

ROCKY MOUNTAIN CONSERVANCY

Financial Statements As Of December 31, 2020
(With Summarized Financial Information
As Of December 31, 2019)

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, 2020, 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:

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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, 2020, 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, 2019, financial statement, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

May 13, 2021

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position

As Of December 31, 2020

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

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ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Current Assets:				
Cash and cash equivalents	\$ 5,427,867	\$ 1,151,242	\$ 6,579,109	\$ 5,345,351
Investments	925,064	24,032	949,096	834,692
Accounts receivable	85,047		85,047	31,344
Contributions receivable		138,685	138,685	127,175
Due to/(due from)	190,486	(190,486)		
Prepaid expenses	63,297		63,297	55,476
Inventory, net	609,389		609,389	659,174
Total Current Assets	7,301,150	1,123,473	8,424,623	7,053,212
Other Assets:				
Cash and investments held for others	7,928		7,928	7,928
Long-term contributions receivable		90,000	90,000	
Long-term investments	9,712,143	1,780,350	11,492,493	10,272,388
Assets restricted to investment in land:				
Cash and cash equivalents		13,054	13,054	13,054
Land		500,000	500,000	500,000
Property and equipment, net	996,803		996,803	722,066
TOTAL ASSETS	\$ 18,018,024	\$ 3,506,877	\$ 21,524,901	\$ 18,568,648

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Financial Position (Continued)

As Of December 31, 2020

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

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LIABILITIES AND NET ASSETS	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Current Liabilities:				
Accounts payable	\$ 140,979	\$	\$ 140,979	\$ 124,154
Accrued aid payable	414,440		414,440	469,091
Accrued expenses payable	152,357		152,357	139,082
Refundable advances				2,180
Current portion notes payable	65,800		65,800	
Total Current Liabilities	773,576		773,576	734,507
Long Term Liabilities:				
Notes payable, net of current portion	213,852		213,852	
Custodial funds held for others	7,928		7,928	7,928
Total Liabilities	995,356		995,356	742,435
Net Assets:				
Without donor restrictions:				
Undesignated:				
Operating	1,546,331		1,546,331	1,312,897
Designated:				
Property and equipment	996,803		996,803	722,066
Board designated savings and aid reserve	100,000		100,000	600,000
Board designated operating reserve	600,000		600,000	600,000
Quasi - endowments	9,712,143		9,712,143	8,512,851
Rocky Mountain National Park funds	4,067,391		4,067,391	2,983,390
Total Designated	15,476,337		15,476,337	13,418,307
Total Net Assets Without Donor Restrictions	17,022,668		17,022,668	14,731,204
With donor restrictions:				
Purpose and time restrictions		1,726,527	1,726,527	2,774,407
Perpetual in nature		1,780,350	1,780,350	320,602
Total Net Assets With Donor Restrictions		3,506,877	3,506,877	3,095,009
Total Net Assets	17,022,668	3,506,877	20,529,545	17,826,213
TOTAL LIABILITIES AND AND NET ASSETS	\$ 18,018,024	\$ 3,506,877	\$ 21,524,901	\$ 18,568,648

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Activities

For The Year Ended December 31, 2020

(With Summarized Financial Information For The Year Ended December 31, 2019)

