Current Liabilities	<u>734,507</u>		<u>734,507</u>	<u>694,963</u>
<b>Long Term Liabilities:</b>				
Custodial funds held for others	7,928		7,928	7,928
Total Liabilities	<u>742,435</u>		<u>742,435</u>	<u>702,891</u>
<b>Net Assets:</b>				
<b>Without donor restrictions:</b>				
<b>Undesignated:</b>				
Operating	1,312,897		1,312,897	1,170,491
<b>Designated:</b>				
Property and equipment	722,066		722,066	680,608
Board designated savings and aid reserve	600,000		600,000	600,000
Board designated operating reserve	600,000		600,000	600,000
Quasi - endowments	8,512,851		8,512,851	7,047,058
Rocky Mountain National Park funds	2,983,390		2,983,390	2,659,595
Total Designated	<u>13,418,307</u>		<u>13,418,307</u>	<u>11,587,261</u>
Total Net Assets Without Donor Restrictions	<u>14,731,204</u>		<u>14,731,204</u>	<u>12,757,752</u>
<b>With donor restrictions:</b>				
Purpose and time restrictions		2,774,407	2,774,407	2,634,603
Perpetual in nature		320,602	320,602	278,017
Total Net Assets With Donor Restrictions		<u>3,095,009</u>	<u>3,095,009</u>	<u>2,912,620</u>
Total Net Assets	<u>14,731,204</u>	<u>3,095,009</u>	<u>17,826,213</u>	<u>15,670,372</u>
<b>TOTAL LIABILITIES AND AND NET ASSETS</b>	<u>\$ 15,473,639</u>	<u>\$ 3,095,009</u>	<u>\$ 18,568,648</u>	<u>\$ 16,373,263</u>

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

# ROCKY MOUNTAIN CONSERVANCY

## Statement Of Activities

For The Year Ended December 31, 2019

(With Summarized Financial Information For The Year Ended December 31, 2018)

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	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
<b>Operating Activities:</b>				
<b>Revenues And Other Support -</b>				
Sales	\$ 4,356,028	\$	\$ 4,356,028	\$ 4,084,293
Cost of goods sold	(2,077,538)		(2,077,538)	(1,927,477)
Gross Profit	2,278,490		2,278,490	2,156,816
Contributions	574,039	778,541	1,352,580	1,021,502
Membership contributions	141,297		141,297	146,114
In-kind donations				2,660
Donation of land				500,000
Net investment return appropriated for spending	5,462	5,702	11,164	(21,961)
Field Institute income	102,855		102,855	97,529
Other income	54,744		54,744	128,081
Total Revenues, Gains and Other Support	3,156,887	784,243	3,941,130	4,030,741
<b>Net assets released from restriction:</b>				
Satisfaction of purpose and time restrictions	847,080	(847,080)		
Total Revenues And Other Support	4,003,967	(62,837)	3,941,130	4,030,741
<b>Expenses:</b>				
<b>Program Services -</b>				
Educational product sales	1,199,749		1,199,749	919,556
Communication and outreach	222,818		222,818	235,538
Membership	133,585		133,585	103,082
Field Institute	244,417		244,417	190,976
RMNP and Partner support	999,972		999,972	978,369
Total Program Services	2,800,541		2,800,541	2,427,521
<b>Supporting Services -</b>				
Fundraising	304,444		304,444	179,931
General and administration	436,652		436,652	292,068
Total Supporting Services	741,096		741,096	471,999
Total Expenses	3,541,637		3,541,637	2,899,520
Changes In Net Asset From Operations	462,330	(62,837)	399,493	1,131,221
<b>Nonoperating activities:</b>				
Net investment return in excess of amounts appropriated for spending	1,511,122	245,226	1,756,348	(616,634)
<b>CHANGES IN NET ASSETS</b>	1,973,452	182,389	2,155,841	514,587
Net Assets, Beginning Of Year	12,757,752	2,912,620	15,670,372	15,155,785
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 14,731,204</b>	<b>\$ 3,095,009</b>	<b>\$ 17,826,213</b>	<b>\$ 15,670,372</b>

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

# ROCKY MOUNTAIN CONSERVANCY

## Statement Of Functional Expenses For The Year Ended December 31, 2019 (With Summarized Comparative Totals for the Year Ended December 31, 2018)

