

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018



AMATICS
CPA GROUP

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Prairie Foundation dba American Prairie Reserve
Bozeman, MT

We have audited the accompanying consolidated financial statements of American Prairie Foundation (a nonprofit corporation) dba American Prairie Reserve (the Reserve) and its affiliates, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Prairie Reserve and its affiliates, as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Amatics CPA Group

Bozeman, Montana
April 20, 2020



**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

| | | December 31 | |
|---|----|--------------------|---------------|
| | | 2019 | 2018 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | \$ | 12,921,456 | \$ 11,420,857 |
| Cash - Montana Prairie Holdings, LLC | | - | 129,359 |
| Accounts receivable | | 1,958 | 1,083 |
| Accounts receivable - Montana Prairie Holdings, LLC | | - | 23,446 |
| Pledges receivable - current portion | | 1,877,540 | 2,333,528 |
| Prepaid expense and commission credit | | 75,500 | 63,250 |
| Inventory - Montana Prairie Holdings, LLC | | - | 48,802 |
| Other current assets | | 22,415 | 9,365 |
| | | 14,898,869 | 14,029,690 |
| FIXED ASSETS | | | |
| Buildings | | 5,181,048 | 4,212,983 |
| Kestrel Camp | | 1,515,684 | 1,509,084 |
| Furniture and fixtures | | 108,368 | 99,123 |
| Equipment | | 3,588,664 | 3,121,494 |
| Enrico Science and Education Center | | 1,112,794 | 1,112,794 |
| Huts | | 522,273 | 522,273 |
| Campground | | 2,615,867 | 2,413,417 |
| Construction in progress | | 1,235,954 | 806,262 |
| | | 15,880,652 | 13,797,430 |
| Less: accumulated depreciation | | (4,430,483) | (3,801,490) |
| | | 11,450,169 | 9,995,940 |
| OTHER ASSETS | | | |
| Pledges receivable, net of discount and current portion | | 5,942,216 | 5,287,321 |
| Notes receivable - Montana Prairie Holdings, LLC | | - | 25,507 |
| Animals, at cost | | 98,583 | 107,582 |
| Investments | | 1,582,499 | 1,296,517 |
| Conservation lands | | 67,342,196 | 56,835,968 |
| | | 74,965,494 | 63,552,895 |
| Total assets | \$ | 101,314,532 | \$ 87,578,525 |

See the accompanying notes to financial statements.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

| | December 31 | |
|---|--------------------|---------------|
| | 2019 | 2018 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 260,562 | \$ 118,147 |
| Accounts payable - Montana Prairie Holdings, LLC | - | 1,415 |
| Accrued expenses | 149,011 | 83,256 |
| Accrued expenses - Montana Prairie Holdings, LLC | - | 1,670 |
| Accrued variable compensation and compensated absences | 156,747 | 126,137 |
| Flex spending liability | 20,309 | 11,727 |
| Accrued interest | 111,103 | 71,705 |
| Current portion of notes payable | 1,894,450 | 1,280,215 |
| | 2,592,182 | 1,694,272 |
| OTHER LIABILITIES | | |
| Notes payable, net of current portion and unamortized debt issuance costs | 29,282,917 | 22,276,587 |
| NET ASSETS | | |
| Without donor restrictions | 32,660,115 | 30,941,402 |
| With donor restrictions | 36,779,318 | 32,666,264 |
| | 69,439,433 | 63,607,666 |
| Total liabilities and net assets | \$ 101,314,532 | \$ 87,578,525 |

See the accompanying notes to financial statements.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
CONSOLIDATED STATEMENTS OF ACTIVITIES**

| | Years Ended December 31 | |
|---|--------------------------------|---------------|
| | 2019 | 2018 |
| SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS | | |
| Contributions | \$ 7,500,062 | \$ 7,249,010 |
| Visitation income | 153,315 | 161,054 |
| Special events, less cost of direct donor benefits of \$265,504 in 2019 and \$215,426 in 2018 | 1,614,370 | 1,196,869 |
| Net assets released from restrictions | 2,527,397 | 5,736,441 |
| Total support and revenues without donor restrictions | 11,795,144 | 14,343,374 |
| EXPENSES | | |
| Program services | 7,528,197 | 6,356,959 |
| Management and general | 1,206,112 | 1,063,637 |
| Fundraising | 2,471,658 | 2,312,723 |
| Total expenses | 11,205,967 | 9,733,319 |
| OTHER INCOME (EXPENSE) | | |
| Investment return, net | 289,139 | (149,308) |
| Gain (loss) on disposal of property and equipment | 48,449 | (22,880) |
| Operations income | 791,948 | 727,709 |
| Montana Prairie Holdings, LLC net loss | - | (1,066,171) |
| Total other income (expense) | 1,129,536 | (510,650) |
| Increase in net assets without donor restrictions | 1,718,713 | 4,099,405 |
| SUPPORT AND REVENUES WITH DONOR RESTRICTIONS | | |
| Contributions | 6,498,233 | 6,056,018 |
| Investment return, net | 142,218 | (38,723) |
| Net assets released from restrictions | (2,527,397) | (5,736,441) |
| Total support and revenues with donor restrictions | 4,113,054 | 280,854 |
| INCREASE IN NET ASSETS | 5,831,767 | 4,380,259 |
| Net assets, beginning of year | 63,607,666 | 59,227,407 |
| NET ASSETS, END OF YEAR | \$ 69,439,433 | \$ 63,607,666 |

