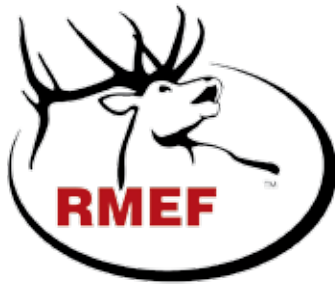




**2009 AUDITED FINANCIAL STATEMENTS**  
**ROCKY MOUNTAIN ELK FOUNDATION, INC.**



**Rocky Mountain Elk Foundation, Inc.  
2009 Audited Financial Statements**

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*Independent Auditors' Report*

*Board of Directors  
Rocky Mountain Elk Foundation, Inc.  
Missoula, Montana*

We have audited the accompanying statement of financial position of Rocky Mountain Elk Foundation, Inc. (RMEF) as of December 31, 2009 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of RMEF's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from RMEF's 2008 audited financial statements and, in our report dated February 18, 2009; we expressed an unqualified opinion on those financial statements.

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 were free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2009, and the changes in its net assets, cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants  
Bellevue, Washington  
February 17, 2010



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Statement of Financial Position

December 31, 2009 (with comparative totals for 2008)

(thousands)

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,420	\$ 4,711
Receivables, net	1,373	2,135
Net unconditional promises to give, current	1,517	673
Inventories	2,231	1,732
Prepaid expenses	741	707
Total current assets	11,282	9,958
Investments	8,467	6,506
Property and equipment, net	26,685	27,965
Long-term receivables, net	166	166
Net unconditional promise to give, long-term	204	625
Conservation land holdings	1,320	2,968
Permanent collections	600	600
Total assets	\$ 48,724	\$ 48,788
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 3,894	\$ 2,398
Deposits, advances, and deferred revenue	1,368	2,485
Operating line of credit	173	2,170
Current portion of planned gift liabilities	150	136
Current portion of long-term debt	190	191
Total current liabilities	5,775	7,380
Planned gift liabilities, net of current portion	1,548	1,530
Long-term debt, net of current portion	4,102	4,293
Total liabilities	11,425	13,203
<b>NET ASSETS</b>		
Unrestricted	12,994	12,012
Temporarily restricted	18,253	17,815
Permanently restricted	6,052	5,758
Total net assets	37,299	35,585
Total liabilities and net assets	\$ 48,724	\$ 48,788

The Notes to the Financial Statements are an integral part of these statements.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Statement of Activities

For the Year Ended December 31, 2009 (with comparative totals for 2008)  
(thousands)

	2009			Total	2008
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>Funds Spent on Mission Accomplishment by Program</b>					
Land protection	\$ 19,909	\$ -	\$ -	\$ 19,909	\$ 39,346
Stewardship	7,343	-	-	7,343	6,378
Conservation education	2,393	-	-	2,393	2,496
Membership services	5,691	-	-	5,691	5,261
Total program expenses	35,336	-	-	35,336	53,481
<b>Source of Funds for Mission Accomplishment</b>					
Public support:					
Contributions	4,767	1,332	305	6,404	4,667
Conservation easements	5,884	-	-	5,884	31,791
Membership	7,061	73	-	7,134	7,546
Special events	22,895	-	-	22,895	26,040
less: direct donor benefits	(15,164)	-	-	(15,164)	(15,819)
Change/revalue planned gift liabilities	(102)	-	(11)	(113)	(107)
Total public support	25,341	1,405	294	27,040	54,118
Program service revenue:					
Conservation land sales	9,017	-	-	9,017	1,094
Contract revenue	1,113	50	-	1,163	516
Government grants	1,648	-	-	1,648	3,872
Total program service revenue	11,778	50	-	11,828	5,482
Other:					
Investment income (loss)	764	870	-	1,634	(2,075)
Advertising, royalties & other sales	2,337	373	-	2,710	2,943
less: cost of sales	(965)	-	-	(965)	(844)
Other income (expense)	173	92	-	265	102
Loss on assets sold/written off	-	-	-	-	(444)
Net assets released from restrictions	2,352	(2,352)	-	-	-
Total other	4,661	(1,017)	-	3,644	(318)
Expenses:					
Support services:					
Fundraising	1,298	-	-	1,298	1,800
Administration	4,164	-	-	4,164	3,970
Total support services	5,462	-	-	5,462	5,770
Funds available for mission accomplishment	36,318	438	294	37,050	53,512
Change in net assets	982	438	294	1,714	31
Net assets, beginning of year	12,012	17,815	5,758	35,585	35,554
Net assets, end of year	\$ 12,994	\$ 18,253	\$ 6,052	\$ 37,299	\$ 35,585

The Notes to the Financial Statements are an integral part of these statements.

