

ROCKY MOUNTAIN ELK FOUNDATION

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# 2021 AUDITED FINANCIAL STATEMENTS



**ROCKY MOUNTAIN ELK FOUNDATION, INC.  
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YEAR ENDED DECEMBER 31, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we 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.



Board of Directors  
Rocky Mountain Elk Foundation, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Rocky Mountain Elk Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky Mountain Elk Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky Mountain Elk Foundation, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
June 23, 2022

**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(IN THOUSANDS)  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 19,907	\$ 13,684
Receivables, Net	1,424	222
Net Unconditional Promises to Give, Current	206	272
Inventories	6,934	6,522
Prepaid Expenses	1,079	367
Total Current Assets	<u>29,550</u>	<u>21,067</u>
Investments	91,093	80,238
Property and Equipment, Net	10,307	10,767
Long-Term Receivables, Net	303	380
Net Unconditional Promise to Give, Net of Current	157	210
Conservation Land Holdings	1,985	2,097
Artwork	314	314
Total Assets	<u>\$ 133,709</u>	<u>\$ 115,073</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 6,346	\$ 3,318
Note Payable	-	2,423
Deposits, Advances, and Deferred Revenue	1,600	1,512
Split Interest Agreement Liabilities, Current	203	202
Total Current Liabilities	<u>8,149</u>	<u>7,455</u>
Split Interest Agreement Liabilities, Net of Current Portion	<u>1,204</u>	<u>1,244</u>
Total Liabilities	9,353	8,699
<b>NET ASSETS</b>		
Without Donor Restriction	64,378	50,831
With Donor Restriction	59,978	55,543
Total Net Assets	<u>124,356</u>	<u>106,374</u>
Total Liabilities and Net Assets	<u>\$ 133,709</u>	<u>\$ 115,073</u>

See accompanying Notes to Financial Statements.

**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**(IN THOUSANDS)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020	
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>FUNDS SPENT ON MISSION ACCOMPLISHMENT</b>				
<b>BY PROGRAM</b>				
Program Services Expenses:				
Land Protection	\$ 22,217	\$ -	\$ 22,217	\$ 28,635
Habitat Stewardship	6,840	-	6,840	5,758
Wildlife Management	842	-	842	856
Hunting Heritage	12,693	-	12,693	8,935
Total Program Services Expenses	42,592	-	42,592	44,184
<b>SOURCE OF FUNDS FOR MISSION ACCOMPLISHMENT</b>				
Public Support:				
Contributions	18,177	817	18,994	11,260
Gain on Extinguishment of Debt	4,423	-	4,423	-
Membership	10,061	391	10,452	10,682
Special Events	28,181	-	28,181	19,848
Less: Direct Donor Benefits	(9,087)	-	(9,087)	(10,205)
Change/Revalue Split Interest Agreements	(262)	28	(234)	236
Total Public Support	51,493	1,236	52,729	31,820
Program Service Revenue:				
Conservation Land Sales	10,740	-	10,740	19,676
Conservation Easements	2,570	-	2,570	2,984
Contract Revenue	121	-	121	1,029
Government Grants	1,030	-	1,030	1,622
Total Program Services Revenue	14,462	-	14,462	25,311
Other:				
Investment Return	866	6,398	7,264	11,208
Advertising, Royalties, and Other Sales	4,685	-	4,685	4,220
Less: Cost of Sales	(1,034)	-	(1,034)	(1,085)
Other Income	857	-	857	17
Loss on Assets Sold/Written Off	(16)	-	(16)	(1)
Net Assets Released from Restrictions	3,199	(3,199)	-	-
Total Other	8,557	3,199	11,756	14,359
Support Service Expenses:				
Fundraising	14,434	-	14,434	13,707
Administrative	3,939	-	3,939	4,007
Total Support Service Expenses	18,373	-	18,373	17,714
<b>FUNDS AVAILABLE FOR MISSION ACCOMPLISHMENT</b>	56,139	4,435	60,574	53,777
<b>CHANGE IN NET ASSETS</b>	13,547	4,435	17,982	9,593
Net Assets - Beginning of Year	50,831	55,543	106,374	96,781
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 64,378</u>	<u>\$ 59,978</u>	<u>\$ 124,356</u>	<u>\$ 106,374</u>

See accompanying Notes to Financial Statements.

