

American Prairie Foundation dba American Prairie

Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

**AMERICAN
PRAIRIE**



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Independent Auditor's Report

Board of Directors
American Prairie Foundation dba American Prairie
Bozeman, Montana

Opinion

We have audited the accompanying consolidated financial statements of American Prairie Foundation dba American Prairie (the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Prairie Foundation dba American Prairie as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Wipfli LLP

Wipfli LLP

Helena, Montana

May 7, 2024

American Prairie Foundation dba American Prairie

Consolidated Statements of Financial Position

<i>As of December 31,</i>	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,176,618	\$ 14,635,224
Accounts receivable	997,168	920,819
Pledges receivable - current	9,764,941	22,800,000
Prepaid expenses	265,199	97,658
Other current assets	45,850	25,873
Total current assets	38,249,776	38,479,574
Property and equipment:		
Buildings	6,267,138	5,994,284
Kestrel Camp	1,515,684	1,515,684
Furniture and fixtures	145,006	109,605
Equipment	4,675,531	4,410,667
Enrico Science and Education Center	1,112,794	1,112,794
National Discovery Center	6,622,796	6,553,149
Huts	875,749	875,749
Campground	2,701,046	2,671,186
Construction in progress	26,084	26,084
Total property and equipment	23,941,828	23,269,202
Less: accumulated depreciation	(8,749,566)	(7,532,856)
Total property and equipment, net	15,192,262	15,736,346
Other assets:		
Pledges receivable - net of current and net of discount	19,697,091	19,058,325
Right of use asset - operating	153,651	196,370
Non-depreciable artwork	471,855	471,855
Animals, at cost	143,431	54,046
Investments	10,159,645	9,387,600
Conservation lands	87,416,946	85,948,053
Total other assets	118,042,619	115,116,249
TOTAL ASSETS	\$ 171,484,657	\$ 169,332,169

American Prairie Foundation dba American Prairie

Consolidated Statements of Financial Position (Continued)

<i>As of December 31,</i>	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 268,047	\$ 228,837
Accrued expenses	190,778	113,953
Accrued salary and benefits	410,349	171,600
Flex spending liability	33,943	18,785
Accrued interest	18,858	173,464
Lease liability - operating	42,880	41,037
Current maturities of long-term debt	45,590	47,770
Total current liabilities	1,010,445	795,446
Long-term liabilities:		
Long-term debt, net of debt issuance costs and current	832,776	14,682,455
Lease liability, net of current	115,312	158,233
Total long-term liabilities	948,088	14,840,688
Total liabilities	1,958,533	15,636,134
Net assets:		
Net assets without donor restrictions	129,152,689	107,780,277
Net assets with donor restrictions	40,373,435	45,915,758
Total net assets	169,526,124	153,696,035
TOTAL LIABILITIES AND NET ASSETS	\$ 171,484,657	\$ 169,332,169

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Consolidated Statement of Activities

<i>Year Ended December 31,</i>	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions, net of discounts	\$ 9,937,775	\$ 13,618,711	\$ 23,556,486
Visitation income	261,582	-	261,582
Special events, net	467,797	-	467,797
Contributed non-financial assets	516,342	93,000	609,342
Rental income	485,783	-	485,783
Investment return, net	1,143,268	274,034	1,417,302
Interest earned on investments	481,477	72,299	553,776
Royalty income	101,052	-	101,052
Operations income	291,532	-	291,532
Net assets released from restrictions	19,600,367	(19,600,367)	-
Total support and revenue	33,286,975	(5,542,323)	27,744,652
Expenses:			
Program services	8,789,752	-	8,789,752
Management and general	1,685,937	-	1,685,937
Fundraising	1,552,722	-	1,552,722
Total expenses	12,028,411	-	12,028,411
Total support and revenue in excess (deficiency) of expenses	21,258,564	(5,542,323)	15,716,241
Other changes in net assets:			
Gain on sale of assets	113,848	-	113,848
Total other changes in net assets	113,848	-	113,848
Changes in net assets	21,372,412	(5,542,323)	15,830,089
Net assets, beginning of year	107,780,277	45,915,758	153,696,035
Net assets, end of year	\$ 129,152,689	\$ 40,373,435	\$ 169,526,124

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Consolidated Statement of Activities