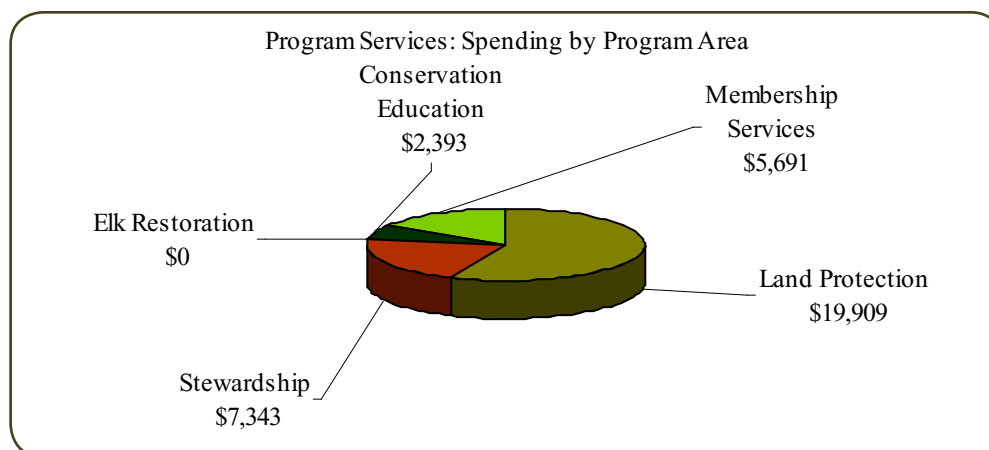


# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Statement of Functional Expenses

For the Year Ended December 31, 2009 (with comparative totals for 2008)  
(thousands)

	SUPPORT SERVICES			DIRECT AND IN-DIRECT COSTS INCLUDED IN COST OF SALES			2009 Total	2008 Total
	Total Program Services	Fundraising	Administrative	Total Support Services	Events	Merchandise		
Advertising	\$ 190	\$ 44	\$ 97	\$ 141	\$ 55	\$ 27	\$ 413	\$ 506
Bad debts	86	180	30	210	-	97	393	77
Depreciation	790	68	169	237	133	27	1,187	1,224
Employee benefits	1,152	119	735	854	177	62	2,245	2,043
Employee salaries	3,873	401	1,790	2,191	599	210	6,873	6,827
Insurance	92	5	18	23	33	2	150	158
Interest	122	7	31	38	97	7	264	312
Membership benefits	1,355	-	-	-	-	-	1,355	1,416
Miscellaneous	332	30	231	261	17	17	627	704
Postage and shipping	1,069	124	123	247	23	27	1,366	1,132
Printing and publications	1,762	110	59	169	6	18	1,955	1,717
Professional fees	778	92	83	175	80	129	1,162	1,000
Rent and maintenance	150	9	71	80	37	6	273	373
Supplies	236	20	72	92	32	6	366	395
Telephone	107	10	84	94	6	4	211	209
Travel and meetings	729	76	557	633	37	20	1,419	1,466
Utilities	127	3	14	17	36	3	183	196
Land protection	8,992	-	-	-	-	-	8,992	4,972
Conservation easements	5,884	-	-	-	-	-	5,884	31,791
Conservation projects	7,510	-	-	-	-	-	7,510	4,255
Cost of sales	-	-	-	-	-	303	303	689
Cost of events	-	-	-	-	13,796	-	13,796	14,452
<b>Total</b>	<b>\$ 35,336</b>	<b>\$ 1,298</b>	<b>\$ 4,164</b>	<b>\$ 5,462</b>	<b>\$ 15,164</b>	<b>\$ 965</b>	<b>\$ 56,927</b>	<b>\$ 75,914</b>



The Notes to the Financial Statements are an integral part of these statements.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Statement of Cash Flows

For the Year Ended December 31, 2009 (with comparative totals for 2008)  
(thousands)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets available for future program services	\$ 1,714	\$ 31
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Donated conservation land	(315)	(130)
Donated equipment/livestock	-	(12)
Cash contributions for headquarters building	-	(10)
Cash contributions restricted for long-term purposes	(767)	(2,300)
Depreciation	1,187	1,224
Loss on assets sold/written-off	-	445
Assets donated	1,495	-
Change in valuation of planned gift liability	113	106
Realized and unrealized (gain) loss on investments	(1,394)	2,403
Changes in operating assets and liabilities:		
Receivables	339	190
Inventories	(499)	(78)
Prepaid expenses	(34)	107
Accounts payable and accrued liabilities	1,496	350
Deposits, advances, and deferred revenue	(1,117)	341
Planned gift liabilities	47	19
Cash provided by (used in) conservation land activities		
Acquisition of conservation properties held for resale	(7,701)	(4,521)
Proceeds from sale of conservation properties	8,760	4,890
Net cash provided by operating activities	3,324	3,055
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment proceeds and income reinvested	2,074	1,311
Investments purchased	(2,641)	(1,684)
Additions to premises, furniture and equipment	(498)	(487)
Net cash used in investing activities	(1,065)	(860)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash contribution for headquarters building	-	10
Cash contributions restricted for long-term purposes	767	2,300
Payments to annuitants on split interest agreements	(128)	(126)
Net payments (advances) on operating line of credit	(1,997)	(1,389)
Payments on long-term debt	(192)	(1,004)
Net cash used in financing activities	(1,550)	(209)
Net increase in cash and cash equivalents	709	1,986
Cash and cash equivalents, beginning of year	4,711	2,725
Cash and cash equivalents, end of year	\$ 5,420	\$ 4,711

The Notes to the Financial Statements are an integral part of these statements.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 1. Organization and nature of activities

The Rocky Mountain Elk Foundation, Inc. (RMEF) is a national nonprofit, wildlife conservation organization. RMEF's mission is to ensure the future of elk, other wildlife and their habitat by protecting, conserving, restoring, and enhancing natural habitat.

