

ROCKY MOUNTAIN ELK FOUNDATION

2023 FINANCIAL STATEMENTS



ROCKY MOUNTAIN ELK FOUNDATION, INC.
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YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Rocky Mountain Elk Foundation, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rocky Mountain Elk Foundation, Inc. and subsidiary as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Rocky Mountain Elk Foundation, Inc. and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited Rocky Mountain Elk Foundation, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2023. In our opinion, the summarized comparative information present herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Rocky Mountain Elk Foundation, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Rocky Mountain Elk Foundation, Inc. stand-alone statement of financial position and statement of activities and changes in net assets is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington
May 1, 2024

ROCKY MOUNTAIN ELK FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 30,165	\$ 23,173
Receivables, Net	405	1,544
Net Unconditional Promises to Give, Current	52	139
Inventories	8,723	7,436
Prepaid Expenses	922	898
Total Current Assets	40,267	33,190
Investments	78,307	78,133
Property and Equipment, Net	12,711	11,635
Long-Term Receivables, Net	364	241
Net Unconditional Promise to Give, Net of Current	131	145
Intangible Assets, Net	4,544	-
Conservation Land Holdings	7,473	7,085
Artwork	314	314
Total Assets	\$ 144,111	\$ 130,743
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 6,434	\$ 5,443
Deposits, Advances, and Deferred Revenue	2,123	1,597
Split-Interest Agreement Liabilities, Current	210	207
Other Liability, Current	231	-
Total Current Liabilities	8,998	7,247
LONG-TERM LIABILITIES		
Split-Interest Agreement Liabilities, Net of Current Portion	1,184	1,242
Other Liability, Net of Current Portion	590	-
Total Long-Term Liabilities	1,774	1,242
Total Liabilities	10,772	8,489
NET ASSETS		
Without Donor Restriction:		
Undesignated	81,200	73,327
Noncontrolling Interest	1,428	-
Total Net Assets Without Donor Restriction	82,628	73,327
With Donor Restriction	50,711	48,927
Total Net Assets	133,339	122,254
Total Liabilities and Net Assets	\$ 144,111	\$ 130,743

See accompanying Notes to Consolidated Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)
(IN THOUSANDS)

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	Total
FUNDS SPENT ON MISSION ACCOMPLISHMENT				
BY ACTIVITY				
Program Services Expenses:				
Land Protection	\$ 24,217	\$ -	\$ 24,217	\$ 39,976
Habitat Stewardship	12,721	-	12,721	6,800
Wildlife Management	815	-	815	631
Hunting Heritage	14,348	-	14,348	13,756
Total Program Services Expenses	52,101	-	52,101	61,163
OutdoorClass Expenses	78	-	78	-
Total Expenses by Activity	52,179	-	52,179	61,163
SOURCE OF FUNDS FOR MISSION ACCOMPLISHMENT				
Public Support:				
Contributions	18,784	682	19,466	15,378
Membership	8,142	220	8,362	9,953
Special Events	40,320	-	40,320	38,664
Less: Direct Donor Benefits	(14,930)	-	(14,930)	(13,519)
Change/Revalue Split-Interest Agreements	(181)	42	(139)	(297)
Total Public Support	52,135	944	53,079	50,179
Program Service Revenue:				
Conservation Land Sales	14,336	-	14,336	25,628
Conservation Easements	6,463	-	6,463	3,877
Contract Revenue	147	-	147	2,156
Government Grants	94	-	94	4,708
Total Program Service Revenue	21,039	-	21,039	36,369
Other:				
Investment Return	1,278	4,242	5,520	(10,905)
Advertising, Royalties, and Other Sales	4,878	-	4,878	4,481
Less: Cost of Sales	(920)	-	(920)	(914)
Other Income	155	-	155	155
Gain (Loss) on Assets Sold/Written Off	2	-	2	(38)
Net Assets Released from Restrictions	3,402	(3,402)	-	-
Total Other	8,795	840	9,635	(7,221)
Support Service Expenses:				
Fundraising	17,906	-	17,906	16,401
Administrative	4,035	-	4,035	3,883
Total Support Service Expenses	21,941	-	21,941	20,284
FUNDS AVAILABLE FOR MISSION ACCOMPLISHMENT	60,028	1,784	61,812	59,061
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	7,849	1,784	9,633	(2,102)