	Educational Product Sales	Comm Outreach	Membership	Field Institute	RMNP and Partner Support	Total Program Services	Fundraising	General and Admin	Total Support Services	2019 Total	2018 Total
Aid - direct	\$ 191,823	\$	\$	\$	\$	\$ 191,823	\$	\$	\$	\$ 191,823	\$ 197,707
Appeals and marketing		399	13	6,088		6,500	9,795	650	10,445	16,945	12,485
Bank and merchant fees	124,798	2,918	4,039	4,259	262	136,276	6,092	354	6,446	142,722	139,251
Board expenses								4,554	4,554	4,554	9,697
Compensation and benefits	689,366	171,224	83,398	109,626	147,480	1,201,094	212,612	334,294	546,906	1,748,000	1,414,499
Depreciation	40,228	2,880	3,474	29,958	1,625	76,540	1,708	1,707	3,415	79,955	60,945
Education honorariums		602	1,832	14,107	2,782	5,216	61		61	15,732	19,829
Events										5,277	6,815
Exhibits and facilities improvement					80,318	80,318				80,318	
Facilities expense	7,051	3,388	3,266	12,059	932	26,696	3,274	1,609	4,883	31,579	27,286
Information technology	38,398	14,865	7,649	14,404	4,042	79,358	19,189	6,293	25,482	104,840	107,181
Insurance	21,621	1,728	607	12,970	1,922	38,848	704	5,035	5,739	44,587	42,198
Legal and professional fees	1,736				2,718	4,454		52,898	52,898	57,352	23,908
Meetings, training, and conferences	5,935	1,652	836	3,405	15,139	26,967	6,883	9,174	16,057	43,024	51,931
Membership premiums			4,004			4,004				4,004	1,420
Miscellaneous	280	887		663	250	2,080	255	8,409	8,664	10,744	5,386
Office expense	39,281	7,773	3,796	7,273	1,986	60,109	16,478	7,619	24,097	84,206	90,140
Printing and postage	10,083	12,873	20,358	11,242	1,612	56,168	26,264	(779)	25,485	81,653	75,173
Program reimbursements											
Project labor and housing				6,521	617,120	623,641		1,920	1,920	625,561	476,524
Project supplies					96,512	96,512				96,512	85,222
Sales fulfillment	15,953					15,953				15,953	12,860
Land protection											1,704
Vehicle and travel	13,196	1,629	313	11,842	25,272	52,252	1,129	2,915	4,044	56,296	37,359
<b>Total</b>	<b>\$ 1,199,749</b>	<b>\$ 222,818</b>	<b>\$ 133,585</b>	<b>\$ 244,417</b>	<b>\$ 999,972</b>	<b>\$ 2,800,541</b>	<b>\$ 304,444</b>	<b>\$ 436,652</b>	<b>\$ 741,096</b>	<b>\$ 3,541,637</b>	<b>\$ 2,899,520</b>

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

# ROCKY MOUNTAIN CONSERVANCY

## Statement Of Cash Flows

For The Year Ended December 31, 2019

(With Summarized Financial Information For The Year Ended December 31, 2018)

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	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 2,155,841	\$ 514,587
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	79,955	60,945
Donation of land		(500,000)
Unrealized/realized gain in investments	(1,376,811)	870,810
Contributions restricted for long-term purposes	(50,100)	
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(9,833)	15,929
(Increase) in contributions receivable	(94,432)	(4,580)
(Increase) in prepaid expenses	(10,742)	(20,533)
(Increase) in inventory	(165,883)	(2,783)
Increase in accounts payable	26,427	27,131
Increase in accrued aid payable	27,772	32,324
Increase (decrease) in accrued expenses payable	(13,162)	31,824
Increase (decrease) in refundable advances	(1,491)	(1,496)
Net cash provided by operating activities	<u>567,541</u>	<u>1,024,158</u>
Cash flows from investing activities:		
Purchases of investments	(363,478)	(13,694,952)
Purchases of property and equipment	(121,413)	(54,679)
Sales of investments	86,737	
Net cash provided by (used in) investing activities	<u>(398,154)</u>	<u>8,018</u>
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes:		
Land acquisition		(13,398)
Proceeds from contributions to be held in perpetuity	50,100	
Net cash provided by (used in) financing activities	<u>50,100</u>	<u>(13,398)</u>
<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	<b>219,487</b>	<b>1,018,778</b>
Cash and Restricted Cash, Beginning Of Year	<u>5,138,918</u>	<u>4,120,140</u>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<b><u>\$ 5,358,405</u></b>	<b><u>\$ 5,138,918</u></b>
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	\$ 5,345,351	\$ 5,125,520
Cash and cash equivalents - restricted	13,054	13,398
	<u>\$ 5,358,405</u>	<u>\$ 5,138,918</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, 2019