Contributions to RMEF qualify for the charitable contribution deduction under Section 170(b)(1)(A). RMEF has been classified as an organization other than a private foundation under Section 509(a)(2).

RMEF's primary sources of revenue are contributions from the public (including gifts of land), investment income, and government grants. These resources are used to fund prioritized programs. RMEF has approximately 500 individual chapters nationwide that perform conservation projects and various fundraising activities.

In 2002, RMEF received a significant contribution of the Double H Ranch located in New Mexico. RMEF created a subordinate organization, the Rocky Mountain Elk Foundation's Torstenson Family Wildlife Center, Inc. (TWC), to hold the Double H Ranch. TWC, being a subordinate organization, fell under RMEF's group exemption letter ruling. Effective December 31, 2008, the TWC was merged with, and into, RMEF. These statements include the activity of TWC.

### 2. Summary of significant accounting policies

#### Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to RMEF's interest in a charitable remainder unitrust and the allowance for adjustments of receivables and uncollectible amounts. RMEF's interest in a charitable remainder unitrust has been reported at its original value in the absence of complete investment values for the trust. RMEF's interest in this trust was reported at its original value as of October 20, 2000. Investments held in this trust were valued at that date at \$200 with RMEF's interest calculated to be \$166.

Management has provided a reserve for error and adjustment of accounts receivable from chapters for event activity based on its historical analysis of events. For the years ended December 31, 2009 and 2008 the allowance provided was \$76 and \$65, respectively, based on a percentage of net event proceeds.

#### Classification of net assets

RMEF's net assets have been grouped into the following three classes:

- Permanently restricted net assets – Consists of endowment gifts where donors have specified investment in perpetuity to generate income for specified restricted or unrestricted purposes.
- Temporarily restricted net assets – Contributions and other inflows of assets whose use by RMEF is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of RMEF, such as usage for specific programs.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

- Unrestricted net assets – Revenues whose use by RMEF is not limited to donor-imposed restrictions.

### Cash and cash equivalents

For purposes of the statement of cash flows, RMEF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, including repurchase agreements.

Cash and temporary investments at December 31 consist of the following:

	2009	2008
Cash in savings, checking, and money market accounts	\$ 4,288	\$ 3,103
Cash and cash equivalents held by investment managers	1,132	1,608
	<u>\$ 5,420</u>	<u>\$ 4,711</u>

### Comparative totals

The financial information includes 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 accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with RMEF's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

### Concentration of credit risk

At December 31, 2009 and 2008, bank demand deposits included \$3,599 and \$2,354, respectively that were in excess of FDIC insurance coverage.

RMEF invests its excess cash and cash equivalents in repurchase agreements which are collateralized through pooled U.S. Treasury securities pledged by the financial institution and not held in RMEF's name.

### Conservation easements

RMEF's policy for conservation easements presumes that the benefits of conservation easements flow through to the general public. Conservation easements are recorded as revenue and program expense in the year the appraised value is made available. Contributed conservation easements are recorded at estimated value when an appraisal is not available.

At December 31, 2009 RMEF held 162 conservation easements on a total of 225,978 acres of habitat. At December 31, 2008 RMEF held 146 conservation easements on a total of 220,514 acres of habitat.

### Contributions

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by RMEF. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that sufficiently limit the use of the donated assets.

When a donor restriction expires, through the passage of time or when the purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the statements of activities as net assets released from restrictions.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### Contracts and grants

RMEF receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs or land purchases. Conditional grant awards are classified as refundable advances until expended for the purpose of the grant or other conditions are satisfied.

### Donated services

A substantial number of volunteers have donated significant amounts of time for program services and supporting activities. The value of these contributions is not included in the accompanying financial statements as they typically do not meet the criteria for recognition in accordance with generally accepted accounting principles.

Services requiring specialized skills, or which create or enhance non-financial assets (primarily property or other assets) and would typically need to be purchased if not provided by donation are recorded. Contributed services recorded were estimated at \$0 for the years ended December 31, 2009 and 2008.

### Functional allocation of expenses

The costs of providing the various programs and activities are summarized on a functional basis. Accordingly, certain costs have been allocated among programs and services benefited.