See the accompanying notes to financial statements.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

| | Year Ended December 31, 2019 | | | |
|-------------------------------------|-------------------------------------|-----------------------------------|---------------------|----------------------|
| | Program Services | Management and General | Fundraising | Totals |
| Bad debt | \$ 44,674 | \$ - | \$ - | \$ 44,674 |
| Communications/marketing | 292,484 | 23,782 | 47,147 | 363,413 |
| Communications/infrastructure | 45,387 | 39,231 | 2,594 | 87,212 |
| Contracted services | 945,393 | 41,624 | 1,063,830 | 2,050,847 |
| Depreciation | 863,608 | - | - | 863,608 |
| Events and outreach | 162,574 | 13,329 | 136,532 | 312,435 |
| Interest expense | 1,290,732 | - | - | 1,290,732 |
| Office expenses | 192,510 | 185,810 | 55,324 | 433,644 |
| Payroll taxes and employee benefits | 534,901 | 123,381 | 191,352 | 849,634 |
| Professional fees | 75,207 | 32,935 | - | 108,142 |
| Project area | 791,691 | - | - | 791,691 |
| Rent | 6,900 | 146,234 | - | 153,134 |
| Salaries | 1,920,727 | 531,141 | 893,486 | 3,345,354 |
| Travel | 361,409 | 68,645 | 81,393 | 511,447 |
| | <u>\$ 7,528,197</u> | <u>\$ 1,206,112</u> | <u>\$ 2,471,658</u> | <u>\$ 11,205,967</u> |

In addition to the above, in 2019, the Reserve invested \$3,933,316 in capital expenditures and made \$1,382,890 in debt service principal payments. These expenditures all went directly into program services on the Reserve.

| | Year Ended December 31, 2018 | | | |
|-------------------------------------|-------------------------------------|-----------------------------------|---------------------|---------------------|
| | Program Services | Management and General | Fundraising | Totals |
| Bad debt | \$ 20,000 | \$ - | \$ - | \$ 20,000 |
| Communications/marketing | 161,144 | 46,538 | 41,771 | 249,453 |
| Communications/infrastructure | 31,885 | 30,065 | 658 | 62,608 |
| Contracted services | 725,410 | 46,746 | 1,077,296 | 1,849,452 |
| Depreciation | 784,987 | - | - | 784,987 |
| Events and outreach | 194,167 | 10,185 | 120,577 | 324,929 |
| Interest expense | 1,157,799 | - | - | 1,157,799 |
| Office expenses | 117,421 | 234,267 | 47,003 | 398,691 |
| Payroll taxes and employee benefits | 424,454 | 88,650 | 151,309 | 664,413 |
| Professional fees | 58,658 | 22,794 | - | 81,452 |
| Project area | 726,343 | 306 | - | 726,649 |
| Rent | 6,900 | 120,894 | 984 | 128,778 |
| Salaries | 1,614,522 | 393,834 | 810,715 | 2,819,071 |
| Travel | 333,269 | 69,358 | 62,410 | 465,037 |
| | <u>\$ 6,356,959</u> | <u>\$ 1,063,637</u> | <u>\$ 2,312,723</u> | <u>\$ 9,733,319</u> |

In addition to the above, in 2018, the Reserve invested \$3,267,957 in capital expenditures and made \$2,134,160 in debt service principal payments. These expenditures all went directly into program services on the Reserve.

