

ROCKY MOUNTAIN ELK FOUNDATION

2022 AUDITED FINANCIAL STATEMENTS



ROCKY MOUNTAIN ELK FOUNDATION, INC.

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

**ROCKY MOUNTAIN ELK FOUNDATION, INC.
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(WITH COMPARATIVE TOTALS FOR 2021)**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rocky Mountain Elk Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Elk Foundation, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rocky Mountain Elk Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocky Mountain Elk Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 28, 2023

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 23,173	\$ 19,907
Receivables, Net	1,544	1,424
Net Unconditional Promises to Give, Current	139	206
Inventories	7,436	6,934
Prepaid Expenses	898	1,079
Total Current Assets	33,190	29,550
Investments	78,133	91,093
Property and Equipment, Net	11,635	10,307
Long-Term Receivables, Net	241	303
Net Unconditional Promise to Give, Net of Current	145	157
Conservation Land Holdings	7,085	1,985
Artwork	314	314
Total Assets	\$ 130,743	\$ 133,709
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 5,443	\$ 6,346
Deposits, Advances, and Deferred Revenue	1,597	1,600
Split Interest Agreement Liabilities, Current	207	203
Total Current Liabilities	7,247	8,149
Split Interest Agreement Liabilities, Net of Current Portion	1,242	1,204
Total Liabilities	8,489	9,353
NET ASSETS		
Without Donor Restriction	73,327	64,378
With Donor Restriction	48,927	59,978
Total Net Assets	122,254	124,356
Total Liabilities and Net Assets	\$ 130,743	\$ 133,709

See accompanying Notes to Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

	2022		2021	
	Without Donor Restriction	With Donor Restriction	Total	Total
FUNDS SPENT ON MISSION ACCOMPLISHMENT BY PROGRAM				
Program Services Expenses:				
Land Protection	\$ 39,976	\$ -	\$ 39,976	\$ 22,217
Habitat Stewardship	6,800	-	6,800	6,840
Wildlife Management	631	-	631	842
Hunting Heritage	13,756	-	13,756	12,693
Total Program Services Expenses	<u>61,163</u>	<u>-</u>	<u>61,163</u>	<u>42,592</u>
SOURCE OF FUNDS FOR MISSION ACCOMPLISHMENT				
Public Support:				
Contributions	13,814	1,564	15,378	18,994
Gain on Extinguishment of Debt	-	-	-	4,423
Membership	9,645	308	9,953	10,452
Special Events	38,664	-	38,664	28,181
Less: Direct Donor Benefits	(13,519)	-	(13,519)	(9,087)
Change/Revalue Split Interest Agreements	(297)	18	(279)	(234)
Total Public Support	<u>48,307</u>	<u>1,890</u>	<u>50,197</u>	<u>52,729</u>
Program Service Revenue:				
Conservation Land Sales	25,628	-	25,628	10,740
Conservation Easements	3,877	-	3,877	2,570
Contract Revenue	2,156	-	2,156	121
Government Grants	4,708	-	4,708	1,030
Total Program Services Revenue	<u>36,369</u>	<u>-</u>	<u>36,369</u>	<u>14,462</u>
Other:				
Investment Return	(2,001)	(8,904)	(10,905)	7,264
Advertising, Royalties, and Other Sales	4,481	-	4,481	4,685
Less: Cost of Sales	(914)	-	(914)	(1,034)
Other Income	155	-	155	857
Loss on Assets Sold/Written Off	(38)	-	(38)	(16)
Net Assets Released from Restrictions	4,037	(4,037)	-	-
Total Other	<u>5,720</u>	<u>(12,941)</u>	<u>(7,221)</u>	<u>11,756</u>
Support Service Expenses:				
Fundraising	16,401	-	16,401	14,434
Administrative	3,883	-	3,883	3,939
Total Support Service Expenses	<u>20,284</u>	<u>-</u>	<u>20,284</u>	<u>18,373</u>
FUNDS AVAILABLE FOR MISSION ACCOMPLISHMENT	<u>70,112</u>	<u>(11,051)</u>	<u>59,061</u>	<u>60,574</u>
CHANGE IN NET ASSETS	8,949	(11,051)	(2,102)	17,982
Net Assets - Beginning of Year	<u>64,378</u>	<u>59,978</u>	<u>124,356</u>	<u>106,374</u>
NET ASSETS - END OF YEAR	<u>\$ 73,327</u>	<u>\$ 48,927</u>	<u>\$ 122,254</u>	<u>\$ 124,356</u>