<i>Year Ended December 31,</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions, net of discounts	\$ 7,266,148	\$ 44,512,739	\$ 51,778,887
Other income	842,597	-	842,597
Visitation income	135,298	-	135,298
Special events, net	372,841	-	372,841
Contributed non-financial assets	859,597	-	859,597
Rental income	483,226	-	483,226
Investment loss, net	(506,712)	(176,619)	(683,331)
Interest earned on investments	338,550	-	338,550
Royalty income	2,233	-	2,233
Operations income	108,767	-	108,767
Net assets released from restrictions	23,405,286	(23,405,286)	-
Total support and revenue	33,307,831	20,930,834	54,238,665
Expenses:			
Program services	8,394,718	-	8,394,718
Management and general	1,343,686	-	1,343,686
Fundraising	1,243,163	-	1,243,163
Total expenses	10,981,567	-	10,981,567
Total support and revenue in excess of expenses	22,326,264	20,930,834	43,257,098
Other changes in net assets:			
Gain on sale of assets	33,899	-	33,899
Total other changes in net assets	33,899	-	33,899
Changes in net assets	22,360,163	20,930,834	43,290,997
Net assets, beginning of year	85,420,114	24,984,924	110,405,038
Net assets, end of year	\$ 107,780,277	\$ 45,915,758	\$ 153,696,035

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Consolidated Statement of Functional Expenses

<i>Year Ended December 31, 2023</i>	Program Services	Management and General	Fundraising	Total
Wildlife and field expenses	\$ 616,729	\$ 102,707	\$ 600	\$ 720,036
Salaries and wages	2,804,254	701,836	684,817	4,190,907
Payroll benefits	488,629	106,620	87,604	682,853
Payroll taxes	201,539	52,117	46,752	300,408
Occupancy	6,205	72,241	-	78,446
Professional fees	1,400,603	186,321	446,748	2,033,672
Advertising and promotion	186,775	19,207	5,274	211,256
Conferences, conventions and meetings	78,478	83,661	4,222	166,361
Debt service interest expense	742,881	-	-	742,881
Depreciation	1,365,215	-	-	1,365,215
Dues and subscriptions	73,032	72,809	9,204	155,045
Financial institution service charges	24,062	3,021	114,590	141,673
Insurance	185,162	79,804	-	264,966
Bad debt expense	-	-	50,000	50,000
Office expenses	7,460	21,580	36	29,076
Printing and publications	19,547	1,402	60,581	81,530
Postage and delivery	5,723	9,791	26,282	41,796
Repairs and maintenance	8,121	26,694	-	34,815
Property taxes	211,074	11,100	-	222,174
Telecommunications	35,594	43,934	-	79,528
Travel	328,669	91,092	16,012	435,773
Total	\$ 8,789,752	\$ 1,685,937	\$ 1,552,722	\$ 12,028,411

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Consolidated Statement of Functional Expenses

<i>Year Ended December 31, 2022</i>	Program Services	Management and General	Fundraising	Total
Wildlife and field expenses	\$ 655,241	\$ 22,401	\$ -	\$ 677,642
Salaries and wages	2,284,418	571,197	557,466	3,413,081
Payroll benefits	366,771	107,979	72,334	547,084
Payroll taxes	163,675	35,952	37,175	236,802
Occupancy	5,420	79,976	-	85,396
Professional fees	930,407	118,333	150,730	1,199,470
Advertising and promotion	272,901	46,262	9,746	328,909
Conferences, conventions and meetings	140,344	67,619	124,795	332,758
Debt service interest expense	1,481,078	-	-	1,481,078
Depreciation	1,222,267	-	-	1,222,267
Dues and subscriptions	64,029	78,098	19,709	161,836
Financial institution service charges	4,871	1,956	98,581	105,408
Insurance	195,815	45,335	1,257	242,407
Bad debt expense	-	-	42,541	42,541
Office expenses	9,487	25,983	584	36,054
Printing and publications	35,220	1,404	52,017	88,641
Postage and delivery	9,397	14,153	38,009	61,559
Repairs and maintenance	21,890	6,077	-	27,967
Property taxes	195,737	1,975	-	197,712
Telecommunications	34,579	35,762	5	70,346
Travel	301,171	83,224	38,214	422,609
Total	\$ 8,394,718	\$ 1,343,686	\$ 1,243,163	\$ 10,981,567