**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**(IN THOUSANDS)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Total Program Services	Support Services			Total Support Services	2021 Total	2020 Total
		Administrative	Fundraising	Merchandise			
Advertising	\$ -	\$ 32	\$ 332	\$ 36	\$ 400	\$ 400	\$ 387
Bad Debt (Recoveries)	12	-	45	-	45	57	66
Conservation Easements	3,990	-	-	-	-	3,990	5,439
Conservation Projects	6,420	-	-	-	-	6,420	5,583
Depreciation	341	167	147	-	314	655	685
Direct Benefit to Donor	-	4	9,087	-	9,091	9,091	10,205
Education and Awareness	517	-	-	-	-	517	642
Employee Benefits	1,053	541	1,167	45	1,753	2,806	3,163
Employee Salaries	3,930	1,824	4,193	174	6,191	10,121	10,187
Hunting Heritage Merchandise	4,349	-	-	-	-	4,349	-
Insurance	26	205	4	-	209	235	209
Land Protection, Excluding							
Conservation Easements	15,342	-	-	-	-	15,342	20,569
Membership Benefits	3,591	-	-	-	-	3,591	3,801
Merchandise	-	-	-	577	577	577	606
Miscellaneous	455	111	735	35	881	1,336	1,190
Postage and Shipping	122	14	3,569	108	3,691	3,813	3,391
Printing and Publications	958	107	2,594	24	2,725	3,683	3,314
Professional Fees	891	416	860	15	1,291	2,182	1,959
Rent and Maintenance	69	278	54	-	332	401	439
Supplies	79	52	112	5	169	248	324
Telephone	68	22	102	1	125	193	198
Travel and Meetings	358	86	514	14	614	972	703
Utilities	21	80	6	-	86	107	128
Total Expenses by Function	42,592	3,939	23,521	1,034	28,494	71,086	73,188
Less: Direct Benefit to Donors	-	-	(9,087)	-	(9,087)	(9,087)	(10,205)
Less: Cost of Sales	-	-	-	(1,034)	(1,034)	(1,034)	(1,085)
Total Expenses, Net	<u>\$ 42,592</u>	<u>\$ 3,939</u>	<u>\$ 14,434</u>	<u>\$ -</u>	<u>\$ 18,373</u>	<u>\$ 60,965</u>	<u>\$ 61,898</u>

See accompanying Notes to Financial Statements.



**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
(IN THOUSANDS)  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 17,982	\$ 9,593
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Conservation Land	(22)	-
Cash Contributions Restricted for Long-Term Purposes	-	(197)
Depreciation	655	685
Loss on Assets Sold/Written-Off	16	1
Change in Valuation of Split Interest Agreement Liabilities	156	151
Gain on Extinguishment of Debt	(4,423)	-
Realized and Unrealized Gains on Investments	(5,753)	(10,093)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(1,007)	1,068
Inventories	(412)	(398)
Prepaid Expenses and Other Assets	(711)	696
Accounts Payable and Accrued Liabilities	3,028	(753)
Deposits, Advances, and Deferred Revenue	88	(400)
Cash Provided (Used) by Conservation Land Activities:		
Acquisition of Conservation Properties Held for Resale	(14,805)	(18,813)
Proceeds from Sale of Conservation Properties	14,939	19,920
Net Cash Provided by Operating Activities	9,731	1,460
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Proceeds and Income Reinvested	929	84,306
Investments Purchased	(6,031)	(94,569)
Proceeds from the Sale of Equipment	147	-
Additions to Property and Equipment	(358)	(160)
Net Cash Used by Investing Activities	(5,313)	(10,423)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Contributions Restricted for Long-Term Purposes	-	197
Proceeds from Annuitants on Split Interest Agreements	8	9
Proceeds from Notes Payable	2,000	2,423
Payments to Annuitants on Split Interest Agreements	(203)	(201)
Net Cash Provided by Financing Activities	1,805	2,428
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6,223	(6,535)
Cash and Cash Equivalents - Beginning of Year	13,684	20,219
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 19,907	\$ 13,684
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Donated Conservation Easements	2,570	2,984
Donated Securities	\$ 116	\$ 68

See accompanying Notes to Financial Statements.

**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES**

The Rocky Mountain Elk Foundation, Inc., (RMEF) is a national nonprofit, wildlife conservation organization, consisting of approximately 226,000 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: permanent land protection, 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 approximately 491 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, 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**  
(IN THOUSANDS)  
**DECEMBER 31, 2021 AND 2020**

**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:

	2021	2020
Cash in Savings, Checking, and Money Market Accounts		
Market Accounts	\$ 15,660	\$ 8,829
Cash and Cash Equivalents Held by Investment Managers	4,247	4,855
Total Cash and Cash Equivalents	<u>\$ 19,907</u>	<u>\$ 13,684</u>

**Comparative Totals**

The financial information includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with RMEF's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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, 2021 and 2020, bank demand deposits included \$30,916 and \$13,099, respectively, that were in excess of FDIC 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, 2021 and 2020, RMEF held 230 and 228 conservation easements on approximately 420,149 and 415,509 acres of habitat, respectively.