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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	Lake, CO
smaller retail facilities located within the Park.	

**National Monument**

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

Arrowhead Lodge Visitor Center	Bellevue, CO
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

# ROCKY MOUNTAIN CONSERVANCY

Notes To Financial Statements (Continued)

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South Park Ranger District	Fairplay, CO
Sulphur Ranger District	Granby, CO
White River National Forest	Glenwood Springs, 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

## **Bureau of Land Management**

National Historic Trails Interpretive Center	Casper, WY
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## **Other**

The Old Gallery	Allenspark, CO
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## (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.

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**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, 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.

### 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.

*Donated land:* Reflected at fair market value at the date of the donation.

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 of \$38,188 as of December 31, 2019.

#### 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. 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

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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 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, 2019, 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

Advertising Expense

The Organization expenses the cost of advertising as it is incurred. Advertising expenses incurred in 2019 were \$16,945.

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, 2018, from which the summarized information was derived.



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### Adoption of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supercede nearly all existing revenue recognition guidance relative to exchange transactions under U.S. GAAP. The Organization adopted the provisions of this guidance on January 1, 2019, using the modified retrospective approach and applied the standard to contracts as of the date of adoption. The adoption did not have a material impact on the Organization’s revenue recognition.

In June 2018, 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 determine whether to account for a transfer of assets as an exchange transaction or contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities -Revenue Recognition*, which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarified how entities determine whether a contribution is conditional or unconditional. The Organization adopted the provisions of this guidance on January 1, 2019, using the prospective approach. The adoption did not have a material impact on the Organization’s revenue recognition.

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18 on Restricted Cash to eliminate inconsistencies in its presentation in the statement of cash flows, thereby reducing the diversity in practice. This ASU amended prior guidance on the presentation of restricted cash and now requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown in the statement of cash flows. The ASU also requires an entity to disclose information about the nature of restricted cash, as well as provide a reconciliation of cash, cash equivalents and restricted cash between the statement of financial position and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended December 31, 2019. As a result, beginning cash and restricted cash as of December 31, 2019 and 2018, was increased from \$5,125,520 to \$5,138,918 and \$4,106,742 to \$4,120,140, respectively.

### Subsequent Events

The Organization has performed an evaluation of subsequent events through October 1, 2020, 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.

During March 2020 and continuing through the opinion date, the global community has been under a significant threat from coronavirus (“COVID-19”). The Organization cannot reasonably determine at this time the impact this will have on operating results. Additionally, the Organization was able to obtain a C.A.R.E.S. Act Paycheck Protection Program loan in the \$279,645. The

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amount of the loan, if any, that will be forgivable has not been determined yet. The interest rate is 1% per year maturing in April 2025.

(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, 2019, 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 years ending prior to 2016. 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, 2019, the Organization's cash demand deposits exceeded the FDIC limit by approximately \$2,730,000. 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Investments held by Texas Presbyterian Foundation	\$	\$	\$10,225,942	\$ 10,225,942
Mutual Funds -				
Income funds	11,337			11,337
Total Investments	11,337		10,225,942	10,237,279
Land			500,000	500,000
Total	<u>\$ 11,337</u>	<u>\$</u>	<u>\$10,725,942</u>	10,737,279
Cash and cash equivalents				869,801
Total				<u>\$ 11,607,080</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, 2019	\$ 9,078,627
Sales of investments	(82,000)
Total gains or losses (realized and unrealized)	1,375,736
Investment income, net of fees	353,579
Balance, December 31, 2019	<u>\$10,725,942</u>