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Consolidated Statements of Cash Flows

Years Ended December 31,	2023	2022
Cash flows from operating activities:		
Receipts from donors	\$ 36,334,494	\$ 30,216,694
Other cash receipts	2,365,213	1,795,048
Payments for salaries and related costs	(5,265,520)	(4,311,998)
Payments to vendors	(6,023,383)	(4,689,087)
Net cash flows from operating activities	27,410,804	23,010,657
Cash flows from investing activities:		
Payments for property and equipment	(928,993)	(994,160)
Payments for construction in progress	-	(120,239)
Payments for conservation lands	(1,468,893)	(3,227,052)
Proceeds from sale of property and equipment	232,257	95,156
Purchase of investments	-	(5,770,626)
Purchase of CDs	-	(747,467)
Proceeds from CDs	746,063	-
Proceeds from sale of investments	452,970	-
Net cash flows from investing activities	(966,596)	(10,764,388)
Cash flows from financing activities:		
Principal payments on notes payable	(50,728)	(48,554)
Principal payments on revolving line of credit	(18,810,475)	(20,000,000)
Proceeds from revolving line of credit	4,958,389	-
Net cash flows from financing activities	(13,902,814)	(20,048,554)
Net change in cash	12,541,394	(7,802,285)
Cash and cash equivalents - Beginning of year	14,635,224	22,437,509
Cash and cash equivalents - End of year	\$ 27,176,618	\$ 14,635,224

Continued

American Prairie Foundation dba American Prairie

Consolidated Statements of Cash Flows (Continued)

<i>Years Ended December 31,</i>	2023	2022
Reconciliation of change in net assets to cash flows from operating activities:		
Changes in net assets	\$ 15,830,089	\$ 43,290,997
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,365,215	1,222,267
Donated property	(99,932)	(112,999)
Interest earned on investments	(553,776)	(338,550)
Gain on disposal of property	(113,848)	(33,899)
Increase (decrease) in allowance for discount on pledges receivable	(1,082,427)	8,793,563
Amortization of debt issuance costs	50,955	215,019
Loss (gain) on investments	(1,417,302)	683,331
Noncash lease expense	42,719	42,234
(Increase) decrease in		
Accounts receivable	(76,349)	(583,099)
Pledges receivable	13,478,720	(30,314,793)
Prepaid expenses	(167,541)	52,786
Other current assets	(19,977)	7,036
Increase (decrease) in		
Accounts payable	39,210	94,888
Accrued expenses	76,825	(125,395)
Accrued salary and benefits	238,749	70,456
Flex spending liability	15,158	3,638
Lease liability - operating	(41,078)	(39,334)
Accrued interest	(154,606)	82,511
Net cash flows from operating activities	\$ 27,410,804	\$ 23,010,657
Supplemental disclosure of non-cash activities and interest payments:		
Conservation lands acquired through issuance of debt	\$ -	\$ 1,825,543
Cash paid for interest	\$ 691,927	\$ 1,266,059

See accompanying notes to consolidated financial statements.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") applicable to nonprofit organizations as codified by the Financial Accounting Standards Board.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States 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

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

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of receivables for amounts owed to the Organization on rental income from grazing contracts, auction income, and receivables for the Employee Retention Tax Credit (see Note 16). Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed. The Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

The Organization carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the statement of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

All acquisitions and improvements of property and equipment of \$1,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

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 Organization legally gains possession of the asset or the option expires.

Debt Issuance Costs

Debt issuance costs have been capitalized and are being amortized to interest expense over the related debt term of five years, of which three years remain, using the straight-line method which approximates the interest method.

Conservation Lands and Easements

The Organization records all land and land interest 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 Organization may grant conservation easements on some of its land. These properties are managed in an effort to protect the natural biological diversity of the property in perpetuity.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$211,256 and \$328,909 for the years ended December 31, 2023 and 2022, respectively.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of 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 and estimates of time and effort. The Ken Burns American Heritage Prize event expenses are all reported as fundraising, other than direct donor benefits.

