Financial Statements
December 31, 2023

Rocky Mountain Bird Observatory
d/b/a Bird Conservancy of the Rockies

(With Comparative Totals for 2022)

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Independent Auditor's Report

The Board of Directors
Rocky Mountain Bird Observatory
d/b/a Bird Conservancy of the Rockies
Brighton, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rocky Mountain Bird Observatory d/b/a Bird Conservancy of the Rockies, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bird Conservancy of the Rockies as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bird Conservancy of the Rockies 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 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 Bird Conservancy of the Rockies' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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:

- 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 Bird Conservancy of the Rockies' 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 Bird Conservancy of the Rockies' 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 the 2022 financial statements of Bird Conservancy of the Rockies, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2023. In our opinion, the summarized comparative information presented 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 on our consideration of Bird Conservancy of the Rockies' 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 Bird Conservancy of the Rockies' 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 Bird Conservancy of the Rockies' internal control over financial reporting and compliance.

Eide Bailly LLP

Denver, Colorado
April 29, 2024

	2023	2022
Assets		
Cash and cash equivalents	$ 2,744,738	$ 1,403,779
Contracts and grants receivable	1,004,888	883,099
Receivable from Scientific and Cultural Facilities District	139,114	125,128
Promise to give, net	303,121	92,204
Prepaid expenses and other assets	48,104	32,797
Property and equipment, net	315,047	330,047
Operating leases right of use assets	15,438	26,265
Beneficial interest in assets held by community foundation	381,698	349,376
Cash held for transfer to community foundation	-	1,515
Total assets	$ 4,952,148	$ 3,244,210
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 746,925	$ 374,427
Refundable advances - grants	6,481	4,194
Deferred revenue	23,333	8,783
Operating lease liability	17,221	29,105
Total liabilities	793,960	416,509
Net Assets		
Without donor restrictions		
Undesignated	1,875,903	1,491,746
Invested in property and equipment, net	315,047	330,047
	2,190,950	1,821,793
With donor restrictions	1,967,238	1,005,908
Total net assets	4,158,188	2,827,701
Total liabilities and net assets	$ 4,952,148	$ 3,244,210

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenue and Support				
Contracts and grants	$ 6,743,781	$ -	$ 6,743,781	$ 5,424,642
Scientific and Cultural Facilities District	506,472	-	506,472	445,337
Educational program revenue	65,323	-	65,323	55,632
Contributions	231,750	1,623,252	1,855,002	753,790
Gross special event revenue				
Ticket sales and auction	135,973	-	135,973	127,208
In-kind contributions	23,989	-	23,989	18,720
Less cost of direct benefits to donors	(35,421)	-	(35,421)	(31,755)
Net special event revenue	124,541	-	124,541	114,173
Interest and other income	9,872	-	9,872	5,493
Change in value of beneficial interest in assets held by community foundation	-	29,674	29,674	(41,468)
Net assets released from restrictions	691,596	(691,596)	-	-
Total revenue and support	8,373,335	961,330	9,334,665	6,757,599
Expenses				
Program services	6,859,934	-	6,859,934	5,940,156
Management and general	954,129	-	954,129	900,480
Fundraising and development	190,115	-	190,115	174,100
Total expenses	8,004,178	-	8,004,178	7,014,736
Change in Net Assets	369,157	961,330	1,330,487	(257,137)
Net Assets, Beginning of Year	1,821,793	1,005,908	2,827,701	3,084,838
Net Assets, End of Year	$ 2,190,950	$ 1,967,238	$ 4,158,188	$ 2,827,701