See accompanying Notes to Consolidated Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)
(IN THOUSANDS)

	2023		2022	
	Without Donor Restriction	With Donor Restriction	Total	Total
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST (Total from Previous Page)	\$ 7,849	\$ 1,784	\$ 9,633	\$ (2,102)
LESS: CHANGE IN NET ASSETS ATTRIBUTED TO NONCONTROLLING INTEREST	24	-	24	-
CHANGE IN NET ASSETS ATTRIBUTED TO CONTROLLING INTEREST	7,825	1,784	9,609	(2,102)
NONCONTROLLING INTEREST AT ACQUISITION	1,452	-	1,452	-
Net Assets - Beginning of Year	73,327	48,927	122,254	124,356
NET ASSETS - END OF YEAR	<u>\$ 82,628</u>	<u>\$ 50,711</u>	<u>\$ 133,339</u>	<u>\$ 122,254</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)
(IN THOUSANDS)

	Total Program Services	Support Services			Total Support Services	OutdoorClass Expenses	2023 Total	2022 Total
		Administrative	Fundraising	Merchandise				
Advertising	\$ -	\$ 39	\$ 413	\$ 35	\$ 487	\$ 7	\$ 494	\$ 531
Bad Debt (Recoveries)	11	-	52	-	52	-	63	13
Conservation Easements	6,463	-	-	-	-	-	6,463	9,826
Conservation Projects	6,427	-	-	-	-	-	6,427	5,735
Depreciation and Amortization	329	136	120	-	256	75	660	625
Direct Benefit to Donor	-	-	14,930	-	14,930	-	14,930	13,519
Hunting Heritage	527	-	-	-	-	-	527	564
Employee Benefits	1,289	558	1,353	49	1,960	32	3,281	2,786
Employee Salaries	4,568	1,830	4,589	172	6,591	-	11,159	10,669
Hunting Heritage Merchandise	5,023	-	-	-	-	-	5,023	4,945
Insurance	44	229	22	-	251	1	296	243
Land Conservation, Excluding								
Conservation Easements	19,685	-	-	-	-	-	19,685	27,280
Membership Benefits	3,288	-	-	-	-	-	3,288	3,617
Merchandise	114	-	-	450	450	-	564	523
Miscellaneous	430	71	921	20	1,012	11	1,453	1,529
Postage and Shipping	151	16	4,134	100	4,250	-	4,401	4,306
Printing and Publications	1,524	166	3,785	5	3,956	-	5,480	4,287
Professional Fees	1,283	593	1,192	23	1,808	-	3,091	2,568
Rent and Maintenance	37	126	51	1	178	3	218	215
Supplies	140	53	151	4	208	-	348	391
Telephone	71	24	96	1	121	-	192	195
Travel and Meetings	671	98	1,020	9	1,127	-	1,798	1,400
Utilities	26	96	7	-	103	-	129	113
Total Expenses by Function	52,101	4,035	32,836	869	37,740	129	89,970	95,880
Less: Direct Benefit to Donors	-	-	(14,930)	-	(14,930)	-	(14,930)	(13,519)
Less: Cost of Sales	-	-	-	(869)	(869)	(51)	(920)	(914)
Total Expenses, Net	\$ 52,101	\$ 4,035	\$ 17,906	\$ -	\$ 21,941	\$ 78	\$ 74,120	\$ 81,447