See the accompanying notes to financial statements.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Years Ended December 31 | |
|--|--------------------------------|---------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from donors | \$ 13,741,333 | \$ 9,784,214 |
| Other cash receipts | 2,562,683 | 2,085,632 |
| Montana Prairie Holdings, LLC net operating loss | - | (47,443) |
| Payments for salaries and related costs | (3,314,744) | (666,478) |
| Payments to vendors | (6,569,508) | (8,634,519) |
| Net cash provided by operating activities | 6,419,764 | 2,521,406 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property and equipment | (899,627) | (432,916) |
| Payments for construction in progress | (1,652,825) | (2,030,413) |
| Payments for conservation lands | (1,506,228) | (794,630) |
| Proceeds from sale of property and equipment | 292,063 | 14,846 |
| Payments received on notes receivable | 25,507 | 35,944 |
| Net purchases (proceeds from sale) of investments | 84,017 | 5,642,565 |
| Net cash provided (used) by investing activities | (3,657,093) | 2,435,396 |
| CASH FLOWS USED BY FINANCING ACTIVITIES | | |
| Principal payments on notes payable | (1,391,431) | (2,144,184) |
| NET CHANGE IN CASH | 1,371,240 | 2,812,618 |
| Cash at beginning of year | 11,550,216 | 8,737,598 |
| CASH AT END OF YEAR | \$ 12,921,456 | \$ 11,550,216 |
| CASH IS COMPRISED OF: | | |
| Cash | \$ 12,921,456 | \$ 11,420,857 |
| Cash - Montana Prairie Holdings, LLC | - | 129,359 |
| | \$ 12,921,456 | \$ 11,550,216 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Conservation lands acquired through issuance of debt | \$ 9,000,000 | \$ 2,000,000 |
| CASH PAID FOR INTEREST | \$ 1,251,335 | \$ 1,174,730 |

See the accompanying notes to financial statements.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Prairie Foundation dba American Prairie Reserve (the Reserve) is a tax-exempt organization as provided by Section 501(c)(3) and Section 509 of the Internal Revenue Code. The Reserve's mission is to create the largest nature reserve in the continental United States, a refuge for people and wildlife preserved forever as part of America's heritage.

Basis of Presentation

The financial statements are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit organizations as codified by the Financial Accounting Standards Board.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed 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. The governing board has designated, from net assets without donor restrictions, net assets to be held in perpetuity for a board-designated endowment and for land and building acquisitions.
- *Net Assets Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of American Prairie Reserve and its wholly-owned affiliate, 5 Mountain Ranch, LLC (a Montana limited liability company in which the Reserve is the sole member). All inter-entity transactions and accounts are eliminated.

The 2018 consolidated financial statements include the accounts of Montana Prairie Holdings, LLC, a Montana limited liability company in which the Reserve was the sole member; effective January 1, 2019, Montana Prairie Holdings, LLC was dissolved and its balances and activities were absorbed by the Reserve.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Reserve considers cash and cash equivalents to be cash on hand, cash deposited with banks and financial institutions and all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Contributions and Revenue Recognition

Contributions, including unconditional promises to give (i.e. pledges receivable), are recognized as revenues in the period cash or assets are transferred or pledges are received. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the cash is received and any purpose restriction is met. The Reserve considers all contributions for the purchase of land as net assets with permanent donor restrictions, consistent with its mission. When the Reserve makes land acquisitions using contributions without donor restrictions, those acquisitions considered to be Board designated and have been presented accordingly.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, discounted at the short term prime interest rate. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. As a result of adopting the FASB's fair value measurement guidance, including the fair value option for financial assets and liabilities, the discount rate used in the present value measurement is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. At this time, management believes all pledges receivable are collectible, therefore, no allowance has been recorded as of December 31, 2019 and 2018.

The Reserve receives conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor. In accordance with FASB ASC 958, conditional promises to give, are recognized when the conditions on which they depend are substantially met. The Reserve also receives intentions to give from donors, which are not legally enforceable and are used for planning purposes only. Intentions to give are not reported as contributions until the donor transfers funds to the Reserve.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Options

Options payments refer to payments to obtain the right to purchase property at a set price at a specified time in the future or under specified conditions. These payments remain in the option account until the Reserve legally gains possession of the asset or the option expires.

Property and Equipment

Purchased property and equipment are stated at historical cost for purchased items and fair value for contributed items. The Reserve's minimum capitalization threshold is \$1,000. The assets are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|----------------------------|--------------|
| Equipment | 5 - 7 years |
| Furniture and fixtures | 5 - 7 years |
| Buildings and improvements | 7 - 40 years |

Expenditures for maintenance, repairs and minor replacements are charged to operations, and expenditures for major replacements and betterments are capitalized to property and equipment.