**(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.

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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
7. Investment policies of the Organization

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 7,047,058	\$ 1,521,753	\$ 8,568,811
Contributions		50,100	50,100
Investment return, net	1,469,256	250,928	1,720,184
Appropriation of assets for expenditure	(3,463)	(63,244)	(66,707)
Endowment Net Assets, End of Year	<u>\$ 8,512,851</u>	<u>\$ 1,759,537</u>	<u>\$ 10,272,388</u>

As of December 31, 2019, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment net assets	\$	\$ 1,759,537	\$ 1,759,537
Board designated endowment net assets	8,512,851		8,512,851
Total Endowments	<u>\$ 8,512,851</u>	<u>\$ 1,759,537</u>	<u>\$ 10,272,388</u>

Underwater Funds

As of December 31, 2019, 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, 2019, 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, 2019:

Land	\$ 170,000
Building and improvements	627,466
Equipment	488,737
Vehicles	242,631
Leasehold improvements	34,899
	<u>1,563,733</u>
Less: accumulated depreciation	(841,667)
Net property and equipment	<u><u>\$ 722,066</u></u>

(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, 2020. A minimum payment of interest only is due each month. As of December 31, 2019, 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 2019, the discretionary contribution was 4%. The Organization incurred \$64,403 in total contributions for the year ended December 31, 2019.

(10) **Net Assets**

Net assets are designated or restricted for the following purposes as of December 31, 2019:

<u>Designated Net Assets:</u>	<u>Without Donor Restrictions</u>
Fixed assets	\$ 722,066
Savings/Aid reserve	600,000
Operating reserve	600,000
Greenhouse Quasi-Endowment Fund	347,706
Land and Historical Preservation Quasi-Endowment Fund	192,045
Next Generation Quasi-Endowment Fund	6,979,467
Legacy Quasi-Endowment Fund	631,664
Sustainability Quasi-Endowment Fund	361,969
Rocky Mountain National Park Funds	2,983,390
Total Net Assets Without Donor Restrictions	<u>\$ 13,418,307</u>

# ROCKY MOUNTAIN CONSERVANCY

Notes To Financial Statements (Continued)

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	<u>With Donor Restrictions</u>
<u>Subject to Expenditure for Specified Purpose:</u>	
Trails	\$ 287,381
Cascade Cottages	67,465
Land Protection	500,000
Land acquisition cash	13,053
Bailey Fellowship	7,800
Trail River Ranch	26,052
RMNP license plates	138,943
Rocky Mountain National Park Funds	262,366
Sister Park Fund	32,412
Total Subject to Expenditure for Specified Purpose	<u>1,335,472</u>
<u>Subject to Spending Policy and Appropriation:</u>	
Land and Historical Preservation Quasi-Endowment Fund	366,028
Next Generation Quasi-Endowment Fund	373,537
Legacy Quasi-Endowment Fund	371,030
Sustainability Quasi-Endowment Fund	328,340
Investment in Perpetuity	320,602
Total Subject to Spending Policy and Appropriation	<u>1,759,537</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 3,095,009</u></u>

## Quasi-Endowments

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

### (10) Contributions Receivable

As of December 31, 2019, contributions receivable consisted of the following:

Receivables due within one year	\$ 84,437
Receivables due in one to five years	45,000
Total receivables	<u><u>\$ 129,437</u></u>

### (11) Liquidity And Availability Of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2019, 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.



# ROCKY MOUNTAIN CONSERVANCY

Notes To Financial Statements (Continued)

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Financial assets, as of December 31, 2019	\$ 16,307,370
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor restricted endowments	(1,759,537)
Board designations:	
Quasi-endowment fund, solely for non-operating activity	(8,512,851)
Rocky Mountain National Park support	(2,983,390)
Amounts set aside for liquidity reserve	(600,000)
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,451,592</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 liquidity reserve, which was \$600,000 as of December 31, 2019. 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, 2019:

Total expenses reported by function	\$ 3,541,637
Cost of goods sold	2,077,538
Total expenses	<u>\$ 5,619,175</u>

## (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

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(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 through 2040 unless it is terminated earlier by one of the parties in accordance with the terms of the Agreement.