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	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Operating Activities:				
Revenues And Other Support -				
Sales	\$ 2,416,154	\$	\$ 2,416,154	\$ 4,356,028
Cost of goods sold	(1,191,916)		(1,191,916)	(2,077,538)
Gross Profit	1,224,238		1,224,238	2,278,490
Contributions	1,629,916	682,554	2,312,470	1,352,580
Membership contributions	165,762		165,762	141,297
In-kind donation	347,000		347,000	
Net investment return appropriated for spending	3,371	32,495	35,866	11,164
Field Institute income	3,194		3,194	102,855
Other income	142,364		142,364	54,744
Total Revenues, Gains and Other Support	3,515,845	715,049	4,230,894	3,941,130
Net assets released from restriction:				
Satisfaction of purpose and time restrictions	535,770	(535,770)		
Total Revenues And Other Support	4,051,615	179,279	4,230,894	3,941,130
Expenses:				
Program Services -				
Educational product sales	897,346		897,346	1,199,749
Communication and outreach	215,687		215,687	222,818
Membership	125,725		125,725	133,585
Field Institute	133,732		133,732	244,417
RMNP and Partner support	890,230		890,230	999,972
Total Program Services	2,262,720		2,262,720	2,800,541
Supporting Services -				
Fundraising	271,221		271,221	304,444
General and administration	464,093		464,093	436,652
Total Supporting Services	735,314		735,314	741,096
Total Expenses	2,998,034		2,998,034	3,541,637
Changes In Net Asset From Operations	1,053,581	179,279	1,232,860	399,493
Nonoperating activities:				
Net investment return in excess of amounts appropriated for spending	1,237,883	232,589	1,470,472	1,756,348
CHANGES IN NET ASSETS	2,291,464	411,868	2,703,332	2,155,841
Net Assets, Beginning Of Year	14,731,204	3,095,009	17,826,213	15,670,372
NET ASSETS, END OF YEAR	<u>\$ 17,022,668</u>	<u>\$ 3,506,877</u>	<u>\$ 20,529,545</u>	<u>\$ 17,826,213</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, 2020

(With Summarized Comparative Totals for the Year Ended December 31, 2019)

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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	2020 Total	2019 Total
Aid - direct	\$ 26,811	\$	\$	\$	\$	\$ 26,811	\$	\$	\$	\$ 26,811	\$ 191,823
Appeals and marketing		866	435	3,813		5,114	792		792	5,906	16,945
Bank and merchant fees	72,677	3,365	6,088	1,265	409	83,804	12,797	695	13,492	97,296	142,722
Board expenses								6,827	6,827	6,827	4,554
Compensation and benefits	625,270	157,176	65,028	48,924	208,220	1,104,618	189,611	303,212	492,823	1,597,441	1,748,000
Depreciation	47,330	4,928	1,820	28,524		82,602	1,820	1,820	3,640	86,242	79,955
Education honorariums											15,732
Events			929		400	1,329				1,329	5,277
Exhibits and facilities improvement					28,318	28,318		37,675	37,675	65,993	80,318
Facilities expense	7,388	1,551	1,551	10,931	361	21,782	1,551	3,826	5,377	27,159	31,579
Information technology	40,910	18,954	10,373	16,971	3,308	90,516	22,610	7,683	30,293	120,809	104,840
Insurance	30,296	3,301	751	16,289	2,019	52,656	885	5,826	6,711	59,367	44,587
Legal and professional fees	1,104		269	298	4,019	5,690		81,413	81,413	87,103	57,352
Meetings, training, and conferences	1,170	1,431		962	3,262	6,825	356	3,077	3,433	10,258	43,024
Membership premiums			11,375			11,375				11,375	4,004
Miscellaneous	1,076	1,278		236		2,590	246	3,239	3,485	6,075	10,744
Office expense	20,425	7,612	3,564	5,160	4,744	41,505	14,395	7,217	21,612	63,117	84,206
Printing and postage	8,308	14,766	23,213	101	631	47,019	25,677	751	26,428	73,447	81,653
Project labor and housing					432,534	432,534				432,534	625,561
Project supplies					180,764	180,764				180,764	96,512
Sales fulfillment	9,165					9,165				9,165	15,953
Vehicle and travel	5,416	459	329	258	21,241	27,703	481	832	1,313	29,016	56,296
Total	\$ 897,346	\$ 215,687	\$ 125,725	\$ 133,732	\$ 890,230	\$ 2,262,720	\$ 271,221	\$ 464,093	\$ 735,314	\$ 2,998,034	\$ 3,541,637

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

ROCKY MOUNTAIN CONSERVANCY

Statement Of Cash Flows

For The Year Ended December 31, 2020

(With Summarized Financial Information For The Year Ended December 31, 2019)