- Land Protection represents conservation and protection activities through land and easement acquisitions.
- Stewardship represents habitat restoration and enhancement projects.
- Elk Restoration represents projects to reintroduce wild free-ranging elk into historic ranges through feasibility studies, elk releases and educational programs.
- Conservation Education represents conservation education programs to enhance the public's understanding of wildlife habitat and man's impact on it, and to promote conservation ethics.
- Membership Services represents services provided to approximately 150,000 members through Bugle magazine, membership premiums, educational membership materials, habitat protection and conservation brochures, and member educational components of special events.

### Fundraising and advertising costs

RMEF expenses the costs of fundraising and advertising as incurred.

### Income taxes

RMEF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, net income from certain activities (advertising, certain inventory sales and certain other items) not directly related to RMEF's tax-exempt purpose is subject to taxation as unrelated business income. Taxes related to these activities were not significant for the years ended December 31, 2009 and 2008.

### Investments

Investments are reported at fair value based on quoted market prices. Interest, dividends, and realized and unrealized gains and losses are included in investment income.

### Inventories

Inventories consist of apparel and gift items, firearms, works of art, books, and other miscellaneous items which are available for sale. Inventories are valued at the lower of standard cost or market.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### Membership benefits

RMEF provides a variety of gifts to its members in appreciation of their support. Items vary with classes of membership, including an annual subscription to *Bugle-Elk Country and the Hunt*, decals, hats, lapel pins, personalized plaques and jackets. These direct and associated costs are reported separately in the statement of functional expenses.

### Prepaid expenses

Expenses relating to RMEF's annual convention are classified as prepaid expenses until the convention's occurrence. The annual convention is generally held in February or March of the following year.

### Properties held for conservation resale

Parcels which are held for resale to a conservation buyer, who will maintain and protect the property as habitat for elk and other wildlife, are recorded at fair market value as of the date of donation, or original cost if purchased. The proceeds upon sale or transfer of these properties are recorded as revenue and the related cost is accounted for as land protection expense. The cost of purchase options and other acquisition costs are expensed as incurred.

RMEF engages in certain transactions whereby conservation properties are exchanged for more desirable parcels. These noncash transactions are recorded as revenue and program expense in the year of the exchange based on the carrying value of the exchanged property. The acquired parcel is carried at the same value as the exchanged parcel.

### Property and equipment

Premises, furniture, and equipment are recorded at cost or fair market value if donated. Depreciation is provided for furniture and equipment using the straight-line method over a period of 3-15 years. Buildings and related improvements are depreciated using the straight-line method over 10 - 40 years. Maintenance and repairs are charged to expense as incurred.

### Permanent collections

Permanent collections consist of artwork, mounts, historical objects, and other items of continuing value and interest. These items are recorded at fair market value as of the date of donation, or original cost if purchased, and are not amortized.

### Planned gift liabilities

Various planned giving instruments commit RMEF to future payments to designated beneficiaries as part of the contribution. The following summarizes the types of planned giving instruments and associated liabilities carried by RMEF:

- **Charitable gift annuities:**  
Charitable gift annuities require periodic scheduled payments at a fixed rate specified in the contract to a designated beneficiary over the beneficiary's lifetime, with payments commencing upon contribution. The payment is based on the value of the assets at the date of donation.
- **Deferred gift annuities:**  
Deferred gift annuities are similar to charitable gift annuities but delay the start of the periodic scheduled payments to a future date. The financial statements include a liability representing the present value of the payments required by those contracts over the beneficiaries' expected lives as determined by mortality tables using discount rates established at the time of the gift.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

- **Charitable remainder unitrust:**

RMEF has been designated as the recipient of an irrevocable charitable remainder unitrust for which RMEF is not the trustee. Generally accepted accounting principles require the recipient to report its estimated interest at the fair value of the donated assets less the present value of the payment obligation to the beneficiary. RMEF has been unable to determine the fair value of the related assets for the agreement and has therefore continued to report its interest at the net value of the contribution at the date of donation.

- **Gift subject to life estate interest:**

During the year ended December 31, 2004, a donor established a life estate agreement naming RMEF as the beneficiary of the donor's conservation property in Wyoming. Under the terms of the agreement, the donor will continue to have access to the property as long as the donor is living. At the time of the donor's death, the gift will become unrestricted. The asset's market value of \$560 and a corresponding liability of \$371 were recorded. The liability is adjusted based on the donor's life expectancy.

RMEF maintains sufficient investments to fund the estimated future liability of its planned gifts. The gift annuity reserves must meet the requirements of various states, including Washington, which requires an actuarially determined reserve level, plus a 10% surplus amount. This requirement is detailed by Washington in RCW 48.38.020. At December 31, 2009 and 2008, RMEF maintained approximately \$1,971 and \$1,940, respectively, of investments related to split-interest agreements. The invested balance exceeded the reserve requirement for both years.

### Reclassifications

Certain amounts on the 2008 financial statements have been reclassified to conform to the 2009 presentation. Such reclassifications had no effect on the change in net assets or net asset balances as previously reported.

### Revenue recognition

Annual membership dues are deferred when received and recognized as revenue using the straight-line method over the applicable membership benefits period. Life membership contributions are recognized as revenue in the period committed or paid. Costs in connection with the procurement of memberships are charged to expense when incurred.