Conservation Lands and Easements

The Reserve records all land and land interests at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal. Conservation lands represent real property with significant ecological value. Some of the conservation lands may be purchased subject to conservation easements, or the Reserve may grant conservation easements on some of its lands. These properties are managed in an effort to protect the natural biological diversity of the property in perpetuity.

In-Kind Contributions

The Reserve records various types of in-kind support including professional services and property and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services have been primarily reduced commissions related to the acquisition of land. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Reserve reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Reserve reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Advertising

Advertising costs are expensed as incurred.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Reserve is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Reserve has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). In general, the Reserve's information returns (Form 990) remain open to examination by federal tax authorities for three years. These taxing authorities have the authority to examine those tax years until the applicable statutes of limitations expire.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Directly identifiable expenses are charged to programs and supporting services. Costs that relate to more than one function and are allocated among the programs and supporting services benefited on the basis of estimates of time and effort. The National Prize event expenses are all reported as fundraising, other than direct donor benefits.

Resources Available and Unavailable for General Expenditure

The Reserve has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2019, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (Note 13). The Organization has other assets limited to use for donor-restricted purposes that are not expected to be spent in the coming year, which are not included. Additionally, the Board of Directors has designated certain other investments to be held in perpetuity, which are more fully described in Note 10. Because of the Board of Director's designation, those investments are not considered available for general expenditures within the next year; however, the Board could make them available, if necessary.

Change in Accounting Principle

In 2019, the Reserve adopted the new accounting standards related to accounting for revenue and contracts with customers (FASB Accounting Standards Updates (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

ASU 2014-09 establishes a new contract and control-based revenue recognition model, changing the basis for deciding when revenue is recognized over time or at a point in time. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Reserve implemented the provisions of ASU 2018-08 applicable to contributions received under a modified prospective basis. The adoption of these standards did not have a significant impact on the financial statements.

Financial Statement Presentation

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency; the most significant reclassification was between 2018 cash and investments. The reclassifications had no impact on previously reported net assets.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

2. PROMISES TO GIVE

Pledges receivable (unconditional promises to give) as of December 31, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Amounts due in: | | |
| Less than one year | \$ 1,877,540 | \$ 2,333,528 |
| One to five years | <u>6,875,001</u> | <u>6,554,766</u> |
| | 8,752,541 | 8,888,294 |
| Less: discount to present value | <u>(932,785)</u> | <u>(1,267,445)</u> |
| Pledges receivable, net of discount | 7,819,756 | 7,620,849 |
| Less: current portion | <u>(1,877,540)</u> | <u>(2,333,528)</u> |
| Pledges receivable, net of discount and current portion | <u>\$ 5,942,216</u> | <u>\$ 5,287,321</u> |

The Reserve also has \$21,395,000 in conditional promises to give and intentions to give that will be recognized as revenue when the conditions are substantially met. Of this, \$3,045,000 is restricted to projects and \$11,050,000 is restricted to land acquisition. These conditional promises and intentions are expected to be received as follows: \$7,765,000 in less than one year and \$13,630,000 in one to five years.

3. INVESTMENTS

Investments are comprised of the following as of December 31, 2019:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Gross Unrealized Gains (Losses)</u> |
|-------------------------|---------------------|---------------------|--|
| Certificates of deposit | \$ 84,165 | \$ 84,165 | \$ - |
| Mutual funds | | | |
| Large blend | 454,197 | 661,375 | 207,178 |
| Mid-cap blend | 141,332 | 184,702 | 43,370 |
| Small blend | 67,497 | 83,514 | 16,017 |
| Intermediate term bond | 336,613 | 348,206 | 11,593 |
| Emerging markets | 15,486 | 21,684 | 6,198 |
| Foreign large blend | <u>179,772</u> | <u>198,853</u> | <u>19,081</u> |
| | <u>\$ 1,279,062</u> | <u>\$ 1,582,499</u> | <u>\$ 303,437</u> |

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

3. INVESTMENTS (Continued)

Investments are comprised of the following as of December 31, 2018:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Gross Unrealized Gains (Losses)</u> |
|-------------------------|---------------------|---------------------|--|
| Certificates of deposit | \$ 82,776 | \$ 82,776 | \$ - |
| Mutual funds | | | |
| Large blend | 399,386 | 464,845 | 65,459 |
| Mid-cap blend | 136,188 | 141,526 | 5,338 |
| Small blend | 65,089 | 66,436 | 1,347 |
| International term bond | 409,895 | 398,227 | (11,668) |
| Emerging markets | 10,821 | 14,553 | 3,732 |
| Foreign large blend | 136,561 | 128,154 | (8,407) |
| | <u>\$ 1,240,716</u> | <u>\$ 1,296,517</u> | <u>\$ 55,801</u> |