	Program Services	Management and General	Fundraising and Development	Cost of Direct Benefits to Donors	2023	2022
Personnel costs						
Salaries	$ 3,678,702	$ 689,661	$ 128,136	$ -	$ 4,496,499	$ 3,931,901
Staff benefits and taxes	767,755	143,934	26,743	-	938,432	771,814
Total personnel costs	4,446,457	833,595	154,879	-	5,434,931	4,703,715
Expenses						
Professional services	1,100,607	47,194	9,581	-	1,157,382	1,090,108
Travel and meals	625,530	4,635	7,046	-	637,211	543,758
Supplies	351,184	6,623	6,969	-	364,776	295,036
Occupancy and repairs	109,319	23,193	930	-	133,442	126,913
Meetings and dues	91,509	8,899	2,387	-	102,795	86,675
Information technology	54,576	7,739	2,433	-	64,748	57,635
Bank, insurance, and other	42,235	9,238	5,369	-	56,842	57,843
Depreciation and amortization	38,517	13,013	521	-	52,051	53,053
Cost of direct benefits to donors	-	-	-	35,421	35,421	31,755
Total expenses	2,413,477	120,534	35,236	35,421	2,604,668	2,342,776
Total personnel costs and expenses	6,859,934	954,129	190,115	35,421	8,039,599	7,046,491
Less expenses included with revenues on the statement of activities						
Cost of direct benefits to donors	-	-	-	(35,421)	(35,421)	(31,755)
Total expenses included in the expense section on the statement of activities	$ 6,859,934	$ 954,129	$ 190,115	$ -	$ 8,004,178	$ 7,014,736

	2023	2022
Operating Activities		
Change in net assets	$ 1,330,487	$ (257,137)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	52,051	53,053
Contributions restricted to endowment held at community foundation	(250)	(2,115)
Change in value of beneficial interest in assets held by community foundation	(29,674)	41,468
Changes in operating assets and liabilities		
Contracts and grants receivable	(121,789)	(60,682)
Receivable from Scientific and Cultural Facilities District	(13,986)	(7,538)
Promise to give, net	(210,917)	(92,204)
Prepaid expenses and other assets	(15,307)	8,270
Accounts payable and accrued expenses	372,498	10,163
Refundable advances - grants	2,287	(26,792)
Deferred revenue	14,550	2,731
Operating lease assets and liabilities	(1,057)	(1,986)
Net Cash from (used for) Operating Activities	1,378,893	(332,769)
Investing Activities		
Purchases of property and equipment	(37,051)	(24,419)
Transfer of endowment assets to community foundation	(1,766)	(700)
Contribution to community foundation	(882)	-
Net Cash used for Investing Activities	(39,699)	(25,119)
Financing Activities		
Collections of contributions restricted for endowment held by community foundation	250	2,115
Net Cash from Financing Activities	250	2,115
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,339,444	(355,773)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,405,294	1,761,067
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 2,744,738	$ 1,405,294
Cash and cash equivalents	$ 2,744,738	$ 1,403,779
Cash held for transfer to community foundation	-	1,515
	$ 2,744,738	$ 1,405,294
Supplemental Disclosure of Cash Flow Information		
Cash paid for amounts included in the measurement of operating lease liabilities	$ -	$ 12,168

See Notes to Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Rocky Mountain Bird Observatory d/b/a Bird Conservancy of the Rockies (“we”, “us”, “our”, “the Organization”), is a nonprofit organization established in 1988. We conserve birds and their habitats through an integrated approach of science, education and land stewardship. Our work radiates from the Rockies to the Great Plains, Mexico and beyond. Our mission is advanced through sound science, achieved through empowering people, realized through stewardship and sustained through partnerships. Together, we are improving native bird populations, the land and the lives of people.

We promote a broad, balanced approach to bird conservation and accomplish our work through partnership and daily cooperation with other nonprofits, schools, private landowners, and state and federal natural resource agencies. We accomplish our mission by working in three overlapping and integrated areas:

Science

A strong scientific approach distinguishes us from other environmental organizations that focus on policy or political action. The expertise and knowledge of our scientists provide partners with the information necessary to make intelligent and informed decisions about bird conservation.

Our bird monitoring programs serve as "early warning" systems that can identify negative trends in populations, enabling interested citizens and land managers to rapidly intervene with conservation practices that support the long-term viability of species.

To complement our broad-scale population-monitoring programs, focused research projects provide scientific insight into the effects of land management actions, ecological processes, and habitat conditions on the health of bird populations. Such information is vital to understanding the factors underlying population trends and for directing conservation actions. In addition, our research projects provide land managers with feedback regarding the impact of habitat management decisions on the suitability of habitat for birds.