**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020, deposits, advances, and deferred revenue included refundable advances totaling \$98 and \$50, respectively. At December 31, 2021 and 2020, conditional grants awarded, but not yet received, totaled \$5,797 and \$6,985, respectively.

**Donated Services**

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

Services requiring specialized skills, or which create or enhance non-financial assets (primarily property or other assets) and would typically need to be purchased if not provided by donation are recorded. Contributed services recorded for the years ended December 31, 2021 and 2020 were \$0.



**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**DECEMBER 31, 2021 AND 2020**

**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 Protection represents conservation and protection activities through land and 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 costs to engage people 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 \$400 and \$387 for the years ended December 31, 2021 and 2020, respectively.

**Income taxes**

RMEF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, net income from certain activities (advertising, certain inventory sales and certain other items) not directly related to RMEF's tax-exempt purpose is subject to taxation as unrelated business income. Taxes related to these activities were not significant for the years ended December 31, 2021 and 2020.

**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 banquet 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**  
**(IN THOUSANDS)**  
**DECEMBER 31, 2021 AND 2020**

**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. The cost of purchase options and other acquisition costs are expensed as incurred.

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

**Property and Equipment**

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 \$3,813 and \$3,391 for the years ended December 31, 2021 and 2020, respectively.



**ROCKY MOUNTAIN ELK FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

RMEF earns revenues from the sale of memberships, which provides the member access to special benefits during the annual membership period. Memberships, which are nonrefundable, 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 \$1,490 and \$1,142 as of December 31, 2021 and 2020, respectively.

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.

**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, 2021 and 2020, RMEF maintained approximately \$2,436 and \$2,351, 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**  
(IN THOUSANDS)  
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**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 Permanent Land Protection 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 permanent land protection projects. Gains on land transactions as well as interest and gains/losses on investments are classified as net assets without restriction.

**Subsequent Events**

RMEF has evaluated subsequent events through June 23, 2022, the date on which the financial statements were available to be issued. In May 2022 Rocky Mountain Elk Foundation entered into service contracts and subscription agreements related to a software implementation. The total of these contracts is approximately \$1 million over 3 years. In June 2022 RMEF exercised its option to purchase land with a \$5 million purchase price. The transaction is expected to close in June 2022.

**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 at December 31, 2021 and 2020 is approximately 3.00%. 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:

	2021	2020
Receivable in Less than One Year	\$ 206	\$ 272
Receivable in One to Five Years	229	310
Total	435	582
Less: Unamortized Discount	(47)	(69)
Less: Allowance for Uncollectible Pledges	(25)	(31)
Net Unconditional Promises to Give	363	482
Less: Long-Term Portion	(157)	(210)
Net Unconditional Promises to Give, Current	<u>\$ 206</u>	<u>\$ 272</u>



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**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 U.S. 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.
- 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 two charitable remainder unitrusts which are reported at their estimated present value and no allowance is considered necessary.

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

	2021	2020
Accounts Receivable:		
Trade, Advertising, and Royalties	\$ 481	\$ 219
Membership	261	50
Grants	22	10
Miscellaneous Clearing	82	-
Employee Retention Credit	686	-
Related Parties:		
Employee Computer	-	1
Interest in Charitable Remainder Trusts	303	380
Gross Accounts Receivable	1,835	660
Less: Allowance for Doubtful Accounts	(108)	(58)
Total Accounts Receivable, Net	1,727	602
Less: Long-Term Portion	(303)	(380)
Current Portion	<u>\$ 1,424</u>	<u>\$ 222</u>

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**NOTE 5 INVESTMENTS**

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

	2021	2020
Equities	\$ 38,327	\$ 45,775
Fixed Income	49,676	34,436
Other	3,090	27
Total	<u>\$ 91,093</u>	<u>\$ 80,238</u>

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:

	2021	2020
Net Realized and Unrealized Gains	\$ 5,753	\$ 10,093
Interest and Dividends on Investments	1,350	1,150
Investment Fees	(128)	(120)
Total	6,975	11,123
Interest on Cash Accounts	289	85
Total Investment Return on Cash and Investments	<u>\$ 7,264</u>	<u>\$ 11,208</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, 2021 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2021 Total	2020 Total
Equities	\$ 38,327	\$ -	\$ -	\$ 38,327	\$ 45,775
Fixed Income	36,189	13,487	-	49,676	34,436
Other	100	-	-	100	27
Total Investments	74,616	13,487	-	88,103	80,238
Investment in LLC	2,990	-	-	2,990	-
Total	<u>\$ 77,606</u>	<u>\$ 13,487</u>	<u>\$ -</u>	<u>\$ 91,093</u>	<u>\$ 80,238</u>

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

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, 2021 and 2020.