See accompanying Notes to Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

	Total Program Services	Support Services			Total Support Services	2022 Total	2021 Total
		Administrative	Fundraising	Merchandise			
Advertising	\$ -	\$ 32	\$ 481	\$ 18	\$ 531	\$ 531	\$ 400
Bad Debt (Recoveries)	-	7	6	-	13	13	57
Conservation Easements	9,826	-	-	-	-	9,826	3,990
Conservation Projects	5,735	-	-	-	-	5,735	6,420
Depreciation	336	156	133	-	289	625	655
Direct Benefit to Donor	-	-	13,519	-	13,519	13,519	9,091
Hunting Heritage	564	-	-	-	-	564	517
Employee Benefits	1,070	526	1,153	37	1,716	2,786	2,806
Employee Salaries	4,278	1,817	4,427	147	6,391	10,669	10,121
Hunting Heritage Merchandise	4,945	-	-	-	-	4,945	4,349
Insurance	42	200	1	-	201	243	235
Land Conservation, Excluding Conservation Easements	27,280	-	-	-	-	27,280	15,342
Membership Benefits	3,617	-	-	-	-	3,617	3,591
Merchandise	12	-	-	511	511	523	577
Miscellaneous	504	81	908	36	1,025	1,529	1,336
Postage and Shipping	134	14	4,045	113	4,172	4,306	3,813
Printing and Publications	987	106	3,173	21	3,300	4,287	3,683
Professional Fees	991	553	1,008	16	1,577	2,568	2,182
Rent and Maintenance	48	109	58	-	167	215	401
Supplies	160	65	160	6	231	391	248
Telephone	71	24	99	1	124	195	193
Travel and Meetings	541	110	741	8	859	1,400	972
Utilities	22	83	8	-	91	113	107
Total Expenses by Function	61,163	3,883	29,920	914	34,717	95,880	71,086
Less: Direct Benefit to Donors	-	-	(13,519)	-	(13,519)	(13,519)	(9,087)
Less: Cost of Sales	-	-	-	(914)	(914)	(914)	(1,034)
Total Expenses, Net	\$ 61,163	\$ 3,883	\$ 16,401	\$ -	\$ 20,284	\$ 81,447	\$ 60,965

See accompanying Notes to Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,102)	\$ 17,982
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Conservation Land	-	(22)
Depreciation	625	655
Loss on Assets Sold/Written-Off	67	16
Change in Valuation of Split Interest Agreement Liabilities	237	156
Gain on Extinguishment of Debt	-	(4,423)
Realized and Unrealized Gains on Investments	12,429	(5,753)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	21	(1,007)
Inventories	(502)	(412)
Prepaid Expenses and Other Assets	181	(711)
Accounts Payable and Accrued Liabilities	(903)	3,028
Deposits, Advances, and Deferred Revenue	(3)	88
Cash Provided (Used) by Conservation Land Activities:		
Acquisition of Conservation Properties Held for Resale	(31,855)	(14,805)
Proceeds from Sale of Conservation Properties	26,755	14,939
Net Cash Provided by Operating Activities	4,950	9,731
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Proceeds and Income Reinvested	706	929
Investments Purchased	(175)	(6,031)
Proceeds from the Sale of Equipment	(38)	147
Additions to Property and Equipment	(1,982)	(358)
Net Cash Used by Investing Activities	(1,489)	(5,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Annuitants on Split Interest Agreements	8	8
Proceeds from Notes Payable	-	2,000
Payments to Annuitants on Split Interest Agreements	(203)	(203)
Net Cash Provided (Used) by Financing Activities	(195)	1,805
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,266	6,223
Cash and Cash Equivalents - Beginning of Year	19,907	13,684
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 23,173	\$ 19,907
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Donated Conservation Easements	\$ 3,877	\$ 2,570
Donated Securities	\$ -	\$ 116

See accompanying Notes to Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

The Rocky Mountain Elk Foundation, Inc., (RMEF) is a national nonprofit, wildlife conservation organization, consisting of more than 225,000 members. RMEF's mission is to ensure the future of elk, other wildlife, their habitat and our hunting heritage. RMEF accomplishes its mission through its core mission programs: land conservation and access, habitat stewardship, hunting heritage and wildlife management.