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	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 2,703,332	\$ 2,155,841
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	86,242	79,955
Donation of land	(342,000)	
Obsolete inventory	(5,266)	
Unrealized/realized gain in investments	(1,148,442)	(1,376,811)
Contributions restricted for long-term purposes	(150)	(50,100)
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(53,703)	(9,833)
(Increase) in contributions receivable	(101,510)	(94,432)
(Increase) in prepaid expenses	(7,821)	(10,742)
(Increase) in inventory	55,051	(165,883)
Increase in accounts payable	16,825	26,427
Increase in accrued aid payable	(54,651)	27,772
Increase (decrease) in accrued expenses payable	13,274	(13,162)
Increase in refundable advances	(2,180)	(1,491)
Net cash provided by operating activities	<u>1,159,001</u>	<u>567,541</u>
Cash flows from investing activities:		
Purchases of investments	(380,030)	(363,478)
Purchases of property and equipment	(18,979)	(121,413)
Sales of investments	193,964	
Net cash (used in) investing activities	<u>(205,045)</u>	<u>(398,154)</u>
Cash flows from financing activities:		
Proceeds from notes payable	279,652	
Proceeds from contributions to be held in perpetuity	150	50,100
Net cash provided by (used in) financing activities	<u>279,802</u>	<u>50,100</u>
NET INCREASE IN CASH AND RESTRICTED CASH	1,233,758	219,487
Cash and Restricted Cash, Beginning Of Year	<u>5,358,405</u>	<u>5,138,918</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 6,592,163</u>	<u>\$ 5,358,405</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	\$ 6,579,109	\$ 5,345,351
Cash and cash equivalents - restricted	13,054	13,054
	<u>\$ 6,592,163</u>	<u>\$ 5,358,405</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, 2020

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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
White River National Forest	Glenwood Springs, CO

Bureau of Land Management
National Historic Trails Interpretive Center

Casper, WY

Other
The Old Gallery

Allenspark, CO

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

Method Of Accounting

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

Basis Of Presentation

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

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

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

Risks And Uncertainties

The global community has been under a significant threat from coronavirus (“COVID-19”). The extent to which the COVID-19 pandemic impacts the Organization’s business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that

has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

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: The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Plan are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at their price. The mutual funds held by the Plan are considered to be actively traded.

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 in the amount of \$32,923 as of December 31, 2020.

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

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, 2020, 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 2020 were \$5,906.

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, 2019, from which the summarized information was derived.

Subsequent Events

The Organization has performed an evaluation of subsequent events through May 13, 2021, 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. Subsequent to the end of the year, the Organization was the recipient of a second PPP loan in the amount of \$274,467.

(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, 2020, 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 2017. 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, 2020, the Organization's cash demand deposits exceeded the FDIC limit by approximately \$3,927,000. 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, 2020, contributions receivable consisted of the following:

Receivables due within one year	\$ 138,685
Receivables due in one to five years	<u>90,000</u>
Total receivables	<u><u>\$ 228,685</u></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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Investments held by Texas Presbyterian Foundation	\$	\$	\$ 11,546,511	\$ 11,546,511
Mutual Funds -				
Income funds	<u>12,227</u>			<u>12,227</u>
Total Investments	<u>12,227</u>		11,546,511	11,558,738
Land			<u>500,000</u>	<u>500,000</u>
Total	<u><u>\$ 12,227</u></u>	<u><u>\$</u></u>	<u><u>\$ 12,046,511</u></u>	12,058,738
Cash and cash equivalents				<u>882,851</u>
Total				<u><u>\$ 12,941,589</u></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, 2020	\$ 10,725,942
Purchase of investments	22,135
Sales of investments	(188,000)
Total gains or losses (realized and unrealized)	1,146,053
Investment income, net of fees	<u>340,381</u>
Balance, December 31, 2020	<u><u>\$ 12,046,511</u></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, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 8,512,851	\$ 1,759,537	\$ 10,272,388
Contributions		150	150
Investment return, net	1,231,511	264,054	1,495,565
Appropriation of assets for expenditure	(32,219)	(243,391)	(275,610)
Endowment Net Assets, End of Year	<u>\$ 9,712,143</u>	<u>\$ 1,780,350</u>	<u>\$ 11,492,493</u>

As of December 31, 2020, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment net assets	\$	\$ 1,780,350	\$ 1,780,350
Board designated endowment net assets	<u>9,712,143</u>		<u>9,712,143</u>
Total Endowments	<u>\$ 9,712,143</u>	<u>\$ 1,780,350</u>	<u>\$ 11,492,493</u>

Underwater Funds

As of December 31, 2020, 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, 2020, 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, 2020:

Land	\$ 316,000
Building and improvements	821,466
Equipment	489,612
Vehicles	242,631
Leasehold improvements	34,899
Less: accumulated depreciation	(927,908)
Net property and equipment	<u>976,700</u>
Construction in progress	20,103
Total property and equipment	<u><u>\$ 996,803</u></u>

(9) **Line Of Credit**

The Organization has a line of credit in the amount of \$500,000 with a financial institution at 4.25% which matures on November 18, 2021. A minimum payment of interest only is due each month. As of December 31, 2020, there was no balance owed on the line of credit. The Organization has granted a security interest in the property at 1895 Fall River Road, Estes Park, CO 80517 in order to obtain the line of credit.

(10) **Notes Payable**

On April 23, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$279,652 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses.

(11) **Net Assets**

Net assets are designated or restricted for the following purposes as of December 31, 2020:

<u>Designated Net Assets:</u>	<u>Without Donor Restrictions</u>
Fixed assets	\$ 996,803
Savings/Aid reserve	100,000
Operating reserve	600,000
Greenhouse Quasi-Endowment Fund	373,729
Land and Historical Preservation Quasi-Endowment Fund	261,239
Next Generation Quasi-Endowment Fund	7,959,200
Legacy Quasi-Endowment Fund	727,434
Sustainability Quasi-Endowment Fund	390,541
Rocky Mountain National Park Funds	4,067,391
Total Net Assets Without Donor Restrictions	<u>\$ 15,476,337</u>

ROCKY MOUNTAIN CONSERVANCY

	<u>With Donor Restrictions</u>
<u>Subject to Expenditure for Specified Purpose:</u>	
Trails	\$ 331,884
Cascade Cottages	65,412
RMNP Fire fund	142,258
RMNP License plate	196,381
Student fellowship	63,750
Brand Land Protection	497,751
Rocky Mountain National Park Funds	429,091
Total Subject to Expenditure for Specified Purpose	<u>1,726,527</u>
<u>Subject to Spending Policy and Appropriation:</u>	
Land and Historical Preservation Quasi-Endowment Fund	397,660
Next Generation Quasi-Endowment Fund	272,622
Legacy Quasi-Endowment Fund	398,840
Sustainability Quasi-Endowment Fund	390,541
Investment in Perpetuity	320,687
Total Subject to Spending Policy and Appropriation	<u>1,780,350</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 3,506,877</u></u>

Quasi-Endowments

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

(12) 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 2020, the discretionary contribution was 2%. The Organization incurred \$40,898 in total contributions for the year ended December 31, 2020.

(13) Liquidity And Availability Of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2020, 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, 2020	\$ 19,013,828
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor restricted endowments	(1,780,350)
Board designations:	
Quasi-endowment fund, solely for non-operating activity	(9,712,143)
Rocky Mountain National Park support	(3,282,487)
Amounts set aside for liquidity reserve	<u>(600,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 3,638,848</u></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, 2020. 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 9).

(14) **Expenses**

Total expenses incurred are as follows for the year ended December 31, 2020:

Total expenses reported by function	\$ 2,998,034
Cost of goods sold	1,191,916
Total expenses	<u><u>\$ 4,189,950</u></u>

(15) **Cooperating Association Agreement**

The Organization renewed the Cooperating Association Agreement (the “Agreement”) on December 10, 2015, with the National Park Service (“NPS”). The objective of this Agreement is for the Organization and NPS to work together to provide park visitors valuable interpretive and educational materials to facilitate an expanded appreciation of the National Park System. This

Agreement dictates that NPS will approve all sales items available for sale at each park. It also states NPS will provide the Organization with a suitable sales area and other facilities to enable the Organization to conduct business. NPS reserves the right to relocate or withdraw any such facilities (upon reasonable notice) in order to meet the needs of NPS. The Organization and NPS also determine jointly the appropriate level of aid that the Organization will provide NPS based upon the nature and extent of the Organization's activities and the needs of NPS. The Agreement is effective for a period of five years unless it is terminated earlier by one of the parties in accordance with the terms of the Agreement. The Agreement may be renewed for an additional five year period upon written agreement of the parties prior to expiration. This agreement was extended for one year on December 15, 2020.

(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.