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

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2021	2020
Land	\$ 2,380	\$ 2,380
Buildings and Improvements	12,306	12,359
Furniture and Equipment	3,534	3,588
Total	18,220	18,327
Less: Allowances for Depreciation	(8,090)	(7,604)
Total	10,130	10,723
Assets in Progress	177	44
Total Property and Equipment, Net	<u>\$ 10,307</u>	<u>\$ 10,767</u>

Depreciation expense totaled \$655 and \$685 in 2021 and 2020, respectively.

Assets in progress consisted of various building improvement projects of \$177 at December 31, 2021. Assets in progress consisted of various building improvement projects of \$44 at December 31, 2020.

**NOTE 8 CONSERVATION LAND HOLDINGS**

Properties held for conservation resale and conservation land holdings totaled \$1,985 and \$2,097 at December 31, 2021 and 2020, 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:

	2021	2020
Estimated Present Value of Liability at January 1	\$ 1,446	\$ 1,487
Increase in Estimated Present Value of Liability from Contribution	7	9
Decrease in Estimated Present Value Due to Beneficiary Payments	(203)	(201)
Change in Estimated Present Value from Revaluation	157	151
Estimated Present Value of Liability at December 31	1,407	1,446
Less: Estimated Current Portion	(203)	(202)
Total Long-Term Portion	<u>\$ 1,204</u>	<u>\$ 1,244</u>

**NOTE 10 NET ASSETS**

At December 31, net assets consist of the following:

	2021	2020
Net Assets With Donor Restriction:		
Restricted for Purpose	\$ 56	\$ 167
Subject to the Passage of Time	903	864
Gift Annuities with Perpetual Restriction	622	586
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Corpus	31,821	31,829
Accumulated Investment Gains	26,576	22,097
Total Net Assets With Donor Restriction	<u>\$ 59,978</u>	<u>\$ 55,543</u>
Net Assets Without Donor Restriction:		
Undesignated	\$ 49,902	\$ 36,969
Board-Designated Endowment Funds:		
Conservation Easement Protection Fund	4,934	4,180
Strategic Land Protection Fund	9,542	9,682
Total Net Assets Without Donor Restriction	<u>\$ 64,378</u>	<u>\$ 50,831</u>



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**NOTE 10 NET ASSETS (CONTINUED)**

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

	2021	2020
Expiration of Time Restriction	\$ 331	\$ 817
Fulfillment of Purpose Restriction	2,868	3,245
Total	<u>\$ 3,199</u>	<u>\$ 4,062</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. In 2021, RMEF's plan changed to provide a company match of up to 5% of employee contributions. In the prior year, RMEF contributed 5% of eligible employee compensation for all employees. 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 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 \$100 and \$0 as of December 31, 2021 and 2020, respectively.

RMEF's total contributions under retirement plans for the years ended December 31, 2021 and 2020 were \$489 and \$548, 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 \$2,368 and \$3,527 at December 31, 2021 and 2020, respectively.

**Software Contracts** – RMEF has entered into various commitments with vendors for service fees associated with software contracts. These commitments totaled \$0 and \$532 at December 31, 2021 and 2020, respectively.

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**NOTE 12 COMMITMENTS (CONTINUED)**

Operating Line of Credit – RMEF maintained a \$3,000 line of credit at prime rate (4.00%) at December 31, 2021 and prime rate (3.25%) at December 31, 2020. The line expires December 31, 2022, and is secured by accounts receivable, equipment, and inventory. There were no amounts outstanding at December 31, 2021 and 2020.

During the year ended December 31, 2021, RMEF maintained an additional \$12,000 line of credit, with a financial institution at a one month LIBOR rate (0.11%) at December 31, 2021, plus a margin of 1.5%. The line has no stated expiration date and is secured by marketable securities. There were no amounts outstanding at December 31, 2021 and 2020.

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 \$1,695 and \$1,834 for the years ended December 31, 2021 and 2020, 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 2021 and 2020, the amount of premiums and claims paid were \$1,289 and \$1,659, respectively. At December 31, 2021 and 2020, the cash balance of the reserve account was \$326 and \$363, respectively. In 2021 and 2020, RMEF's estimate of net claims incurred but not paid was \$326 and \$363, respectively.