RMEF's primary sources of revenue are contributions from the public (including gifts of land), memberships, fundraising events, investment income, and corporate sponsorships. These resources are used to fund prioritized programs for the mission of RMEF. RMEF has more than 500 individual chapters nationwide that perform conservation projects and various fundraising activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

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

Classification of Net Assets

Contributions to RMEF qualify for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Service. RMEF has been classified as an organization other than a private foundation under Section 509(a)(2). Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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

Net Assets With Donor Restriction – Consists of endowment gifts where donors have specified investment in perpetuity to generate income for specified restricted or general purposes, and contributions or 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.

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board has designated net assets without donor restrictions for board-designated endowment funds.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	<u>2022</u>	<u>2021</u>
Cash in Savings, Checking, and Money Market Accounts		
Market Accounts	\$ 12,229	\$ 15,660
Cash and Cash Equivalents Held by		
Investment Managers	<u>10,944</u>	<u>4,247</u>
Total Cash and Cash Equivalents	<u>\$ 23,173</u>	<u>\$ 19,907</u>

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances, by classification, as previously reported.

Concentration of Credit Risk

At December 31, 2022 and 2021, bank demand deposits included \$21,281 and \$30,916, respectively, that were in excess of Federal Deposit Insurance Corporation insurance coverage.

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

Conservation Easements

A conservation easement is an encumbrance, either donated or sold, which usually includes a transfer of usage rights and creates a legally enforceable land conservation agreement between a landowner and another entity. RMEF's policy for conservation easements presumes that the benefits of conservation easements flow through to the general public and are correspondingly recorded as a program expense when an easement is acquired. Conservation easements are recorded at cost, if purchased, or fair value at the date of the acquisition, if all or part of the easement was received as a donation. When donated, conservation easements are recorded as revenue at the date of acquisition. Fair value is generally determined by appraisal at the time of acquisition.

At December 31, 2022 and 2021, RMEF held 235 and 230 conservation easements on approximately 445,835 and 420,149 acres of habitat, respectively.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net assets without donor restriction or net assets with donor restriction 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, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction.

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. Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grants awards having the existence of a condition but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

At December 31, 2022 and 2021, deposits, advances, and deferred revenue included refundable advances totaling \$136 and \$98, respectively. At December 31, 2022 and 2021, conditional grants awarded, but not yet received, totaled \$850 and \$5,797, respectively.

In-kind Donations

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 GAAP.

Services requiring specialized skills, or which create or enhance nonfinancial assets (primarily property or other assets) and would typically need to be purchased if not provided by donation are recorded. Contributed services recorded for the years ended December 31, 2022 and 2021 were \$-0-.

During the years ended December 31, 2022 and 2021, RMEF received conservation easements of \$3,877 and \$2,570, respectively. Fair value is generally determined by appraisal at the time of donation.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses that are allocated include depreciation which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, creative, distribution, and information technology, which are allocated on the basis of time and effort estimates.

- Land Conservation and Access represents conservation and protection activities through land acquisition and exchange as well as through easement acquisitions.
- Habitat Stewardship represents habitat enhancement projects to improve on the ground conditions for elk and other wildlife.
- Wildlife Management represents engagement through advocacy, collaboration, research and management with a focus on key management challenges such as wildlife disease, population dynamics, migration corridors, elk ecology and predator management.
- Hunting Heritage represents engagement in hunting and other outdoor pursuits through skills instruction, mentoring, conservation outreach and hunting related products.

Fundraising and Advertising Costs

RMEF expenses the costs of fundraising and advertising as incurred. Total advertising costs were \$531 and \$400 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

RMEF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). 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, 2022 and 2021.