4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Reserve has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**AMERICAN PRAIRIE FOUNDATION dba
AMERICAN PRAIRIE RESERVE
NOTES TO FINANCIAL STATEMENTS
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4. FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Net Asset Value</u> |
|-------------------------|---------------------|---------------------|------------------|---------------------|------------------------|
| Mutual funds | \$ 1,498,334 | \$ 1,498,334 | \$ - | \$ - | \$ - |
| Certificates of deposit | 84,165 | - | 84,165 | - | - |
| Pledges receivable | <u>7,819,756</u> | <u>-</u> | <u>-</u> | <u>7,819,756</u> | <u>-</u> |
| | <u>\$ 9,402,255</u> | <u>\$ 1,498,334</u> | <u>\$ 84,165</u> | <u>\$ 7,819,756</u> | <u>\$ -</u> |

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Net Asset Value</u> |
|-------------------------|---------------------|---------------------|------------------|---------------------|------------------------|
| Mutual funds | \$ 1,213,741 | \$ 1,213,741 | \$ - | \$ - | \$ - |
| Certificates of deposit | 82,776 | - | 82,776 | - | - |
| Pledges receivable | <u>7,620,849</u> | <u>-</u> | <u>-</u> | <u>7,620,849</u> | <u>-</u> |
| | <u>\$ 8,917,366</u> | <u>\$ 1,213,741</u> | <u>\$ 82,776</u> | <u>\$ 7,620,849</u> | <u>\$ -</u> |

Marketable securities are valued at the quoted market prices for those securities. Certificates of deposit values are based on the cost of the investment plus accumulated earnings, which approximates fair value due to the short-term nature of these investments.

Unconditional promises to give (pledges receivable) are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Reserve elected the fair value option in accordance with generally accepted accounting principles. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates. The change in the fair value of the unconditional promises expected to be collected in more than one year is reported as contribution revenue.

The reconciliation of the changes in the pledges receivable measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Pledges receivable, beginning of year | \$ 7,620,849 | \$ 9,503,223 |
| Additional pledges | 2,995,000 | 2,125,000 |
| Payments received | (3,130,753) | (3,943,366) |
| Change in discount (contribution revenue) | <u>334,660</u> | <u>(64,008)</u> |
| Pledges receivable, end of year | <u>\$ 7,819,756</u> | <u>\$ 7,620,849</u> |

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5. CREDIT RISK

The Reserve maintains some of its cash in bank deposit accounts which, at times, may exceed federally insured limits. Account balances and certificates of deposit held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The Reserve also maintains cash in money market fund accounts which sometimes exceed the protected limit set by the Securities Investor Protection Corporation (SIPC). The Reserve has not experienced any losses in such accounts. The Reserve believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2019 and 2018, funds exceeded federally insured limits by \$7,895,773 and \$3,778,175, respectively. As of December 31, 2019 and 2018, funds exceeded SIPC limits by \$3,118,562 and \$6,762,237, respectively.

6. LINE OF CREDIT

The Reserve has a line of credit with First Security Bank of Bozeman, collateralized by real estate owned by the Reserve. The maximum amount available under the line of credit is \$1,500,000, with an interest rate of Wall Street Prime plus 1.0%. The outstanding balance at December 31, 2019 and 2018 was \$0, and the interest rate was 5.50% at December 31, 2019. The line of credit is due May 4, 2020.

7. NOTES PAYABLE

The following is a schedule of notes payable as of December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|---|--------------|--------------|
| Note payable to a financial institution; dated July 2012; revised December 2014; due December 2026; interest calculated at Wall Street Prime plus 1.75%; annual payments of \$318,145; secured by mortgages on multiple properties. | \$ 1,853,641 | \$ 2,066,454 |
| Note payable to a partnership; dated August 2012; due August 2019; interest at 5.25%; one payment of \$500,000 due August 2013; annual payments of \$1,034,806 thereafter; secured by first mortgage on property. | - | 61,260 |
| Note payable to a financial institution; dated May 2016; due December 2035; interest calculated at Wall Street Prime plus 1.50%; annual payments of \$1,173,853; secured by first mortgage on property. | 12,161,038 | 12,698,250 |
| Note payable to a financial institution; dated August 16, 2017; due August 2027; interest calculated at LIBOR plus 2.5%; interest payments due quarterly; annual principal payments of \$308,000 for nine years; all remaining principal and interest due at maturity; secured by first mortgage on property. | 5,044,000 | 5,352,000 |