See accompanying Notes to Consolidated Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)
(IN THOUSANDS)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,633	\$ (2,102)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Conservation Land	(388)	-
Depreciation and Amortization	660	625
(Gain) Loss on Assets Sold/Written-Off	(2)	67
Change in Valuation of Split-Interest Agreement Liabilities	107	237
Realized and Unrealized (Gain) Loss on Investments	(2,171)	12,429
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	1,131	21
Inventories	(1,287)	(502)
Prepaid Expenses and Other Assets	(6)	181
Accounts Payable and Accrued Liabilities	907	(903)
Deposits, Advances, and Deferred Revenue	29	(3)
Cash Provided (Used) by Conservation Land Activities:		
Acquisition of Conservation Properties Held for Resale	(18,409)	(31,855)
Proceeds from Sale of Conservation Properties	18,409	26,755
Net Cash Provided by Operating Activities	8,613	4,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Proceeds and Income Reinvested	28,642	706
Investments Purchased	(27,907)	(175)
Proceeds from the Sale of Equipment	2	(38)
Additions to Property and Equipment	(1,569)	(1,982)
Cash Paid for Business Combination Net of Cash Assumed	(627)	-
Net Cash Used by Investing Activities	(1,459)	(1,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Annuitants on Split-Interest Agreements	45	8
Payments to Annuitants on Split-Interest Agreements	(207)	(203)
Net Cash Used by Financing Activities	(162)	(195)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,992	3,266
Cash and Cash Equivalents - Beginning of Year	23,173	19,907
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 30,165	\$ 23,173
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Conservation Easements	\$ 6,463	\$ 3,877

See accompanying Notes to Consolidated Financial Statements.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(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 approximately 215,000 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 about 450 individual chapters nationwide that perform conservation projects and various fundraising activities.

The consolidated financial statements include the accounts of OutdoorClass, LLC (OutdoorClass). RMEF has a controlling financial interest in OutdoorClass requiring consolidation within these financial statements. All intercompany accounts have been eliminated in consolidation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

The preparation of consolidated 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 consolidated 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 (IRS). 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.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

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.

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:

	2023	2022
Cash in Savings, Checking, and Money Market Accounts	\$ 5,684	\$ 12,229
Cash and Cash Equivalents Held by Investment Managers	24,481	10,944
Total Cash and Cash Equivalents	\$ 30,165	\$ 23,173

Concentration of Credit Risk

At December 31, 2023 and 2022, bank demand deposits included \$28,874 and \$21,281, 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.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022, RMEF held 236 and 235 conservation easements on approximately 449,806 and 445,835 acres of habitat, respectively.

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, 2023 and 2022, deposits, advances, and deferred revenue included refundable advances totaling \$117 and \$136, respectively. At December 31, 2023 and 2022, conditional grants awarded, but not yet received, totaled \$4,283 and \$850, respectively.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022 were \$-0-.

During the years ended December 31, 2023 and 2022, RMEF received conservation easements of \$6,463 and \$3,877, respectively. Fair value is generally determined by appraisal at the time of donation.

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 \$494 and \$531 for the years ended December 31, 2023 and 2022, respectively.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022.

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 OutdoorClass, LLC. This was accounted for under the equity method of accounting in 2022 and through November 30, 2023. See Note 16.

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.

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.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$4,401 and \$4,306 for the years ended December 31, 2023 and 2022, 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 \$1,534 and \$1,430 as of December 31, 2023 and 2022, respectively.

OutdoorClass earns revenues from the sale of subscriptions, which provides the member access to online content during the annual subscription period. Revenue is recognized over the subscription period (12 months). Deferred revenue associated with subscriptions was \$469 at December 31, 2023.

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. 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.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2023 and 2022, RMEF maintained approximately \$1,660 and \$1,608, respectively, of investments related to split-interest agreements. The invested balance exceeded the reserve requirement for both years.

Accounts Receivable

Accounts receivable are stated at original invoice less an estimate made for expected credit losses. RMEF estimates an allowance for credit losses generally based on historical losses adjusted for economic factors. 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 Mission Advancement Fund was established as a board-designated fund to provide active capital for completing mission projects.