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 return. RMEF also holds an investment in LLC. This is accounted for under the equity method of accounting.

Inventories

Inventories consist of chapter event product, membership premiums and retail product, primarily consisting of firearms, knives, clothing, and other outdoor related items. Inventories are valued at the lower of cost or net realizable value.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Benefits

RMEF provides a variety of hunting related product to its members in conjunction with its hunting heritage program. Items vary with classes of membership. These direct and associated costs are reported separately in the statement of functional expenses.

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 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. 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

Property and equipment are recorded at cost or fair value if donated and greater than \$5. Depreciation is provided for property and equipment using the straight-line method over a period of 3 to 15 years. Buildings and related improvements are depreciated using the straight-line method over 10 to 40 years. Maintenance and repairs are charged to expense as incurred.

Artwork

Artwork consists of various bronze statues of continuing value and interest and are utilized for purposes of public display. These items are recorded at fair value as of the date of donation, or original cost if purchased, and are not depreciated.

Postage and Shipping

RMEF incurs postage and shipping costs related to membership and fundraising appeals, shipping merchandise to customers, and shipping merchandise and support materials to chapters for fundraising events. Total postage and shipping costs were \$4,306 and \$3,813 for the years ended December 31, 2022 and 2021, respectively.

Revenue Recognition

RMEF earns revenues from the sale of memberships, which provides the member access to special benefits during the annual membership period. Memberships are comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. RMEF recognizes the exchange portion when the item being exchanged is delivered to the member, and the contribution portion immediately. Deferred revenue associated with the exchange portion of the memberships was \$1,430 and \$1,490 as of December 31, 2022 and 2021, respectively.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Donations of merchandise for special events are recorded as revenue at the time of the event.

RMEF raises funds to support its conservation mission through fundraising events in communities throughout the United States. Annually, RMEF volunteers host grassroots fundraising events, such as member and sponsor banquets, shooting and fishing tournaments. 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.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During 2021, RMEF complied with conditions of the Employee Retention Credit (ERC) funding from the U.S. Treasury in the amount of \$2,790 in accordance with the program. Grants related to this program are classified as contribution income and included in receivables, net during the year ended December 31, 2021.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the condition on which they depend is substantially met.

Split Interest Agreements

RMEF is the beneficiary of charitable trust agreements under varying terms and conditions. The basis for recognition of the assets recorded by RMEF is its share of the fair value of the underlying assets. Some of the agreements require specified payments to third parties for varying periods. Accordingly, RMEF applies present value techniques to accrue amounts recognized.

RMEF maintains sufficient investments to fund the estimated future liability of its split interest agreements. Charitable 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, 2022 and 2021, RMEF maintained approximately \$1,608 and \$2,436, respectively, of investments related to split interest agreements. The invested balance exceeded the reserve requirement for both years.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at face amount. RMEF estimates 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 Land Conservation and Access Program

The Conservation Easement Protection Fund is a board-designated fund 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.

The Strategic Land Protection Fund was established as a board-designated fund to provide active capital for completing land conservation and access projects. Gains on land transactions as well as interest and gains (losses) on investments are classified as net assets without restriction.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The company adopted the new standard in 2022, and there was no material impact on RMEF's statement of financial position, changes in net assets or financial statement disclosures.

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

RMEF has evaluated subsequent events through April 28, 2023, the date on which the financial statements were available to be issued.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

RMEF recognizes unconditional promises to give (pledges) at net realizable value. The imputed interest rates utilized for computing the discount for long-term pledges is 4.00% and 3.00% at December 31, 2022 and 2021, respectively. 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:

	2022	2021
Receivable in Less than One Year	\$ 139	\$ 206
Receivable in One to Five Years	191	229
Total	330	435
Less: Unamortized Discount	(23)	(47)
Less: Allowance for Uncollectible Pledges	(23)	(25)
Net Unconditional Promises to Give	284	363
Less: Long-Term Portion	(145)	(157)
Net Unconditional Promises to Give, Current	\$ 139	\$ 206

NOTE 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

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 projects. In accordance with GAAP, 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.