Education

We instill an appreciation for birds by providing active, experiential opportunities to learn about birds. Currently and in prior years our education program reaches 30,000 to 40,000 citizens of all ages and introduces them to the incredible birds of our region. Our programs include classroom experiences, field excursions, and camps. These experiences help move students down a path from awareness to understanding and eventually to appreciation of birds; the ultimate goal is to guide students to a point at which they are committed to bird conservation.

Stewardship

The goal of our stewardship division is to build a coalition of landowners and resource professionals who are actively involved in the conservation of lands important to birds. Examples of our stewardship efforts include workshops, presentations, landowner visits, bird surveys, and the distribution of educational materials. The program has also expanded its efforts to helping private landowners find funding for, and implementing, on-the-ground habitat enhancement projects to benefit the conservation of birds and other at-risk wildlife species.

Annually we enhance thousands of acres of habitat in the United States and Mexico for the benefit of people, birds and land.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash, Cash Equivalents, and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. Restricted cash represents cash received for the Birds Forever Endowment, but not yet transferred to the Community Foundation of Northern Colorado at December 31, 2023 and 2022, which totaled $0 and $1,515, respectively (Note 3).

Adoption of New Accounting Standard

As of January 1, 2023, we adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard provides financial statement users with more decision useful information about the expected losses on financial instruments.

We adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of the adoption of the new credit loss guidance, we did not recognize any net effect to net assets. The adoption of the new standard did not materially impact our statement of activities or statement of cash flows.

Receivables and Related Allowance

Contracts and grants receivable consist primarily of noninterest-bearing amounts due from service contracts and cost-reimbursable grants.

Starting January 1, 2023, contracts receivable follow the CECL methodology. We have tracked historical loss information for our contracts receivable and compiled historical credit loss percentages. We consider the following factors when determining the collectability of balances: historical experience, current conditions, and reasonable and supportable forecasts. We believe the historical loss information we have compiled is a reasonable base on which to determine expected credit losses for contracts receivable held at December 31, 2023 because the composition of the assets at those dates are consistent with that used in developing the historical credit-loss percentages and the risk characteristics of parties to the contracts have not changed significantly over time. Additionally, we have determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. We have determined that the allowance for credit losses at December 31, 2023 was not significant and no allowance was recorded at December 31, 2023. For the year ended December 31, 2022, we determined no allowance for uncollectable contracts receivable was necessary based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contracts receivable are reported in contracts and grants receivable on the statements of financial position and totaled $77,062 and $73,658 as of December 31, 2023 and 2022, respectively. The opening balance of contract assets and contract liabilities as of January 1, 2022 was $14,137 and $0, respectively.

Contracts and grants receivable are written off when deemed uncollectible. Approximately 52% and 40% of outstanding contracts and grants receivable were due from three and two grantors at December 31, 2023 and 2022, respectively.

In addition, we receive an annual funding allocation from the Scientific and Cultural Facilities District (SCFD). In November 1988, the voters of the seven-county Denver, Colorado metropolitan area approved formation of a special tax district to support the scientific and cultural institutions within the district. Beginning in 1989, revenues for the district were generated through a sales tax and distributed to various institutions in accordance with the provisions of the act. In 2016, voters from seven-county Denver, Colorado metropolitan area extended the expiration date of the special tax district through June 2030. At December 31, 2023 and 2022, $139,114 and $125,128, respectively, represented amounts due but not yet distributed by SCFD, which were collected subsequent to year end.

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2023 and 2022, the allowance was $16,600 and $5,250, respectively.