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7. NOTES PAYABLE (Continued)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Note payable to a financial institution; dated June 21, 2018; due June 21, 2028; interest calculated at LIBOR plus 2.5%; interest payments due quarterly; annual principal payments of 5% of loan balance; all remaining principal and interest due at maturity; secured by first mortgage on property. | 1,897,667 | 2,000,000 |
| Note payable to an individual; quarterly installments of interest at 3%; transferred from Montana Prairie Holdings in December 2018; due August 2021; unsecured. | 100,000 | 100,000 |
| Note payable to a trust; quarterly installments of interest at 3%; transferred from Montana Prairie Holdings in December 2018; due December 2021; unsecured. | 100,000 | 100,000 |
| Note payable to a financial institution; dated August 29, 2019; due August 2029; interest calculated at LIBOR plus 2.5%; interest payments due quarterly; nine annual principal payments of \$450,000; remaining principal and interest due at maturity; secured by first mortgage on property. | 9,000,000 | - |
| Note payable to an individual at 2.19% interest; due September 2030; annual payments of \$73,539; secured by first mortgage on property. | 1,224,074 | 1,269,919 |
| Equipment note payable; dated March 2016; variable interest; interest rate at December 31, 2019 was 3.24%; due April 2019; monthly payments of \$2,540; secured by equipment. | - | 8,541 |
| Vehicle note payable; dated March 2016; no interest; due March 2019; monthly payments of \$925; secured by vehicle. | - | 2,776 |
| | 31,380,420 | 23,659,200 |
| Less: current portion | (1,894,450) | (1,280,215) |
| Less: unamortized debt issuance costs | <u>(203,053)</u> | <u>(102,398)</u> |
| Long-term portion, net of unamortized debt issuance costs | <u>\$ 29,282,917</u> | <u>\$ 22,276,587</u> |

Notes payable mature as follows:

| | |
|------------|----------------------|
| 2020 | \$ 1,894,450 |
| 2021 | 1,736,881 |
| 2022 | 1,779,502 |
| 2023 | 1,824,226 |
| 2024 | 1,869,642 |
| Thereafter | <u>22,275,719</u> |
| | <u>\$ 31,380,420</u> |

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8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets are restricted by the donor as of December 31, 2019 and 2018 for the following purposes:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Subject to expenditure for specific purpose: | | |
| Campground | \$ 600,000 | \$ 842,224 |
| Education and economic activities | 787,545 | 1,189,834 |
| Hut-to-Hut | 187,572 | 353,139 |
| National Prize | 31,099 | 344,210 |
| National Discovery Center | 950,140 | - |
| Promises to give, proceeds of which have been restricted: | | |
| American Wildlife Forever fund | 4,000,000 | 4,000,000 |
| Interpretive Trail | - | 100,000 |
| National Discovery Center | 1,000,000 | 2,000,000 |
| Education and economic activities | 70,000 | 95,000 |
| | <u>7,626,356</u> | <u>8,924,407</u> |
| Subject to the passage of time: | | |
| Promises to give with no donor restrictions | <u>2,682,541</u> | <u>2,193,294</u> |
| Endowments: | | |
| Income on donor restricted funds subject to spending policy | 334,101 | 191,883 |
| Donor-restricted investments held in perpetuity | 394,688 | 394,688 |
| | <u>728,789</u> | <u>586,571</u> |
| Conservation lands: | | |
| Conservation lands | 24,741,632 | 20,461,992 |
| Conservation land acquisition pledges receivable | 1,000,000 | 500,000 |
| | <u>25,741,632</u> | <u>20,961,992</u> |
| Total net assets with donor restrictions | <u>\$ 36,779,318</u> | <u>\$ 32,666,264</u> |

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9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenditures satisfying the purpose restrictions specified by the donor for the years ended December 31, 2019 and 2018 as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|---------------------|---------------------|
| Expiration of time restrictions | \$ 1,205,805 | \$ 3,303,365 |
| Satisfaction of purpose restrictions | | |
| Hut-to-Hut | 18,015 | 76,823 |
| National Prize | 313,111 | 270,203 |
| Campground | 242,175 | 1,894,069 |
| National Discovery Center | 49,860 | - |
| Interpretive Trail | 100,000 | 100,000 |
| Education and economic activities | 598,431 | 91,981 |
| | <u>\$ 2,527,397</u> | <u>\$ 5,736,441</u> |