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NOTE 4 RECEIVABLES – OTHER THAN PROMISES TO GIVE (CONTINUED)

Employee Retention Credit (ERC)

A grant award from the government that is recognized when all conditions of such grants are fulfilled. RMEF complied with all requirements. No allowance considered necessary for ERC based on likelihood of collection.

Charitable Remainder Trusts

RMEF has an interest in a charitable remainder unitrust which is reported at its estimated present value and no allowance is considered necessary.

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

	<u>2022</u>	<u>2021</u>
Accounts Receivable:		
Trade, Advertising, and Royalties	\$ 338	\$ 481
Membership	209	261
Grants	325	22
Miscellaneous Clearing	-	82
Employee Retention Credit	685	686
Related Parties:		
Chapter BGB Reserve for Error	(62)	-
Interest in Charitable Remainder Trusts	241	303
Gross Accounts Receivable	<u>1,736</u>	<u>1,835</u>
Less: Allowance for Doubtful Accounts	<u>(99)</u>	<u>(108)</u>
Total Accounts Receivable, Net	1,637	1,727
Less: Long-Term Portion	(241)	(303)
Current Portion	<u>\$ 1,396</u>	<u>\$ 1,424</u>

NOTE 5 INVESTMENTS

Investments are carried at fair value and are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Equities	\$ 12,153	\$ 38,327
Fixed Income	56,684	49,676
Other	9,296	3,090
Total	<u>\$ 78,133</u>	<u>\$ 91,093</u>

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

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NOTE 5 INVESTMENTS (CONTINUED)

Earnings on cash and investment securities consist of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Net Realized and Unrealized Gains	\$ (13,292)	\$ 5,753
Interest and Dividends on Investments	1,939	1,350
Investment Fees	(117)	(128)
Total	<u>(11,470)</u>	<u>6,975</u>
Interest on Cash Accounts	565	289
Total Investment Return on Cash and Investments	<u>\$ (10,905)</u>	<u>\$ 7,264</u>

NOTE 6 FAIR VALUES MEASURED ON A RECURRING BASIS

Valuation Techniques: 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 are 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 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2022 Total	2021 Total
Equities	\$ 12,153	\$ -	\$ -	\$ 12,153	\$ 38,327
Fixed Income	31,373	25,311	-	56,684	49,676
Other	6,493	-	-	6,493	100
Total Investments	<u>50,019</u>	<u>25,311</u>	<u>-</u>	<u>75,330</u>	<u>88,103</u>
Investment in LLC	-	-	-	2,803	2,990
Total	<u>\$ 50,019</u>	<u>\$ 25,311</u>	<u>\$ -</u>	<u>\$ 78,133</u>	<u>\$ 91,093</u>

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities, Fixed Income, and Other – Valued at the closing price reported on the active market on which the securities are traded.

There have been no changes in the methodologies used at December 31, 2022 and 2021.

Investment in LLC is accounted for using the equity method of accounting (see Note 1).

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NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,380	\$ 2,380
Buildings and Improvements	13,705	12,306
Furniture and Equipment	<u>3,866</u>	<u>3,534</u>
Total	19,951	18,220
Less: Allowances for Depreciation	<u>(8,695)</u>	<u>(8,090)</u>
Total	11,256	10,130
Assets in Progress	<u>379</u>	<u>177</u>
Total Property and Equipment, Net	<u>\$ 11,635</u>	<u>\$ 10,307</u>

Depreciation expense totaled \$625 and \$655 in 2022 and 2021, respectively.

Assets in progress consisted of a software implementation project of \$379 at December 31, 2022. Assets in progress consisted of various building improvement projects of \$177 at December 31, 2021.

NOTE 8 CONSERVATION LAND HOLDINGS

Properties held for conservation resale and conservation land holdings totaled \$7,085 and \$1,985 at December 31, 2022 and 2021, respectively. Management believes the carrying value of properties held for resale does not exceed the amount expected upon sale.

NOTE 9 SPLIT INTEREST AGREEMENTS

The present value of the estimated future payments on split interest agreements was calculated using discount rates at the date of gift and applicable mortality tables.