Property and Equipment

We record property and equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We lease our headquarters (the Old Stone House) located in Brighton, Colorado from Colorado Parks and Wildlife on a rent-free basis over a 99-year term. In exchange, we refurbished and agreed to maintain the property at no cost to Colorado Parks and Wildlife during our occupation of the property. The condition of the property at the commencement of the lease was such that the fair value was considered to be zero. Accordingly, we did not record any value for the use of the property.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent our right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Beneficial Interest in Assets Held by Community Foundation

During 2018, we established an endowment fund to be held in perpetuity by the Community Foundation of Northern Colorado (the Foundation) and named ourselves as beneficiary. We granted variance power to the Foundation which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation’s Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the Foundation for our benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue and Revenue Recognition

A portion of our revenue is derived from cost-reimbursable federal and state grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received conditional cost reimbursable grants of $10,951,340 and $6,035,172 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. Advance payments of $6,481 and $4,194 were recognized in the statement of financial position as refundable advances as of December 31, 2023 and 2022, respectively. Claims for reimbursement filed by us are subject to audit and possible retroactive adjustment or disallowance. To date, no claims for reimbursement have been adjusted or disallowed, and we do not anticipate this happening in the future.

Additionally, we receive revenue from service contracts for a performance of a specified scope of work of commensurate value, which are classified as exchange transactions. We recognize revenue at the point in time our performance obligation of delivering the scope of work is complete. We recognized revenue from service contracts of $599,359 and $757,633 for the years ended December 31, 2023 and 2022, respectively.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Program revenue is comprised of revenue from school field trips, summer camps and family, community and outreach events. We recognize program revenue at the point in time our performance obligation to provide the program services is met or when the field trip or event has taken place. Contract liabilities are reported as deferred revenue in the statement of financial position and consist of program service fees received in advance of the performance obligation being met. The opening balance of contract liabilities as of January 1, 2022 was $6,052.

During 2023 and 2022, we received significant portions of our contracts and grants revenue from the following:

	2023	2022
U.S. Forest Service	17%	13%
Natural Resource Conservation Service	15%	14%
National Fish and Wildlife Foundation	14%	17%
Colorado Parks and Wildlife	10%	7%
U.S. Fish and Wildlife Service	9%	10%

Members of our Board of Directors contributed $77,944 and $64,548 during the years ended December 31, 2023 and 2022, respectively.

Grant and Indirect Cost Allocations

In accordance with the terms of certain grant agreements, we are permitted to allocate and receive reimbursement for allowable indirect costs on a percentage-of-direct-costs basis. We have an approved Negotiated Indirect Cost Rate Agreement (NICRA) rate that was negotiated between us and the United States Department of Agriculture (USDA) which reflects an estimate of the indirect costs (facilities and administrative costs) and fringe benefit expenses incurred by us. We apply this rate to agreements where allowed.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 9). We do not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. We estimate that 9,391 and 7,594 volunteer hours valued at approximately $323,000 and $240,000 were provided to us during the years ended December 31, 2023 and 2022, respectively. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses that are allocated include salaries, staff benefits and taxes which are allocated on the basis of time and effort and occupancy and repairs, information technology, bank and insurance, and depreciation and amortization, which are allocated on a square-footage basis.

Income Taxes

Bird Conservancy of the Rockies is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3), qualifies for the charitable contribution deduction and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing our cash and cash equivalents with financial institutions we believe to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give, SCFD, contracts, and grants receivable is considered minimal because substantial portions of the outstanding amounts are due from foundations supportive of our mission and state and federal government agencies, and historically, uncollected balances have been minimal.

We maintain cash in the bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, we had approximately $2,245,000 and $905,000, respectively, in excess of FDIC-insured limits.

Subsequent Events

We have evaluated subsequent events through April 29, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	$ 2,100,647	$ 1,289,189
Contracts and Grants Receivable	1,004,888	883,099
Receivable from Scientific and Cultural Facilities District	139,114	125,128
Promise to give, net	24,931	35,000
	$ 3,269,580	$ 2,332,416

Our cash and cash equivalents at December 31, 2023 and 2022 include donor-restricted funds of $638,328 and $448,223, respectively, expected to be spent in the normal course of operations during the next fiscal year.

We follow a policy of operating with a balanced budget. As part of our liquidity management plan, we had a line of credit that provided for available borrowings of up to $500,000 during the year ended December 31, 2022 (Note 6).