10. BOARD DESIGNATED NET ASSETS

Net assets the Board of Directors has designated to be held in perpetuity as of December 31, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Board designated funds to be held in perpetuity: | | |
| Endowment | \$ 769,617 | \$ 627,169 |
| Land and building acquisitions | 54,784,185 | 46,950,789 |
| Less: debt associated with acquisitions | <u>(31,180,420)</u> | <u>(23,447,883)</u> |
| | 24,373,382 | 24,130,075 |
| Net assets not designated | <u>8,286,733</u> | <u>6,811,327</u> |
| Total net assets without donor restrictions | <u>\$ 32,660,115</u> | <u>\$ 30,941,402</u> |

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11. ENDOWMENT

The Reserve's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Reserve's Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") 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, the Reserve retains in perpetuity (a) the original value of initial and subsequent gift amounts (including fair value of promises to give) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by MUPMIFA. The Endowment Investment Committee is responsible for recommending and reviewing investment policies and objectives, monitoring performance of the portfolio, and overseeing certain administrative duties, including providing regular reports to the Board of Directors. In accordance with MUPMIFA, the Reserve considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (a) The duration and preservation of the fund;
- (b) The purposes of the Reserve and the donor-restricted endowment fund;
- (c) General economic conditions;
- (d) The possible effect of inflation and deflation;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of the Reserve; and
- (g) The investment policies of the Reserve.

As of December 31, 2019, the Reserve had the following endowment net asset composition:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| <u>December 31, 2019</u> | | | |
| Board-designated endowment funds | \$ 769,617 | \$ - | \$ 769,617 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gifts required to be maintained in perpetuity by donor | - | 394,688 | 394,688 |
| Accumulated investment gains | - | 334,101 | 334,101 |
| | <u>\$ 769,617</u> | <u>\$ 728,789</u> | <u>\$ 1,498,406</u> |

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11. ENDOWMENT (Continued)

As of December 31, 2018, the Reserve had the following endowment net asset composition:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| December 31, 2018 | | | |
| Board-designated endowment funds | \$ 627,169 | \$ - | \$ 627,169 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gifts required to be maintained in perpetuity by donor | - | 394,688 | 394,688 |
| Accumulated investment gains | - | 191,883 | 191,883 |
| | <u>\$ 627,169</u> | <u>\$ 586,571</u> | <u>\$ 1,213,740</u> |

Investment and Spending Policies

The Endowment Investment Committee of the Board is authorized to oversee the administration and investment of the endowment. The Board of Directors will review, at least annually, an accounting of the assets, income and expenditures of the Endowment. Board-designated endowment funds shall be considered and used as part of the entire endowment fund corpus, unless the Board of Directors votes unanimously those funds should be used because of extraordinary circumstances. The income and/or gain earned by the Endowment Fund is considered unrestricted revenue and may be distributed to the Reserve as general support revenue for its programs. On an annual basis, the Endowment Investment Committee of the Board will calculate an amount equal to 4% of the average value of the Endowment Fund over the previous 5 years. As of December 31, 2019, the Endowment Investment Committee has not designated any income from the endowment to be used for general operations.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment assets, December 31, 2017 | \$ 654,372 | \$ 625,294 | \$ 1,279,666 |
| Investment return, net | <u>(27,203)</u> | <u>(38,723)</u> | <u>(65,926)</u> |
| Endowment net assets, December 31, 2018 | 627,169 | 586,571 | 1,213,740 |
| Investment return, net | <u>142,448</u> | <u>142,218</u> | <u>284,666</u> |
| Endowment net assets, December 31, 2019 | <u>\$ 769,617</u> | <u>\$ 728,789</u> | <u>\$ 1,498,406</u> |

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12. OPERATING LEASES

Lessee

The Reserve leases office space under operating leases.

The Reserve leases its main office space in Bozeman, Montana. On October 1, 2011, the Reserve began leasing its current facility. The lease is for a five year period, with an option to renew for an additional five years. This option was exercised in November 2014 and the lease agreement has been renewed through September 30, 2021. Rent expense for the Bozeman office was \$118,891 and \$114,923 for the years ended December 31, 2019 and 2018, respectively.

The Reserve entered into a lease agreement on an apartment in Malta in December 2014. The original lease terms ended in November 2015, at which point the lease automatically extended on a month-to-month basis until terminated by either party. Rent paid for the Malta apartment was \$6,900 for each of the years ended December 31, 2019 and 2018.

The Reserve entered into a lease agreement for office space in Lewistown, Montana on May 24, 2018. The lease is for a one year period, at which point the lease automatically extends on a month-to-month basis until terminated by either party. Rent paid for the Lewistown office space was \$7,800 and \$3,900 for the years ended December 31, 2019 and 2018, respectively.