The following summarizes the change in split interest agreements for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Estimated Present Value of Liability at January 1	\$ 1,407	\$ 1,446
Increase in Estimated Present Value of Liability from Contribution	2	7
Decrease in Estimated Present Value Due to Beneficiary Payments	(177)	(203)
Change in Estimated Present Value from Revaluation	<u>217</u>	<u>157</u>
Estimated Present Value of Liability at December 31	1,449	1,407
Less: Estimated Current Portion	<u>(207)</u>	<u>(203)</u>
Total Long-Term Portion	<u>\$ 1,242</u>	<u>\$ 1,204</u>

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NOTE 10 NET ASSETS

At December 31, net assets consist of the following:

	<u>2022</u>	<u>2021</u>
Net Assets With Donor Restriction:		
Restricted for Purpose	\$ 155	\$ 56
Subject to the Passage of Time	650	903
Gift Annuities with Perpetual Restriction	627	622
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Corpus	31,941	31,821
Accumulated Investment Gains	15,554	26,576
Total Net Assets With Donor Restriction	<u>\$ 48,927</u>	<u>\$ 59,978</u>
Net Assets Without Donor Restriction:		
Undesignated	\$ 60,042	\$ 49,902
Board-Designated Endowment Funds:		
Conservation Easement Protection Fund	4,207	4,934
Strategic Land Protection Fund	9,078	9,542
Total Net Assets Without Donor Restriction	<u>\$ 73,327</u>	<u>\$ 64,378</u>

For the years ended December 31, net assets with donor restriction were released as follows:

	<u>2022</u>	<u>2021</u>
Expiration of Time Restriction	\$ 593	\$ 331
Fulfillment of Purpose Restriction	3,444	2,868
Total	<u>\$ 4,037</u>	<u>\$ 3,199</u>

NOTE 11 RETIREMENT PLANS

Employees may elect to make voluntary contributions to a tax-sheltered annuity plan under IRC Section 403(b). Additionally, Employees may elect to make voluntary contributions to a 403(b) Roth plan. RMEF's plan provides a company match of up to 5% of employee contributions. Vesting is immediate for both employee voluntary contributions and RMEF contributions.

RMEF also has a 457(b) nonqualified tax-deferred compensation plan. Participation is limited to a select group of highly compensated employees making the plan exempt from most Employee Retirement Income Security Act of 1974 (ERISA) requirements. Eligible employees may make voluntary contributions to the 457(b) plan. RMEF does not provide contributions to this plan. Vesting is immediate for employee voluntary contributions.

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NOTE 11 RETIREMENT PLANS (CONTINUED)

Additionally, RMEF has a 457(f) nonqualified tax-deferred compensation plan. Participation is limited to select management or highly compensated employees making the plan exempt from most ERISA requirements. This plan is utilized as a retention tool for key employees. RMEF makes annual contributions on behalf of eligible employees which do not vest until, and unless, multi-year contractual obligations are fulfilled. Employees are not eligible to make voluntary contributions to this plan. Plan assets are recorded as long-term investments with corresponding plan liabilities recorded in accrued liabilities until being relieved upon vesting. The asset and liability recorded for this plan was \$10 and \$100 as of December 31, 2022 and 2021, respectively.

RMEF's total contributions under retirement plans for the years ended December 31, 2022 and 2021 were \$532 and \$489, respectively.

NOTE 12 COMMITMENTS

Project Commitments

RMEF has entered into various commitments with federal and state agencies and other conservation organizations to fund wildlife management, habitat improvement, and hunting heritage projects. These commitments totaled \$3,741 and \$2,368 at December 31, 2022 and 2021, respectively.

Software Contracts

RMEF has entered into various commitments with vendors for service fees associated with software contracts. These commitments totaled \$138 and \$-0- at December 31, 2022 and 2021, respectively.

Operating Line of Credit

RMEF maintained a \$3,000 line of credit at prime rate (7.50%) at December 30, 2022. The line expired December 30, 2022, and was secured by accounts receivable, equipment, and inventory.