Registration and other receipts related to fundraising events are not recognized as revenue until the event occurs.

Donations of merchandise and artwork for the annual conventions are recorded as revenue at the time of the convention event.

RMEF raises funds to support its conservation mission through fund-raising events in communities throughout the United States. RMEF volunteers hosted over 700 grassroots fund-raising events, such as member and sponsor banquets, shooting and fishing tournaments, and golf outings. Chapters are chartered by RMEF and generally operate as unincorporated associations to support RMEF in the local community. Local chapters remit proceeds of these events (net of direct expenses incurred by the chapter in sponsoring and conducting the event) to RMEF, and provide reports of receipts and direct expenses. Because the financial transactions of local committees are controlled by the volunteers, net amounts remitted to RMEF are recorded as event receivables in the statement of financial position and net proceeds from committee events in the accompanying statement of activities.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### Trade receivables

Trade receivables are stated at face amount. RMEF provides an allowance for doubtful accounts generally based on historical losses. Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Customer account balances with invoices dated over 30 days old are considered delinquent.

### Funds that support the Permanent Land Protection Program

- The Conservation Easement Protection Fund was established to support RMEF's conservation easement program. When RMEF accepts a conservation easement, it takes on the obligation to monitor and defend that easement in perpetuity. RMEF treats donations to the fund as temporarily restricted net assets. Interest and gains/losses on investments are classified as unrestricted net assets. Distributions from the fund to cover monitoring costs or to legally defend an easement release temporary restricted net assets.
- The Strategic Land Protection Fund was established to provide active capital for completing permanent land protection projects. Donations to the fund and gains on land transactions are treated as either unrestricted or temporarily restricted net assets based on donor intentions. Use of the fund for land projects and associated project costs release temporarily restricted net assets. Interest and gains/losses on investments are classified as unrestricted net assets.

### Subsequent events

RMEF has evaluated subsequent events through February 17, 2010, which the financial statements were available to be issued.

## 3. Unconditional promises to give

RMEF has elected to measure unconditional promises to give at fair value. Unconditional promises to give are discounted using the Wall Street Journal Prime Rate as of the financial statement date (3.25%). Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions. An allowance is made for uncollectible pledges based upon management's judgment, analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

As of December 31, unconditional promises to give were as follows:

	2009	2008
Receivable in less than one year	\$ 1,517	\$ 673
Receivable in one to five years	327	826
Total	1,844	1,499
Less:		
Unamortized discount	(25)	(65)
Allowance for uncollectible pledges	(98)	(136)
Net unconditional promises to give	1,721	1,298
Less long-term portion	(204)	(625)
Net unconditional promises to give, current	\$ 1,517	\$ 673



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 4. Receivables - other than promises to give

- **Trade, advertising, and royalties** - An allowance is made for uncollectible receivables based upon management's judgment, analysis of the creditworthiness of the company or individual, past collection experience, and other relevant factors.
- **Membership dues** - An allowance is made for uncollectible dues based upon management's judgment, past collection experience, and other relevant factors.
- **Grants** - grant awards consist of grants awarded for various habitat projects. In accordance with generally accepted accounting principles, RMEF does not record conditional promises to give until the conditions are satisfied. No allowance is considered necessary for uncollectible grants based on prior collection experience.
- **Related parties, chapters** - Management has provided a reserve for error and adjustment of amounts receivable from chapters for event activity based on its historical analysis of events and other relevant factors.
- **Charitable remainder trust** - RMEF has been unable to determine the fair value of the related assets for the agreement and has therefore continued to report its interest at the net value of the contribution at the date of donation.

As of December 31, receivables, other than promises to give, were as follows:

	2009	2008
Accounts receivable:		
Trade, advertising, and royalties	\$ 129	\$ 413
Membership	260	237
Grants	788	435
Related parties:		
Chapters (net of reserve of \$76 and \$65)	332	1,117
Employee	12	35
RMEF - Canada	4	-
Interest in charitable remainder trust	166	166
	1,691	2,403
Less allowance for doubtful accounts	(152)	(102)
Total accounts receivable, net	1,539	2,301
Less long-term portion	(166)	(166)
Current portion	\$ 1,373	\$ 2,135



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 5. Investments

Investments are carried at fair value and are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<b>2009:</b> U.S. debt securities	\$ 551	\$ 574	\$ 23
Corporate bond funds	2,026	2,130	104
Stocks	1,305	1,521	216
Mutual equity funds	4,319	4,242	(77)
Total	\$ 8,201	\$ 8,467	\$ 266
<b>2008:</b> U.S. debt securities	\$ 398	\$ 499	\$ 101
Corporate bond funds	2,165	2,301	136
Stocks	1,539	1,877	338
Mutual equity funds	3,684	1,736	(1,948)
REIT	143	93	(50)
Total	\$ 7,929	\$ 6,506	\$ (1,423)

At December 31, 2009, all debt securities had contractual maturities of five years or less. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

Earnings on cash and investment securities consist of the following:

	2009	2008
Net realized and unrealized gains (losses)	\$ 1,394	\$ (2,403)
Interest and dividends on investments	223	286
Total return (loss) on investments	1,617	(2,117)
Interest on cash accounts	17	42
Total return (loss) on cash and investments	\$ 1,634	\$ (2,075)

### 6. Property and equipment

Property and equipment consist of the following:

	2009	2008
Land	\$ 13,457	\$ 13,457
Buildings and improvements	13,015	14,542
Furniture and equipment	8,584	6,899
	35,056	34,898
Less allowances for depreciation	(8,375)	(7,259)
	26,681	27,639
Construction and assets in progress	4	326
	\$ 26,685	\$ 27,965

Depreciation expense totaled \$1,187 and \$1,224 in 2009 and 2008, respectively.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

At December 31, 2009, assets in progress consisted of costs related to an incomplete software installation of \$4. At December 31, 2008, construction in progress consisted of pre-construction expenses related to the planned visitor center in Pennsylvania of \$326.

## 7. Conservation land holdings

Properties held for conservation resale and conservation land holdings totaled \$1,320 at December 31, 2009 and \$2,968 at December 31, 2008. Management believes the carrying value of properties held for resale does not exceed the amount expected upon sale. During the year ended December 31, 2008, RMEF recorded an impairment loss on conservation land holdings of \$444.

## 8. Long-term debt and capital lease

Long-term debt and capital lease obligations consist of the following at December 31:

	2009	2008
Economic Development Revenue Note, Series 2006, due September 2024, semi-annual payments of \$216, including interest at 5.79% for construction of new headquarters building; secured by building and certain other equipment	\$ 4,283	\$ 4,459
Note payable, GMAC, payable in 36 monthly installments of \$1, including interest at 4.90% through December of 2009; secured by vehicle	-	13
Capital lease, NMHG Financial, due January 2012, monthly lease payments of \$1, including interest at 8.06% for Hyster 40FTS forklift; secured by forklift	9	12
<b>Total</b>	<b>4,292</b>	<b>4,484</b>
Less: current portion	(190)	(191)
<b>Total long-term portion</b>	<b>\$ 4,102</b>	<b>\$ 4,293</b>

The aggregate annual maturities of long-term debt and capital leases as of December 31, 2009, are as follows:

	Capital Lease	Long-term Debt	Total
2010	\$ 4	\$ 186	\$ 190
2011	6	197	203
2012	-	208	208
2013	-	221	221
2014	-	233	233
Thereafter	-	3,238	3,238
	10	4,283	4,293
Amount representing interest	(1)	-	(1)
	\$ 9	\$ 4,283	\$ 4,292



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

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Interest incurred on long-term debt amounted to \$254 and \$275, for the years ended December 31, 2009 and 2008, respectively, of which \$254 and \$275, respectively, was expensed. No interest was capitalized in 2009 or 2008.

## 9. Planned gift liabilities

The liability for each type of planned gift described in Note 2 changes each year with receipt of new gifts, payments under contracts, change in trust asset values, and the change in the present value of required payments to beneficiaries. The present value of the estimated future payments was calculated using discount rates at the date of gift and applicable mortality tables. The following summarizes the change in planned gift liabilities for the years ended December 31, 2008 and 2009:

	Charitable and Deferred Gift Annuities Life	Gift Subject to Estate	Total
Estimated present value of liability at January 1, 2008	\$ 1,282	\$ 385	\$ 1,667
Increase in estimated present value of liability from contributions	19	-	19
Decrease in estimated present value due to payment to beneficiaries	(126)	-	(126)
Change in estimated present value from revaluation	113	(7)	106
Estimated present value of liability at December 31, 2008	1,288	378	1,666
Less estimated current portion	(128)	(8)	(136)
Total long-term portion	\$ 1,160	\$ 370	\$ 1,530
Estimated present value of liability at January 1, 2009	\$ 1,288	\$ 378	\$ 1,666
Increase in estimated present value of liability from contributions	47	-	47
Decrease in estimated present value due to payment to beneficiaries	(128)	-	(128)
Change in estimated present value from revaluation	120	(7)	113
Estimated present value of liability at December 31, 2009	1,327	371	1,698
Less estimated current portion	(141)	(9)	(150)
Total long-term portion	\$ 1,186	\$ 362	\$ 1,548

RMEF complied with state minimum reserve requirements related to its planned gift liabilities in 2009 and 2008.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 10. Net assets

At December 31 net assets consist of the following:

	2009	2008
Unrestricted	\$ 12,994	\$ 12,012
Temporarily restricted		
Torstenson Wildlife Center	12,981	12,873
Land acquisition and other conservation projects	3,294	3,186
Time restricted for periods after December 31	1,978	1,756
<hr/> Total	<hr/> 18,253	<hr/> 17,815
Permanently restricted		
Annuities	230	226
Endowment	5,822	5,532
<hr/> Total	<hr/> 6,052	<hr/> 5,758
<hr/> Total	<hr/> \$ 37,299	<hr/> \$ 35,585