In 2023, the Organization utilized \$2,265,251 of donor contributions toward land and other capital expenditures and made \$18,861,203 in debt service principal payments. In 2022, the Organization utilized \$20,434,771 of donor contributions toward land and other capital expenditures and made \$20,048,554 in debt service principal payments. These expenditures all went directly into program services.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 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.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution Revenue (Continued)

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Revenue Recognition

Revenues received are recorded as donor restricted or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. When a restriction expires, such stipulated time restriction ends or a purpose restriction is accomplished, donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Special Events

The Organization holds one special event each year. This is the Ken Burns American Heritage Prize Event, which is held annually in New York City. Supporters of the Organization purchase tickets for the events through the Organization. The performance obligations are stated in the event information which include the date of the event and what is included with the ticket purchase. The transaction price is \$305 per ticket, with the option to choose a level of sponsorship: Bronze for \$15,000, which includes 10 tickets (\$3,050 for ticket cost) with the remaining amount considered a contribution; Silver for \$25,000; Gold for \$50,000, each includes 10 tickets (\$3,050 for ticket cost) with the remaining amount considered a contribution; Platinum for \$100,000, which includes 20 tickets (\$6,100 for ticket cost) with the remaining amount considered a contribution.

Revenue is recognized upon receipt.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Rental Income

The Organization has individual contracts with ranchers and farmers that permit cattle to graze on certain plots of land. Contracts are signed for a one-year term. Grazing periods are usually over the summer and fall months. The price per contract varies, with a down payment paid upon signing of the contract, typically in April, and the final payment typically coming in November.

Revenue is recognized over the life of the contract. Any amounts not collected are recorded as a receivable.

Lodging Revenue

The Organization offers nightly RV, tent, and cabin stays at various campgrounds, as well as off grid yurt stays across multiple properties. Visitors can reserve multiple nights at stated prices. Cancellation is available for cabin and yurt reservations if requested 14 days in advance. Revenue is deferred until the night of the reservation.

Revenue is recognized at the time of the stay, unless a cancellation is processed.

In-Kind Contributions

The Organization records various types of in-kind support including professional services and property and equipment used in operations in the consolidated statement of activities in accordance with a financial accounting standards which requires only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded.

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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. 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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Total amount of in-kind contributions recognized was \$609,342 for the year ended December 31, 2023, and \$859,597 for the year ended December 31, 2022.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Organization has no interest and penalties related to income taxes for the year ended December 31, 2023.

Resources Available and Unavailable for General Expenditure

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2023, 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 12). 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.

New Accounting Pronouncement

The Organization adopted ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, on January 1, 2023. The net impact to retained earnings would have been immaterial, thus no adjustment was made to retained earnings. Results for the year ended December 31, 2023, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States (US GAAP).

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through May 7, 2024, which is the date the financial statements were available to be issued.

American Prairie Foundation dba American Prairie

Notes to Financial Statements

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Organization also maintains cash in money market fund accounts where the accounts are insured by the Securities Investor Protection Corporation (SIPC) for up to \$500,000. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any credit risk on cash and cash equivalents. As of December 31, 2023 and 2022, funds exceeded federally insured limits by \$18,109,125 and \$11,872,973, respectively. As of December 31, 2023 and 2022, funds exceeded SIPC limits by \$17,344,766 and \$9,708,564, respectively.

Note 3: Promises to Give

Pledges receivable (unconditional promises to give) are as follows:

<i>As of December 31,</i>	2023	2022
Amounts due in:		
Less than one year	\$ 9,764,941	\$ 22,800,000
One to five years	28,307,631	28,751,292
Total amounts due	38,072,572	51,551,292
Discount to present value	(8,610,540)	(9,692,967)
Pledges receivable, net of discount	29,462,032	41,858,325
Less: current portion	(9,764,941)	(22,800,000)
Pledges receivable, net of discount and current portion	\$ 19,697,091	\$ 19,058,325

The Organization also has \$58,600,000 in conditional promises to give that will be recognized as contributions with donor restrictions when the conditions are substantially met. These conditional promises are expected to be received as follows: \$58,600,000 in one to five years.

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Notes to Financial Statements

Note 4: Investments

Investments at December 31, 2023 consisted of the following:

	Cost	Fair Value	Gross Unrealized Gains
Certificates of deposit	\$ 86,389	\$ 86,389	\$ -
Money market funds	282,067	282,067	-
Mutual funds	8,454,713	9,791,189	1,336,476
Total	\$ 8,823,169	\$ 10,159,645	\$ 1,336,476

Investments at December 31, 2022 consisted of the following:

	Cost	Fair Value	Gross Unrealized Gains
Certificates of deposit	\$ 832,452	\$ 832,452	\$ -
Money market funds	269,210	269,210	-
Mutual funds	8,237,166	8,285,938	48,772
Total	\$ 9,338,828	\$ 9,387,600	\$ 48,772

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Notes to Financial Statements

Note 5: Fair Value Measurements

The Organization has adopted the accounting pronouncement for measuring fair value under GAAP. This pronouncement defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded.