During the year ended December 31, 2022, RMEF maintained an additional \$12,000 line of credit, with a financial institution at a the Secured Overnight Financing Rate (4.06%) at December 31, 2022, plus a margin of 1.6%. The line has no stated expiration date and is secured by marketable securities. There were no amounts outstanding at December 31, 2022 and 2021.

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NOTE 12 COMMITMENTS (CONTINUED)

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 \$1,709 and \$1,695 for the years ended December 31, 2022 and 2021, respectively, with a stop loss of \$65 per insured individual. 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 2022 and 2021, the amount of premiums and claims paid were \$1,377 and \$1,289, respectively. At December 31, 2022 and 2021, the cash balance of the reserve account was \$213 and \$326, respectively. In 2022 and 2021, RMEF's estimate of net claims incurred but not paid was \$213 and \$326, respectively.

NOTE 13 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, when reviewing its donor-restricted endowment funds, RMEF considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

RMEF has interpreted UPMIFA to permit spending from deficient funds in accordance with the prudent measures required under the law. 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, 2022			
	Without Donor Restriction	With Donor Restriction	2022 Total	2021 Total
Board-Designated Endowment Funds:				
Conservation Easement Protection Fund	\$ 4,207	\$ -	\$ 4,207	\$ 4,934
Strategic Land Protection Fund	9,078	-	9,078	9,542
Total	<u>13,285</u>	<u>-</u>	<u>13,285</u>	<u>14,476</u>
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Corpus				
General	-	3,759	3,759	3,639
Midway USA	-	400	400	400
Torstenson Family	-	27,782	27,782	27,783
Total	<u>-</u>	<u>31,941</u>	<u>31,941</u>	<u>31,822</u>
Accumulated Investment Gains:				
General	-	4,117	4,117	5,321
Midway USA	-	220	220	343
Torstenson Family	-	11,217	11,217	20,912
Total	<u>-</u>	<u>15,554</u>	<u>15,554</u>	<u>26,576</u>
Total Endowment Funds	<u>\$ 13,285</u>	<u>\$ 47,495</u>	<u>\$ 60,780</u>	<u>\$ 72,874</u>

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

	Changes in Endowment Net Assets for the Year Ended December 31, 2022			2021 Total
	Without Donor Restriction	With Donor Restriction	2022 Total	
Endowment Net Assets -				
Beginning of Year	\$ 14,469	\$ 58,405	\$ 72,874	\$ 67,788
Investment Return, Net	(996)	(8,904)	(9,900)	6,984
Other Income	-	120	120	216
Contributions	-	-	-	-
Other Changes:				
Release from Restriction	-	(2,119)	(2,119)	(1,919)
Appropriated for Expenditure	(195)	-	(195)	(195)
Endowment Net Assets - End of Year	<u>\$ 13,278</u>	<u>\$ 47,502</u>	<u>\$ 60,780</u>	<u>\$ 72,874</u>

Donor-Restricted Funds

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 endowments 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). 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 consideration 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 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.

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% 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 2% 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.

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Board-Designated Funds – Without Donor Restrictions

Return Objectives and Risk Parameters

RMEF has adopted investment and spending policies for board-designated endowment assets that attempt to meet the specific needs of the programs supported by its endowments. Endowment assets include those assets which are board-designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for the Board-Designated Endowment Funds is the determination of an appropriate risk tolerance. After taking into consideration 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 risk strategy is prudent for the Conservation Easement Protection Fund (CEPF) and low risk strategy is prudent for the Strategic Land Protection Fund (SLPF). Under the CEPF 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.

Under the SLPF policy, as approved by the board of directors, the goal is to have stable returns over the shorter and longer terms, with a reduced potential of negative returns in any given year.

Strategies Employed for Achieving Objectives

Conservation Easement Protection Fund: To satisfy its long-term return objectives, RMEF relies on a 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.

Strategic Land Protection Fund: To satisfy its long-term rate of return objectives, RMEF relies on a return strategy in which investment returns are achieved through current year (interest and dividends) from fixed income assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Conservation Easement Protection Fund: RMEF has a policy of distributing up to 5% of its average fair value over the prior 12 quarters through the calendar year-end preceding the calendar year in which the distribution is planned. Additional distributions are allowed for the legal defense of challenges to conservation easements held by RMEF.