Business Combinations (Includes Goodwill)

RMEF accounts for business acquisitions using the acquisition method of accounting and records any identifiable definite-lived intangible assets separate from goodwill. Intangible assets are recorded at their fair value based on estimates as of the date of acquisition. Goodwill is recorded as the residual amount of the purchase price consideration less the fair value assigned to the individual identifiable assets acquired and liabilities assumed as of the date of acquisition.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Goodwill is the excess of the cost of an acquired entity over the fair value of the assets acquired and liabilities assumed in a business combination. A fair value was assigned to the acquired entity's trade name as of the date of acquisition. Goodwill and the trade name are amortized over a 10-year period and impairment is tested at the entity level.

Content assets are internally developed educational videos available for subscriber use. In accordance with ASC 926, *Entertainment-Films*, the costs associated with production including development cost, direct costs, and production overhead are capitalized. Content assets are amortized over a three-year period and expensed as cost of sales. Impairment is tested at the entity level.

Intangible assets are reviewed for potential impairment whenever events and circumstances indicate that the carrying amount may not be recoverable. When impairment is likely, RMEF calculates impairment as the amount the carrying value exceeds its fair value. There was no impairment of intangible assets during 2023.

The following is a summary of goodwill activity as of December 31:

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>
Balance, December 31, 2022	\$ -	\$ -	\$ -
Addition of Goodwill	2,550	-	2,550
Current Year Amortization	-	(22)	(22)
Balance, December 31, 2023	<u>\$ 2,550</u>	<u>\$ (22)</u>	<u>\$ 2,528</u>

The following is a summary of intellectual property activity as of December 31:

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>
Balance, December 31, 2022	\$ -	\$ -	\$ -
Addition of Intellectual Property	1,952	-	1,952
Current Year Amortization	-	(51)	(51)
Balance, December 31, 2023	<u>\$ 1,952</u>	<u>\$ (51)</u>	<u>\$ 1,901</u>

The following is a summary of trade name activity as of December 31:

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>
Balance, December 31, 2022	\$ -	\$ -	\$ -
Addition of Trade Name	116	-	116
Current Year Amortization	-	(1)	(1)
Balance, December 31, 2023	<u>\$ 116</u>	<u>\$ (1)</u>	<u>\$ 115</u>

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets (Continued)

Amortization expense was \$74 for the year ended December 31, 2023, of this amount \$51 was captured as cost of sales.

Future amortization expense related to intangible assets is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 901
2025	917
2026	866
2027	283
2028	267
Thereafter	1,310
Total	<u>\$ 4,544</u>

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard resulted in changes to the Organization’s accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. Adoption of the standard did not have a significant impact on the consolidated financial statements.

Subsequent Events

RMEF has evaluated subsequent events through May 1, 2024, the date on which the consolidated 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 5.33% and 4.00% at December 31, 2023 and 2022, 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.

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NOTE 3 UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

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

	2023	2022
Receivable in Less than One Year	\$ 52	\$ 139
Receivable in One to Five Years	157	191
Total	<u>209</u>	<u>330</u>
Less: Unamortized Discount	(14)	(23)
Less: Allowance for Uncollectible Pledges	(12)	(23)
Net Unconditional Promises to Give	<u>183</u>	<u>284</u>
Less: Long-Term Portion	(131)	(145)
Net Unconditional Promises to Give, Current	<u>\$ 52</u>	<u>\$ 139</u>

NOTE 4 RECEIVABLES – OTHER THAN PROMISES TO GIVE

Trade, Advertising, and Royalties

An allowance is made for credit losses 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 credit losses 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.

Charitable Remainder Trusts

RMEF has interests in irrevocable trusts which are reported at their estimated present value and no allowance is considered necessary.