During 2009 and 2008, temporarily restricted net assets were released from restrictions as follows:

	2009	2008
Expiration of time restrictions	\$ 955	\$ 386
Fullfillment of purpose restrictions	1,397	3,108
<hr/> Total	<hr/> \$ 2,352	<hr/> \$ 3,494

### 11. Retirement plans

RMEF has a noncontributory defined contribution retirement plan under IRC Section 401(a) that covers all employees over age 18 who are not classified as student assistants or student interns. RMEF contributed an amount equal to 5% of eligible compensation up to the maximum deductible amount allowed by the Internal Revenue Code. Vesting is immediate for employer contributions. Employees can also elect to make voluntary contributions to a tax sheltered annuity plan under IRC Section 403(b), and RMEF contributed 3% of eligible compensation. Vesting is immediate for employee voluntary contributions and RMEF's contributions.

RMEF's total contributions under the plans for the year ending December 31, 2009 and 2008 were \$518 and \$520, respectively.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 12. Related parties

RMEF provides membership services to an affiliate, Rocky Mountain Elk Foundation Canada (RMEF-C). Membership revenue generated through RMEF-C totaled \$8 and \$12 at December 31, 2009 and 2008, respectively. RMEF paid \$4 during 2009 and \$6 during 2008 in direct expenses that will be reimbursed by the affiliate. At December 31, 2009 and 2008, accounts receivable from the affiliate totaled \$3 and \$0, respectively, for these operating transactions.

RMEF collects membership revenue and pays direct expenses for RMEF-C and is reimbursed from RMEF-C on a quarterly basis.

### 13. Commitments

- **Project commitments** - RMEF has entered into various commitments with federal and state agencies and other conservation organizations to fund habitat protection, habitat improvement, and education projects. Generally, the commitments are cancelable with 30 to 60 days of advanced notice. These commitments totaled approximately \$1,857 and \$2,170 at December 31, 2009 and 2008, respectively.
- **Refundable grant advances** - Refundable grant advances consist of advances received for conditional grants not yet expended for the grantor-specified purpose. At December 31, 2009 and 2008 refundable grant advances from foundations totaled \$89 and \$1,292.
- **Operating line of credit** - RMEF maintains the following line of credit:

	2009	2008
\$6,000 line of credit at prime rate (3.25%) at December 31, 2009 and prime rate minus 1.00% (2.25%) at December 31, 2008, expires September 30, 2010 and 2009, respectively; secured by certain investment accounts, accounts receivable, equipment, inventory, and a second position on headquarter property	\$ 173	\$ 2,170

**Self insurance** - RMEF has established a plan to act as a self-insurer, up to a set deductible amount, for its employee health insurance program. The annual aggregate attachment point of RMEF under this self insurance program was approximately \$1,349 and \$1,364 for the year ended December 31, 2009 and 2008, respectively, with a stop loss of \$50 and \$45 per insured individual, respectively. This estimate would be RMEF's actual liability only if all participants claimed the full amount of available benefits for health costs in a one-year period. Losses and claims are expensed when they are funded to a Claims Payment Account based on estimated claims incurred and covered by the plan. In 2009 and 2008, the amount of premiums and claims paid were \$1,265 and \$1,187, respectively. At December 31, 2009 and 2008, the cash balance of the reserve account was \$203 and \$131, respectively, and represents RMEF's estimate of net claims incurred but not paid.

**Lease commitments** - RMEF is obligated under various cancelable operating lease agreements for equipment and various Torstenson Wildlife Center (TWC) operations.



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### 14. Endowment funds

RMEF's endowment consists of five individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of relevant law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RMEF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RMEF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, RMEF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of RMEF and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of RMEF
- The investment policies of RMEF

#### Endowment Net Asset Composition by Type of Fund as of December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment				
General Endowment	\$ -	\$ 150	\$ 1,360	\$ 1,510
TWC Endowment	-	571	4,359	4,930
Conservation Easement Protection Fund	208	980	-	1,188
Strategic Land Protection Fund	1,980	1,099	-	3,079
Endowment cash balance, end of year	\$ 2,188	\$ 2,800	\$ 5,719	\$ 10,707



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

### Changes in Endowment Net Assets for the Year End December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 148	\$ 2,370	\$ 5,532	\$ 8,050
Investment return				
Interest and dividends	36	156	-	192
Net appreciation	406	730	-	1,136
Fees	(2)	(16)	-	(18)
Total endowment investment return	440	870	-	1,310
Contributions	144	15	295	454
Appropriations of endowment assets for expenditure	-	-	-	-
Other changes:				
Released from restriction	235	(235)	-	-
Changes in promises to give	-	(193)	(5)	(198)
Spending not needing appropriation	(250)	-	-	(250)
Transfer of cash	1,487	-	-	1,487
Endowment net assets, end of year	2,204	2,827	5,822	10,853
Deposits in transit	(16)	-	(102)	(118)
Promises to give	-	(27)	(1)	(28)
Endowment cash balance, end of year	\$ 2,188	\$ 2,800	\$ 5,719	\$ 10,707

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires RMEF to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. The number of funds with deficiencies is zero and three as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs were deemed prudent by the Board of Directors.