Strategic Land Protection Fund: There are no stated restrictions on the amount that can be distributed from this fund.

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NOTE 14 AVAILABILITY OF FINANCIAL ASSETS

As part of RMEF's liquidity management plan, cash in excess of monthly requirements is invested in short-term investments and money market funds. RMEF also maintains a line of credit totaling \$12,000 with a financial institution which can be drawn upon as needed during the year to manage cash flow.

The following reflects RMEF's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year of the date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if the governing board approves that action.

	<u>2022</u>	<u>2021</u>
Cash	\$ 23,173	\$ 19,907
Accounts Receivable, Net, to be Collected in Less than One Year	1,544	1,424
Unconditional Promises to Give, Net, to be Collected in Less than One Year	139	206
Investments	<u>78,133</u>	<u>91,093</u>
Total Financial Assets, Excluding Noncurrent Receivables	102,989	112,630
Less:		
Board-Designated and Donor-Restricted Endowment Funds	(60,780)	(72,874)
Add Back: Amounts Available for General Expenditure	117	128
Donor Restricted for Specific Programs	<u>(155)</u>	<u>(56)</u>
Total	<u>(60,818)</u>	<u>(72,802)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 42,171</u>	<u>\$ 39,828</u>

RMEF's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from endowments is restricted for specific purposes, with exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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NOTE 15 PAYCHECK PROTECTION PROGRAM LOAN AND EMPLOYEE RETENTION CREDIT

On April 12, 2020, RMEF received a loan from First Interstate Bank in the amount of \$2,423 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan).

RMEF is following Accounting Standards Codification 470, *Debt*, to account for the initial receipts related to the PPP Loan. On June 8, 2021, the U.S. Small Business Administration (SBA) processed the company's PPP Loan forgiveness application and notified the bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, RMEF was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt during the year ended December 31, 2021.

On April 22, 2021, RMEF received a second loan from Stockman Bank in the amount of \$2,000 to fund payroll, rent and utilities through the PPP Loan. The PPP Loan was forgiven December 20, 2021 and the loan forgiveness has been recorded as a gain on extinguishment of debt during the year ended December 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the company's financial position.

During 2021, RMEF complied with conditions of the Employee Retention Credit (ERC) funding from the U.S. Treasury in the amount of \$2,790 in accordance with the program. Grants related to this program are classified as contribution income and included in receivables, net during the years ended December 31, 2022 and 2021.

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NOTE 16 FUNCTIONAL EXPENSES

The following schedule provides the functional expense detail of program service accomplishments as of December 31:

	Land Protection	Habitat Stewardship	Wildlife Management	Hunting Heritage	2022 Total	2021 Total
Bad Debt (Recoveries)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12
Conservation Easements	9,826	-	-	-	9,826	3,990
Conservation Projects	1	3,489	385	1,860	5,735	6,420
Depreciation	44	33	2	257	336	341
Direct Benefit to Donor	-	-	-	-	-	-
Hunting Heritage	157	195	28	184	564	517
Employee Benefits	472	370	35	193	1,070	1,053
Employee Salaries	1,890	1,484	144	760	4,278	3,930
Hunting Heritage Merchandise	-	-	-	4,945	4,945	4,349
Insurance	16	1	-	25	42	26
Land Conservation, Excluding Conservation Easements	26,677	250	-	353	27,280	15,342
Membership Benefits	-	-	-	3,617	3,617	3,591
Merchandise	-	1	-	11	12	-
Miscellaneous	113	287	1	103	504	455
Postage and Shipping	4	115	-	15	134	122
Printing and Publications	3	9	-	975	987	958
Professional Fees	577	198	28	188	991	891
Rent and Maintenance	3	9	-	36	48	69
Supplies	31	44	2	83	160	79
Telephone	26	37	1	7	71	68
Travel and Meetings	135	278	5	123	541	358
Utilities	1	-	-	21	22	21
Total	\$ 39,976	\$ 6,800	\$ 631	\$ 13,756	\$ 61,163	\$ 42,592