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

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

	2023	2022
Accounts Receivable:		
Trade, Advertising, and Royalties	\$ 348	\$ 486
Membership	235	209
Grants	-	325
Miscellaneous Clearing	2	-
Employee Retention Credit	-	685
Related Parties:		
Chapter BGB Reserve for Error	(22)	(62)
Interest in Charitable Remainder Trusts	364	241
Gross Accounts Receivable	927	1,884
Less: Allowance for Credit Losses	(158)	(99)
Total Accounts Receivable, Net	769	1,785
Less: Long-Term Portion	(364)	(241)
Current Portion	\$ 405	\$ 1,544

NOTE 5 INVESTMENTS

Investments are summarized as follows at December 31:

	2023	2022
Equities	\$ 32,307	\$ 12,153
Fixed Income	45,572	56,684
Alternative Investments	405	-
Other	23	9,296
Total	\$ 78,307	\$ 78,133

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 for the years ended December 31:

	2023	2022
Net Realized and Unrealized Gains	\$ 2,016	\$ (13,292)
Interest and Dividends on Investments	2,572	1,939
Investment Fees	(132)	(117)
Total	4,456	(11,470)
Interest on Cash Accounts	1,064	565
Total Investment Return on Cash and Investments	\$ 5,520	\$ (10,905)

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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)	2023 Total	2022 Total
Equities	\$ 32,307	\$ -	\$ -	\$ 32,307	\$ 12,153
Fixed Income	45,425	147	-	45,572	56,684
Other	23	-	-	23	6,493
Total Investments at Fair Value	<u>\$ 77,755</u>	<u>\$ 147</u>	<u>\$ -</u>	77,902	75,330
Investment in OutdoorClass, LLC	-	-	-	-	2,803
Investments Measured at NAV:					
Private Credit				405	-
Total				<u>\$ 78,307</u>	<u>\$ 78,133</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.

Alternative Investments – Valued based on information received from underlying investment funds/managers adjusted for subsequent capital contributions (valued at cost), distributions, and fund accruals.

There have been no changes in the methodologies used at December 31, 2023 and 2022.

Investment in OutdoorClass, LLC is accounted for using the equity method of accounting in 2022 and through November 20, 2023 (see Note 1).

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NOTE 6 FAIR VALUES MEASURED ON A RECURRING BASIS (CONTINUED)

RMEF had the following investments in and commitments to alternative investment funds at December 31:

	NAV		Unfunded Commitments	Redemption Schedule	Redemption Notice Period
	2023	2022			
Private Credit	\$ 405	\$ -	\$ -	Quarterly	N/A

No impairment losses were recorded on alternative investments in 2023.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Land	\$ 2,380	\$ 2,380
Buildings and Improvements	13,900	13,705
Furniture and Equipment	4,247	3,866
Total	<u>20,527</u>	<u>19,951</u>
Less: Allowances for Depreciation	<u>(9,274)</u>	<u>(8,695)</u>
Total	11,253	11,256
Assets in Progress	1,458	379
Total Property and Equipment, Net	<u><u>\$ 12,711</u></u>	<u><u>\$ 11,635</u></u>

Depreciation expense totaled \$585 and \$625 in 2023 and 2022, respectively.

Assets in progress consisted of a software implementation project of \$1,011 and various building improvement projects of \$446 at December 31, 2023. Costs to complete these projects are estimated at \$1,463 and the assets are expected to be placed in service in 2024 and 2025.

NOTE 8 CONSERVATION LAND HOLDINGS

Properties held for conservation resale and conservation land holdings totaled \$7,473 and \$7,085 at December 31, 2023 and 2022, respectively. Management believes the carrying value of properties held for resale does not exceed the amount expected upon sale.

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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:

	2023	2022
Estimated Present Value of Liability at January 1	\$ 1,449	\$ 1,407
Increase in Estimated Present Value of Liability from Contribution	17	2
Decrease in Estimated Present Value Due to Beneficiary Payments	(207)	(177)
Change in Estimated Present Value from Revaluation	135	217
Estimated Present Value of Liability at December 31	1,394	1,449
Less: Estimated Current Portion	(210)	(207)
Total Long-Term Portion	\$ 1,184	\$ 1,242

NOTE 10 NET ASSETS

At December 31, net assets consist of the following:

	2023	2022
Net Assets With Donor Restriction:		
Restricted for Purpose	\$ 133	\$ 155
Subject to the Passage of Time	666	650
Gift Annuities with Perpetual Restriction	684	627
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Corpus	31,959	31,941
Accumulated Investment Gains	17,269	15,554
Total Net Assets With Donor Restriction	\$ 50,711	\$ 48,927
Net Assets Without Donor Restriction:		
Undesignated	\$ 49,196	\$ 60,042
Noncontrolling Interest	1,428	-
Board-Designated Endowment Funds:		
Conservation Easement Protection Fund	4,671	4,207
Strategic Land Protection Fund	-	9,078
Mission Advancement Fund	27,333	-
Total Net Assets Without Donor Restriction	\$ 82,628	\$ 73,327

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NOTE 10 NET ASSETS (CONTINUED)

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

	2023	2022
Expiration of Time Restriction	\$ 351	\$ 593
Fulfillment of Purpose Restriction	3,051	3,444
Total	\$ 3,402	\$ 4,037

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.

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 \$23 and \$10 as of December 31, 2023 and 2022, respectively.

RMEF's total contributions under retirement plans for the years ended December 31, 2023 and 2022 were \$509 and \$532, respectively.

NOTE 12 COMMITMENTS

Project Commitments

RMEF has entered into various commitments with federal and state agencies and other conservation organizations to fund land conservation, wildlife management, habitat stewardship, and hunting heritage projects. These commitments totaled \$4,728 and \$3,741 at December 31, 2023 and 2022, respectively.

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NOTE 12 COMMITMENTS (CONTINUED)

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 years ended December 31, 2023 and 2022, RMEF maintained an additional \$12,000 line of credit with a financial institution. The stated interest rate is the Secured Overnight Financing Rate, which was 5.38% at December 31, 2023, 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, 2023 and 2022.

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 \$1,611 and \$1,709 for the years ended December 31, 2023 and 2022, 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 2023 and 2022, the amount of premiums and claims paid were \$2,460 and \$1,377, respectively. At December 31, 2023 and 2022, the cash balance of the reserve account was \$401 and \$213, respectively. In 2023 and 2022, RMEF's estimate of net claims incurred but not paid was \$401 and \$213, 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.

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

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.

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			
	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
	-	-	-	-
Board-Designated Endowment Funds:				
Conservation Easement Protection Fund	\$ 4,671	\$ -	\$ 4,671	\$ 4,207
Strategic Land Protection Fund	-	-	-	9,078
Mission Advancement Fund	27,333	-	27,333	-
Total	32,004	-	32,004	13,285
Donor-Restricted Endowment Funds:				
General	-	3,777	3,777	3,759
Midway USA	-	400	400	400
Torstenson Family	-	27,782	27,782	27,782
Total	-	31,959	31,959	31,941
Accumulated Investment Gains:				
General	-	4,354	4,354	4,117
Midway USA	-	261	261	220
Torstenson Family	-	12,654	12,654	11,217
Total	-	17,269	17,269	15,554
Total Endowment Funds	\$ 32,004	\$ 49,228	\$ 81,232	\$ 60,780

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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			
	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
Endowment Net Assets -				
Beginning of Year	\$ 13,285	\$ 47,495	\$ 60,780	\$ 72,874
Investment Return, Net	1,647	4,242	5,889	(9,900)
Other Income	155	18	173	120
Contributions	-	-	-	-
Other Changes:				
Release from Restriction	-	(2,527)	(2,527)	(2,119)
Additional Board Designations	16,917	-	16,917	-
Appropriated for Expenditure	-	-	-	(195)
Endowment Net Assets - End of Year	<u>\$ 32,004</u>	<u>\$ 49,228</u>	<u>\$ 81,232</u>	<u>\$ 60,780</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.

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Donor-Restricted Funds (Continued)

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.

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. Under the Conservation Easement Protection Fund (CEPF) policy, as approved by the board of directors, the investment objective for fund assets is growth and income; a total return approach emphasizing both current growth and income over a relatively long term.

Under the Mission Advancement Fund (MAF) policy, as approved by the board of directors, the investment objective for fund assets is growth and income, a total return approach emphasizing both current growth and income over an intermediate term.

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.

Mission Advancement Fund: To satisfy its moderate-term rate of 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 equal emphasis on equity and fixed income-based investments to achieve its moderate term objectives with prudent risk constraints.