Future minimum rental payments under these leases are as follows:

| | | | | |
|------|--|----|---------|------------|
| | | \$ | 122,554 | |
| 2020 | | | | |
| 2021 | | | 93,976 | |
| | | | | \$ 216,530 |

Lessor

The Reserve leases portions of purchased land back to the sellers for agricultural use. The Reserve currently has eleven leases which expire between 2020 and 2024. Lease payments under these leases range from \$1,087 to \$95,000 annually. Lease income under these leases was \$612,618 and \$602,010 for the years ended December 31, 2019 and 2018, respectively.

Estimated future minimum rentals over the remaining lease terms are:

| | | | | |
|------|--|----|---------|--------------|
| | | \$ | 638,636 | |
| 2020 | | | | |
| 2021 | | | 95,000 | |
| 2022 | | | 95,000 | |
| 2023 | | | 95,000 | |
| 2024 | | | 95,000 | |
| | | | | \$ 1,018,636 |

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13. LIQUIDITY AND AVAILABILITY

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

| | | | |
|---|----|------------------|----------------------|
| Financial assets | | | |
| Cash and cash equivalents | \$ | 12,921,456 | |
| Accounts receivable | | 1,958 | |
| Pledges receivable | | 7,819,756 | |
| Investments | | <u>1,582,499</u> | |
| | | | \$ 22,325,669 |
| | | | |
| Unavailable for general expenditure in one year | | | |
| Board designated endowment funds | | 769,617 | |
| Donor restricted permanent endowment funds | | 394,688 | |
| Donor restricted endowment fund earnings | | 334,101 | |
| Pledge payments due in more than one year | | 5,942,216 | |
| Donor restricted funds | | <u>1,240,710</u> | |
| | | | <u>8,681,332</u> |
| Total financial resources available for general expenditure | | | <u>\$ 13,644,337</u> |

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is subject to appropriation by the Endowment Investment Committee (see Note 11). Board-designated endowment funds shall be considered and used as part of the entire endowment fund corpus, unless the Board of Directors votes unanimously those funds should be used because of extraordinary circumstances. The income and/or gain earned by the endowment fund is considered unrestricted revenue and may be distributed to the Reserve as general support revenue for its programs, as directed by the Endowment Investment Committee. As of December 31, 2019, the Endowment Investment Committee has not designated any income from the endowment to be used for general operations.

As part of its liquidity management plan, the Reserve invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. In the event of an unanticipated liquidity need, the Reserve could also draw upon \$1,500,000 of an available line of credit (see Note 6) or the Board designated endowment funds.

14. RETIREMENT ARRANGEMENT WITH EMPLOYEES

The Reserve offers employees the opportunity for participation in a contributory retirement plan. Under the plan, employees are allowed to contribute up to the IRS contribution limits, with additional contribution amounts allowed for employees over age 50. Management may determine the Reserve's match percentage annually. For the years ended December 31, 2019 and 2018, the Reserve made employer match contributions of \$63,753 and \$0, respectively.

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15. CONCENTRATIONS

Contributors

The Reserve is supported by contributions from the public and granting agencies. For the year ended December 31, 2019, nine major contributors provided 80% of the Reserve's combined revenues. The pledges outstanding from these contributors as of December 31, 2019 totaled \$6,400,000. For the year ended December 31, 2018, nine major contributors provided 73% of the Reserve's combined revenues. The pledges outstanding from these contributors as of December 31, 2018 totaled \$5,538,256.

16. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019 and 2018, \$5,128,761 and \$5,172,231 were contributed and/or pledged to the Reserve by board members. All of these contributions were recorded as revenue.

As of December 31, 2019 and 2018, the balance of outstanding pledges from related parties was \$6,901,588 and \$6,309,823, respectively.

The Friends of the American Serengeti Germany (FoAS) is an independent, tax-privileged organization in Germany formed to provide supporting funds for the Reserve. The FoAS was formed January 24, 2011, and is governed by its own, separate Board of Directors, of which the Reserve currently holds two of the seven positions. Before funds can be transferred from FoAS to the Reserve, the FoAS Board of Directors will ensure that the Reserve will use the funds in accordance with the German Charity Law and provisions of the Cooperation Agreement between FoAS and the Reserve. The Reserve paid \$53,644 in legal fees to assist with the formation of FoAS. FoAS transferred \$11,043 and \$0 to the Reserve for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, there were no balances due between FoAS and the Reserve.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 20, 2020, the date on which the financial statements were available to be issued.