Certificates of deposit: Valued at the cost of the investment plus accumulated earnings, which approximates fair value due to the short-term nature of these investments.

Money market: Valued at the quoted market prices in active markets.

Pledges receivable: Unconditional promises to give 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 Organization elected the fair value option in accordance with GAAP. 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 fair value of unconditional promises expected to be collected in more than one year is reported as contribution revenue.

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Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	\$ 9,791,189	\$ 9,791,189	\$ -	\$ -
Certificates of deposit	86,389	-	86,389	-
Money market funds	282,067	282,067	-	-
Pledges receivable	29,462,032	-	-	29,462,032
Total	\$ 39,621,677	\$ 10,073,256	\$ 86,389	\$ 29,462,032

Fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	\$ 8,285,938	\$ 8,285,938	\$ -	\$ -
Certificates of deposit	832,452	-	832,452	-
Money market funds	269,210	269,210	-	-
Pledges receivable	41,858,325	-	-	41,858,325
Total	\$ 51,245,925	\$ 8,555,148	\$ 832,452	\$ 41,858,325

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

	2023	2022
Pledges receivable, beginning of year	\$ 41,858,325	\$ 20,337,095
Additional pledges	10,100,000	52,370,000
Payments received	(23,578,720)	(22,055,208)
Change in discount (contribution revenue)	1,082,427	(8,793,562)
Pledges receivable, end of year	\$ 29,462,032	\$ 41,858,325

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Notes to Financial Statements

Note 6: Notes Payable

The Organization has the following notes payable:

<i>As of December 31,</i>	2023	2022
Revolving line of credit loan through a financial institution; dated November 29, 2021; interest calculated at LIBOR plus 2.5%; maximum amount available of \$50,000,000; secured by real estate. Paid off during 2023 and matures in 2026.	\$ -	\$ 13,852,086
Note payable to an individual at 2.19% interest; due September 2030; annual payments of \$73,539; secured by first mortgage on property.	1,031,214	1,081,942
Total debt	1,031,214	14,934,028
Less current portion	(45,590)	(47,770)
Less unamortized debt issuance costs	(152,848)	(203,803)
Long-term debt	\$ 832,776	\$ 14,682,455

Scheduled principal payments on long-term debt at December 31, 2023, including current maturities, are summarized as follows:

2024	\$	45,590
2025		52,109
2026		303,250
2027		59,891
2028		61,203
Thereafter		509,171
Total	\$	1,031,214

Note 7: Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following:

<i>Years Ended December 31,</i>	2023	2022
Professional fees	\$ 479,066	\$ 138,481
Property and equipment	113,885	698,999
Books and puzzles	-	22,117
Food and beverage	16,150	-
Other	241	-
Total	\$ 609,342	\$ 859,597

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Notes to Financial Statements

Note 7: Contributed Nonfinancial Assets (Continued)

The Organization recognizes contributed nonfinancial assets within revenue, including contributed services, artwork, and equipment. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

In 2023, \$93,000 of the contributed nonfinancial property and equipment is considered donor restricted.

Contributed services recognized comprise professional services from attorneys advising the Organization on various administrative legal matters, services of team development consultations, and discounts on accounting services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. Contributed property and equipment is recorded as support at their estimated fair value and used at various properties for visitors' use.