Lease Commitments – RMEF is obligated under various cancelable operating lease agreements for equipment. Future minimum lease payments are not material to the financial statements.

**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 U.S. 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, 2021				
	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Board-Designated Endowment Funds:				
Conservation Easement Protection Fund	\$ 4,934	\$ -	\$ 4,934	\$ 4,180
Strategic Land Protection Fund	9,542	-	9,542	9,682
Total	14,476	-	14,476	13,862
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Corpus				
General	-	3,639	3,639	3,646
Midway USA	-	400	400	400
Torstenon Family	-	27,783	27,783	27,783
Total	-	31,822	31,822	31,829
Accumulated Investment Gains:				
General	-	5,321	5,321	4,354
Midway USA	-	343	343	259
Torstenon Family	-	20,912	20,912	17,484
Total	-	26,576	26,576	22,097
Total Endowment Funds	\$ 14,476	\$ 58,398	\$ 72,874	\$ 67,788

	Changes in Endowment Net Assets for the Year Ended December 31, 2021			
	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Endowment Net Assets -				
Beginning of Year	\$ 13,862	\$ 53,926	\$ 67,788	\$ 58,517
Investment Return, Net	586	6,398	6,984	10,613
Other Income	216	-	216	-
Contributions	-	-	-	197
Other Changes:				
Release from Restriction	-	(1,919)	(1,919)	(1,892)
Appropriated for Expenditure	(195)	-	(195)	353
Endowment Net Assets - End of Year	\$ 14,469	\$ 58,405	\$ 72,874	\$ 67,788

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**NOTE 13 ENDOWMENT FUNDS (CONTINUED)**

**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.

**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.



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**NOTE 13 ENDOWMENT FUNDS (CONTINUED)**

**Return Objectives and Risk Parameters (Continued)**

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

**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 two lines of credit totaling \$15,000 with financial institutions 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.

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**NOTE 14 AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

	2021	2020
Cash	\$ 19,907	\$ 13,684
Accounts Receivable, Net, to be Collected in		
Less than One Year	1,424	222
Unconditional Promises to Give, Net, to be Collected		
in Less than One Year	206	272
Investments	91,093	80,238
Total Financial Assets, Excluding		
Noncurrent Receivables	112,630	94,416
Less:		
Board-Designated and Donor-Restricted		
Endowment Funds	(72,874)	(67,788)
Add Back: Amounts Available for		
General Expenditure	128	120
Donor Restricted for Specific Programs	(56)	(167)
Total	(72,802)	(67,835)
Financial Assets Available to Meet Cash Needs		
for General Expenditures Within One Year	\$ 39,828	\$ 26,581

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 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 ending 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 ending 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.



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**NOTE 15 PAYCHECK PROTECTION PROGRAM LOAN AND EMPLOYEE RETENTION CREDIT (CONTINUED)**

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.

**NOTE 16 FUNCTIONAL EXPENSES**

The following schedule provides the functional expense detail of program service accomplishments as of December 31, 2021:

	Land Protection	Habitat Stewardship	Wildlife Management	Hunting Heritage	2021 Total	2020 Total
Bad Debt (Recoveries)	\$ -	\$ 8		\$ 4	\$ 12	\$ 5
Conservation Easements	3,990	-			3,990	5,439
Conservation Projects	1	3,860	639	1,920	6,420	5,583
Depreciation	49	24	2	266	341	320
Direct Benefit to Donor	-	-			-	
Education and Awareness	154	182	27	154	517	642
Employee Benefits	468	362	30	193	1,053	1,050
Employee Salaries	1,756	1,340	112	722	3,930	3,477
Hunting Heritage Merchandise	-	-		4,349	4,349	-
Insurance	5	2		19	26	16
Land Protection, Excluding					-	
Conservation Easements	14,987	255		100	15,342	20,569
Membership Benefits	-	-		3,591	3,591	3,801
Merchandise	-	-			-	-
Miscellaneous	116	251	5	83	455	433
Postage and Shipping	4	111		7	122	938
Printing and Publications	4	11		943	958	568
Professional Fees	557	166	23	145	891	849
Rent and Maintenance	4	9		56	69	87
Supplies	23	30	1	25	79	87
Telephone	23	38		7	68	59
Travel and Meetings	76	191	3	88	358	232
Utilities	-	-	-	21	21	29
	<u>\$ 22,217</u>	<u>\$ 6,840</u>	<u>\$ 842</u>	<u>\$ 12,693</u>	<u>\$ 42,592</u>	<u>\$ 44,184</u>