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NOTE 13 ENDOWMENT FUNDS (CONTINUED)

Board-Designated Funds – Without Donor Restrictions (Continued)

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.

Mission Advancement Fund: Distributions from the fund must be consistent with a board of directors approved budget, or specifically approved by the board outside of the budget.

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 consolidated 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.

	2023	2022
Cash	\$ 30,165	\$ 23,173
Accounts Receivable, Net, to be Collected in Less than One Year	405	1,545
Unconditional Promises to Give, Net, to be Collected in Less than One Year	52	139
Investments	<u>78,307</u>	<u>78,133</u>
Total Financial Assets, Excluding Noncurrent Receivables	108,929	102,990
Less:		
Board-Designated and Donor-Restricted Endowment Funds	(81,233)	(60,780)
Add Back:		
Amounts Available for General Expenditure	132	117
Donor Restricted for Specific Programs	<u>(133)</u>	<u>(155)</u>
Total	<u>(81,234)</u>	<u>(60,818)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 27,695</u>	<u>\$ 42,172</u>

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 14 AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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.

NOTE 15 FUNCTIONAL EXPENSES

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

	Land Conservation and Access	Habitat Stewardship	Wildlife Management	Hunting Heritage	2023 Total	2022 Total
Bad Debt (Recoveries)	\$ -	\$ 2	\$ -	\$ 9	\$ 11	\$ -
Conservation Easements	6,463	-	-	-	6,463	9,826
Conservation Projects	-	4,133	512	1,782	6,427	5,735
Depreciation and Amortization	38	29	3	259	329	336
Direct Benefit to Donor	-	-	-	-	-	-
Hunting Heritage	160	171	28	168	527	564
Employee Benefits	532	454	47	256	1,289	1,070
Employee Salaries	1,887	1,607	177	897	4,568	4,278
Hunting Heritage Merchandise	-	-	-	5,023	5,023	4,945
Insurance	1	16	-	27	44	42
Land Conservation, Excluding						
Conservation Easements	14,336	4,854	-	495	19,685	27,280
Membership Benefits	-	-	-	3,288	3,288	3,617
Merchandise	-	-	-	114	114	12
Miscellaneous	24	349	2	55	430	504
Postage and Shipping	4	134	-	13	151	134
Printing and Publications	5	11	-	1,508	1,524	987
Professional Fees	538	515	36	194	1,283	991
Rent and Maintenance	2	8	-	27	37	48
Supplies	26	42	2	70	140	160
Telephone	27	36	1	7	71	71
Travel and Meetings	174	358	7	132	671	541
Utilities	-	2	-	24	26	22
Total	<u>\$ 24,217</u>	<u>\$ 12,721</u>	<u>\$ 815</u>	<u>\$ 14,348</u>	<u>\$ 52,101</u>	<u>\$ 61,163</u>

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 16 BUSINESS COMBINATION

On December 1, 2023, RMEF purchased an additional 29.8% ownership interest in OutdoorClass, LLC through the payment of cash. The total consideration of \$1,150 was paid on December 1, 2023. Prior to December 1, 2023, RMEF previously held 32.6% ownership, this transaction brings total ownership to 62.4%. RMEF revalued the previously held investment at the date of the business combination. The loss of \$1,010 is included in investment income for the year ended December 31, 2023.

RMEF acquired a majority ownership interest in OutdoorClass, LLC by purchasing additional units from the previous majority owner, which effectively allowed RMEF to assume the role of manager and more directly influence the long-term vision and day-to-day operations of the business. This business combination capitalizes on natural synergies between the two business models. Most importantly, OutdoorClass, LLC provides RMEF with a unique opportunity to effectively deliver mission through its Hunting Heritage program. In addition, the business model of recurring subscription revenue aligns closely with RMEF's recurring membership model and facilitates an ancillary benefit of introducing RMEF to potential members.