Note 8: Board Designated Net Assets

The American Prairie Foundation dba American Prairie's Board of Directors has designated net assets to be held in perpetuity for the following purposes as of December 31, 2023, and 2022:

	2023	2022
Board designated funds to be held in perpetuity		
Endowment	\$ 9,147,781	\$ 7,769,148
Land and building acquisitions	106,538,238	104,110,859
Less: debt associated with acquisitions	(1,031,214)	(14,934,028)
Designated net assets	114,654,805	96,945,979
Net assets not designated	14,497,884	10,834,298
Total	\$ 129,152,689	\$ 107,780,277

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Notes to Financial Statements

Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

<i>As of December 31,</i>	2023	2022
Subject to expenditure for specific purpose:		
Campground	\$ 200,000	\$ 200,000
Education, outreach, and indigenous initiatives	1,431,994	937,766
Wildlife Restoration	447,283	348,303
Land acquisition	6,382,284	149,157
National Discovery Center	1,524,365	1,636,206
Promises to give, proceeds of which have been restricted:		
American Wildlife Forever fund	741,379	1,554,920
Indigenous communities projects	45,000	60,000
Land acquisition	6,691,722	21,451,372
Other land and wildlife	166,667	-
Discount on pledge receivable	(607,082)	(1,769,739)
Total subject to expenditure for specific purpose	17,023,612	24,567,985
Subject to passage of time:		
Promises to give with no donor restrictions	30,427,804	28,485,000
Discount on pledge receivable	(8,003,458)	(7,923,228)
Total subject to passage of time	22,424,346	20,561,772
Endowments:		
Income on donor restricted funds subject to spending policy	530,789	391,313
Donor-restricted investments held in perpetuity	394,688	394,688
Total endowments	925,477	786,001
Total net assets with donor restrictions	\$ 40,373,435	\$ 45,915,758

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Notes to Financial Statements

Note 9: Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

<i>As of December 31,</i>	2023	2022
Expiration of time restrictions	\$ 2,757,196	\$ 1,452,376
Satisfaction of purpose restrictions:		
National Discovery Center	111,841	244,961
Conservation lands	15,460,165	20,434,771
Education, outreach, and indigenous initiatives	946,812	1,273,178
Wildlife restoration	324,353	-
Total	\$ 19,600,367	\$ 23,405,286

Note 10: Endowment Funds

The Organization'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 Organization'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 Organization 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 accumulation 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 Finance Committee is responsible for recommending and reviewing investment policies and objectives, monitoring the performance of the portfolio, and overseeing certain administrative duties, including providing regular reports to the Board of Directors. In accordance with MUPMIFA, the Organization 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 Organization 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 Organization; and
- (g) The investment policies of the Organization.

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Notes to Financial Statements

Note 10: Endowment Funds (Continued)

As of December 31, 2023 and 2022, respectively, the Organization had the following endowment net asset composition:

2023	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 9,147,781	\$ -	\$ 9,147,781
Donor-restricted endowment funds			
Original donor-restricted gifts required to be maintained in perpetuity by donor	-	394,688	394,688
Accumulated investment gains	-	530,789	530,789
Total	\$ 9,147,781	\$ 925,477	\$ 10,073,258

2022	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 7,769,148	\$ -	\$ 7,769,148
Donor-restricted endowment funds			
Original donor-restricted gifts required to be maintained in perpetuity by donor	-	394,688	394,688
Accumulated investment gains	-	391,313	391,313
Total	\$ 7,769,148	\$ 786,001	\$ 8,555,149

Return Objectives and Risk Parameters

The Organization envisions that the project will eventually be largely supported by an endowment, which will produce sufficient income to pay for the general maintenance of the private acres included in the project. Many contributions will be specifically directed to land acquisition or other program expenditures. Unrestricted donations will be used as deemed appropriate by the Board and Management of the Foundation to further the goals of the Organization. However, it is the Organization's intention over time that approximately one quarter of total funds raised will be allocated to our endowment fund.

The Organization has a policy to enhance its endowment by promoting practices that permit the most flexibility in long-term planning, utilization, and investment. Therefore, the Organization seeks endowments that least restrict the principal and income as well as the investment of the principal.

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Notes to Financial Statements

Note 10: Endowment Funds (Continued)

Investment and Spending Policies

The Finance 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 Organization as general support revenue for its programs. On an annual basis, the Finance Committee of the Board will calculate an amount equal to 4% of the average value of the Endowment Fund over the previous 3 years. As of December 31, 2023, the Finance 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, 2023 and 2022 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, December 31, 2021	\$ 2,166,683	\$ 962,620	\$ 3,129,303
Investment loss, net	(397,535)	(176,619)	(574,154)
Additional funds designated by board	6,000,000	-	6,000,000
Endowment net assets, December 31, 2022	7,769,148	786,001	8,555,149
Investment return, net	1,378,633	139,476	1,518,109
Endowment net assets, December 31, 2023	\$ 9,147,781	\$ 925,477	\$ 10,073,258

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that a donor or MUPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2023 and 2022, there were fund deficiencies of \$112,918 and \$220,672, respectively.