#### Return objectives and risk parameters

RMEF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMEF must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for the Endowment Funds is the determination of an appropriate risk tolerance. After taking into considerations such factors as corporate financial stability, uncertainty of cash flows in and out of the Endowment Funds over the long term, and capital market volatility, the Board believes a moderate



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

risk strategy is prudent. Under this policy, as approved by the Board of Directors, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. RMEF expects its endowment funds, overtime, to provide an average rate of return of approximately 10 percent annually. Actual returns in any given year may vary from this amount.

### Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives, RMEF 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). RMEF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

### Spending policy and how the investment objectives relate to spending policy

RMEF has a policy of distributing up to 5 percent of its endowment average fair value over the prior 12 quarters through the calendar year-end preceding the calendar year in which the distribution is planned. In establishing this policy, RMEF considered the long-term expected return of its endowment. Accordingly, over the long term, RMEF expects the current spending policy to allow its endowment to grow 5 percent annually. This is consistent with RMEF's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## 15. Fair values measured on a recurring basis

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Fair values of assets measured on a recurring basis at December 31, 2009 were as follows:

	Fair Value Measurements at December 31, 2009				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments					
U.S. debt securities	\$ 574	\$ -	\$ -	\$ 574	
Corporate bond funds	2,130	-	-	2,130	
Stocks	1,521	-	-	1,521	
Mutual equity funds	4,242	-	-	4,242	
Unconditional promises to give	-	-	1,721	1,721	
Split interest agreements	-	-	166	166	
<b>Total</b>	<b>\$ 8,467</b>	<b>\$ -</b>	<b>\$ 1,887</b>	<b>\$ 10,354</b>	



# ROCKY MOUNTAIN ELK FOUNDATION, INC.

## Notes to the Financial Statements

December 31, 2009

A reconciliation of the beginning and ending balances, by each major category of assets, for fair value measurements made using significant unobservable inputs (Level 3) at December 31, 2009 is as follows:

	Unconditional Promises to Give	Split Interest Agreements	Total Level 3
Beginning balance at January 1, 2008	\$ 1,338	\$ 166	\$ 1,504
Net change in value	(40)	-	(40)
Ending balance at December 31, 2008	1,298	166	1,464
Beginning balance at January 1, 2009	1,298	166	1,464
Net change in value	423	-	423
Ending balance at December 31, 2009	\$ 1,721	\$ 166	\$ 1,887

## 16. Allocation of joint costs

RMEF conducted events that included appeals for contributions and incurred joint costs of approximately \$5,431 and \$5,114, for the years ended December 31, 2009 and 2008 respectively, which were allocated as follows:

	2009	2008
Land Protection	\$ 322	\$ 304
Habitat Stewardship	1,487	1,403
Conservation Education	69	65
Membership	529	497
Fundraising	207	193
Administration	2,817	2,652
	\$ 5,431	\$ 5,114

## 17. Statement of cash flows - supplemental disclosures

Supplemental disclosures for the statement of cash flows follow:

	2009	2008
<b>Schedule of Noncash Transactions</b>		
Donated conservation easements	\$ 5,884	\$ 31,791
Donated land / building	\$ 325	\$ 130
Donated securities	\$ 20	\$ 1
<b>Supplemental Disclosure of Cash Payments</b>		
Interest paid during the year, including capitalized amounts	\$ 268	\$ 335



# 18. Statement of functional expenses - program services

The functional expense detail of spending by program service is presented below:

	Land		Elk	Conservation	Member	Total
	Protection	Stewardship	Restoration	Education	Services	Program Services
Advertising	\$ 36	\$ 44	\$ -	\$ 59	\$ 51	\$ 190
Bad debts	38	17	-	1	30	86
Depreciation	136	68	-	451	135	790
Employee benefits	416	373	-	105	258	1,152
Employee salaries	1,399	1,245	-	357	872	3,873
Insurance	17	8	-	59	8	92
Interest	15	8	-	77	22	122
Membership benefits	-	-	-	-	1,355	1,355
Miscellaneous	65	123	-	48	96	332
Postage and shipping	25	59	-	14	971	1,069
Printing and publications	20	23	-	234	1,485	1,762
Professional fees	271	91	-	220	196	778
Rent and maintenance	32	28	-	67	23	150
Supplies	37	38	-	129	32	236
Telephone	32	42	-	13	20	107
Travel and meetings	232	322	-	47	128	729
Utilities	10	4	-	104	9	127
Land protection	8,766	226	-	-	-	8,992
Conservation easements	5,884	-	-	-	-	5,884
Conservation projects	2,478	4,624	-	408	-	7,510
<b>Total</b>	<b>\$ 19,909</b>	<b>\$ 7,343</b>	<b>\$ -</b>	<b>\$ 2,393</b>	<b>\$ 5,691</b>	<b>\$ 35,336</b>





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