The following assets and liabilities were acquired:

Cash	\$	523
Accounts Receivable		14
Prepaid Expenses		18
Equipment		130
Goodwill		2,550
Intangibles		2,031
Accounts Payable and Accrued Expenses		(85)
Deferred Revenue		(496)
Long-Term Liability		(821)

NOTE 17 OTHER LIABILITY

On January 1, 2021, OutdoorClass, LLC entered into an Operating Agreement which requires annual guaranteed payments of \$463 to one of the Company's members for five years, with a final one-time payment of \$200 due on April 30, 2026. This agreement was entered into by OutdoorClass at inception in exchange for intangible assets contributed by the member. As of December 31, 2023, the gross outstanding liability is \$894. A present value discount of \$73 has been applied, resulting in a net discounted liability of \$821 at December 31, 2023.

ROCKY MOUNTAIN ELK FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)
(IN THOUSANDS)

NOTE 17 OTHER LIABILITY (CONTINUED)

Future payments are as follows:

Year Ending December 31,	Amount
2024	\$ 231
2025	463
2026	200
Total Payments	894
Less: Discount	(73)
Total	\$ 821

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STAND ALONE STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(IN THOUSANDS)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	29,710
Receivables, Net		435
Net Unconditional Promises to Give, Current		52
Inventories		8,723
Prepaid Expenses		912
Total Current Assets		39,832
Investments		80,677
Property and Equipment, Net		12,583
Long-Term Receivables, Net		364
Net Unconditional Promise to Give, Net of Current		131
Conservation Land Holdings		7,473
Artwork		314
		141,374
Total Assets	\$	141,374

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$	6,417
Deposits, Advances, and Deferred Revenue		1,654
Split-Interest Agreement Liabilities, Current		210
Total Current Liabilities		8,281

LONG-TERM LIABILITIES

Split-Interest Agreement Liabilities, Net of Current Portion		1,184
		1,184
Total Liabilities		9,465

NET ASSETS

Without Donor Restriction		81,198
With Donor Restriction		50,711
Total Net Assets		131,909
Total Liabilities and Net Assets	\$	141,374

ROCKY MOUNTAIN ELK FOUNDATION, INC.
STAND ALONE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS)

	Without Donor Restriction	With Donor Restriction	Total
FUNDS SPENT ON MISSION ACCOMPLISHMENT BY PROGRAM			
Program Services Expenses:			
Land Protection	\$ 24,217	\$ -	\$ 24,217
Habitat Stewardship	12,721	-	12,721
Wildlife Management	815	-	815
Hunting Heritage	14,348	-	14,348
Total Program Services Expenses	52,101	-	52,101
SOURCE OF FUNDS FOR MISSION ACCOMPLISHMENT			
Public Support:			
Contributions	18,784	682	19,466
Membership	8,142	220	8,362
Special Events	40,320	-	40,320
Less: Direct Donor Benefits	(14,930)	-	(14,930)
Change/Revalue Split Interest Agreements	(181)	42	(139)
Total Public Support	52,135	944	53,079
Program Service Revenue:			
Conservation Land Sales	14,336	-	14,336
Conservation Easements	6,463	-	6,463
Contract Revenue	147	-	147
Government Grants	94	-	94
Total Program Services Revenue	21,039	-	21,039
Other:			
Investment Return	1,237	4,242	5,479
Advertising, Royalties, and Other Sales	4,812	-	4,812
Less: Cost of Sales	(869)	-	(869)
Other Income	155	-	155
Gain (Loss) on Assets Sold/Written Off	2	-	2
Net Assets Released from Restrictions	3,402	(3,402)	-
Total Other	8,739	840	9,579
Support Service Expenses:			
Fundraising	17,906	-	17,906
Administrative	4,035	-	4,035
Total Support Service Expenses	21,941	-	21,941
FUNDS AVAILABLE FOR MISSION ACCOMPLISHMENT	59,972	1,784	61,756
CHANGE IN NET ASSETS	7,871	1,784	9,655
Net Assets - Beginning of Year	73,327	48,927	122,254
NET ASSETS - END OF YEAR	\$ 81,198	\$ 50,711	\$ 131,909