Note 11: Leases

The Organization leases office space, equipment, and a storage unit. The building lease entered into includes an option to renew. The renewal terms can extend the lease term up to nine years. The exercise of lease renewal options is at the Organization's sole discretion.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

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Notes to Financial Statements

Note 11: Leases (Continued)

Components of lease expense were as follows for the years ended December 31:

	2023	2022
Operating lease cost	\$ 43,211	\$ 41,952
Short-term lease cost	33,375	41,648
Total lease cost	\$ 76,586	\$ 83,600

Supplemental cash flow information related to leases is as follows for the years ended December 31:

	2023	2022
Weighted-average remaining lease term - Operating leases	3.50 years	4.50 years
Weighted-average discount rate - Operating leases	1.21%	1.21%

Maturities of lease liabilities are as follows:

<i>Years Ended December 31,</i>		
2024		\$ 44,507
2025		45,843
2026		47,218
2027		23,958
Total lease payments		161,526
Less: imputed interest		(3,334)
Total		\$ 158,192

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Notes to Financial Statements

Note 12: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, 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
Financial assets		
Cash and cash equivalents	\$ 27,176,618	\$ 14,635,224
Accounts receivable	997,168	920,819
Pledges receivable	29,462,032	41,858,325
Investments	10,159,645	9,387,600
Total financial assets	67,795,463	66,801,968
Unavailable for general expenditure in one year		
Board designated endowment funds	9,147,781	7,769,148
Donor restricted permanent endowment funds	394,688	394,688
Donor restricted endowment fund earnings	530,789	391,313
Pledge payments due in more than one year	19,697,091	19,058,325
Donor restricted funds	7,095,354	2,201,426
Total amounts unavailable for expenditure in one year	36,865,703	29,814,900
Total	\$ 30,929,760	\$ 36,987,068

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 Finance Committee (see Note 10). 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 Organization as general support revenue for its programs, as directed by the Finance Committee. As of December 31, 2023, the Finance Committee has not designated any income from the endowment to be used for general operations.

As part of its liquidity management plan, the Organization 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 Organization could draw against the revolving line of credit, and if needed, the Organization could draw upon the Board designated endowment funds.

Note 13: Retirement Plan

The Organization 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 Organization's match percentage annually. For the years ended December 31, 2023 and 2022, the Organization made employer match contributions of \$103,692 and \$83,080, respectively.

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Notes to Financial Statements

Note 14: Concentration of Contributions or Grants

The Organization is supported by contributions from the public and granting agencies. For the year ended December 31, 2023, eight major contributors provided 77% of the Organization's combined revenues. The pledges outstanding from these contributors as of December 31, 2023 totaled \$34,660,905. For the year ended December 31, 2022, eight major contributors provided 64% of the Organization's combined revenues. The pledges outstanding from these contributors as of December 31, 2022 totaled \$49,856,292.

Note 15: Related Parties

During the years ended December 31, 2023 and 2022, \$6,235,268 and \$29,982,611 were contributed and/or pledged to the Organization by board members. All of these contributions were recorded as revenue.

As of December 31, 2023 and 2022, the balance of outstanding pledges from related parties was \$27,775,676 and \$29,154,920, respectively.

Note 16: Employee Retention Tax Credit (ERTC)

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act created and funded the Employee Retention Tax Credit (ERTC) to aid employers that were negatively impacted by the COVID-19 pandemic. The ERTC was designed to provide an incentive to retain employees throughout the pandemic. The Organization qualified for the credit in various quarters of 2020 and 2021 through a significant decline in revenue.

The Organization applied for and received a credit in the amount of \$842,597 in 2022. The Organization has recognized \$842,597 as other income in the accompanying 2022 consolidated statement of activities. The Organization has not received any portion of this credit in 2022 and 2023. The entire credit of \$842,597 is included in accounts receivable in the accompanying 2022 and 2023 consolidated statements of financial position.

Laws and regulations concerning government programs, including the ERTC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Organization.

Note 17: Reclassification

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation to maintain consistency. The reclassifications had no impact on previously reported net assets.