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

Below is a reconciliation of the beginning and ending balance of our beneficial interest in assets held by the Community Foundation of Northern Colorado (the Foundation) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022:

	2023	2022
Beginning Balance	$ 349,376	$ 390,144
Transfer of endowment assets to the Foundation	1,766	700
Contribution to the Foundation	882	-
Change in value	29,674	(41,468)
Ending Balance	$ 381,698	$ 349,376

Cash held for transfer to community foundation of $1,515 at December 31, 2022 was transferred to the Foundation in 2023.

Note 4 - Promise to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2023 and 2022:

	2023	2022
Within one year	$ 172,000	$ 35,000
In one to five years	160,000	70,000
	332,000	105,000
Less discount to net present value at rates ranging from 7.95% to 8.75%	(12,279)	(7,546)
Less allowance for uncollectable promises to give	(16,600)	(5,250)
	$ 303,121	$ 92,204

Note 5 - Property and Equipment

Property and equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Restoration costs - the Old Stone House	$ 541,317	$ 541,317
Building and Improvements	209,769	209,769
Furnishings and Fixtures	62,986	62,986
Computers and Software	187,194	200,980
Equipment	9,495	9,495
Vehicles	88,623	51,571
	1,099,384	1,076,118
Less accumulated depreciation and amortization	(784,337)	(746,071)
	$ 315,047	$ 330,047

Note 6 - Line of Credit

We had a $500,000 revolving line of credit with a bank, secured by accounts receivable, which matured on June 4, 2023 and was not renewed. Borrowings under the agreement bore interest at the Wall Street Journal Prime Rate plus 1.00%, or a floor of 4.25% (4.25% at December 31, 2022). The agreement required us to comply with certain financial and non-financial covenants. There was no balance outstanding at December 31, 2022.

Note 7 - Leases

We lease certain equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2026. We included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted average discount rate is based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the equipment classes of assets.

We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Operating lease cost	$ 12,202	$ 9,709
Short-term lease cost	59,940	59,940
	$ 72,142	$ 69,649

The following summarizes the weighted-average remaining lease term and weight-average discount rate for our operating leases at December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term	1.78 Years	2.55 Years
Weighted-average discount rate	1.37%	1.31%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

Years Ending December 31,	
2024	$ 9,688
2025	7,173
2026	593
Total lease payments	17,454
Less interest	(233)
Present value of lease liabilities	$ 17,221

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023 and 2022:

	2023	2022
Subject to Expenditure for Specified Purpose		
KFF Grassland Project	$ 492,909	$ 149,206
Central Grassland Roadmap Initiative	436,019	29,621
Science programs	214,601	280,811
Stewardship programs	81,861	66,760
Internship and Campus Expansion	29,834	-
Educational programs	24,420	22,565
Old Stone House	2,775	7,250
Executive support	-	6,600
Promises to give, the proceeds from which have been restricted by donors for		
Stewardship programs	207,513	39,516
Central Grassland Roadmap Initiative	45,658	-
	1,535,590	602,329
Subject to The Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	49,950	52,688
	1,585,540	655,017
Birds Forever Endowment – Perpetual in Nature, Distributions from which are available for general use		
Beneficial interest in assets held by community foundation	381,698	349,376
Cash held for transfer to community foundation	-	1,515
	381,698	350,891
	$ 1,967,238	$ 1,005,908

Net assets released from restrictions by incurring expenses satisfying the restricted purposes totaled $671,596 and $952,338 for the years ended December 31, 2023 and 2022, respectively. Net assets released from restrictions by occurrence of the passage of time totaled $20,000 and $0 for the years ended December 31, 2023 and 2022, respectively.

Note 9 - Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, in-kind contributions recognized within the statements of activities included $23,989 and $18,720, respectively, of donated food and event costs. Contributed food and event costs are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed food and event costs are used in our special event. All gifts-in-kind received during the years ended December 31, 2023 and 2022 were unrestricted.

Note 10 - Employee Benefits

We sponsor a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code (IRC) covering all full-time employees. Under the Plan, we match employee voluntary salary reductions up to 3% of each employee's gross compensation. During the years ended December 31, 2023 and 2022, we contributed $83,258 and $72,901 to the Plan, respectively.