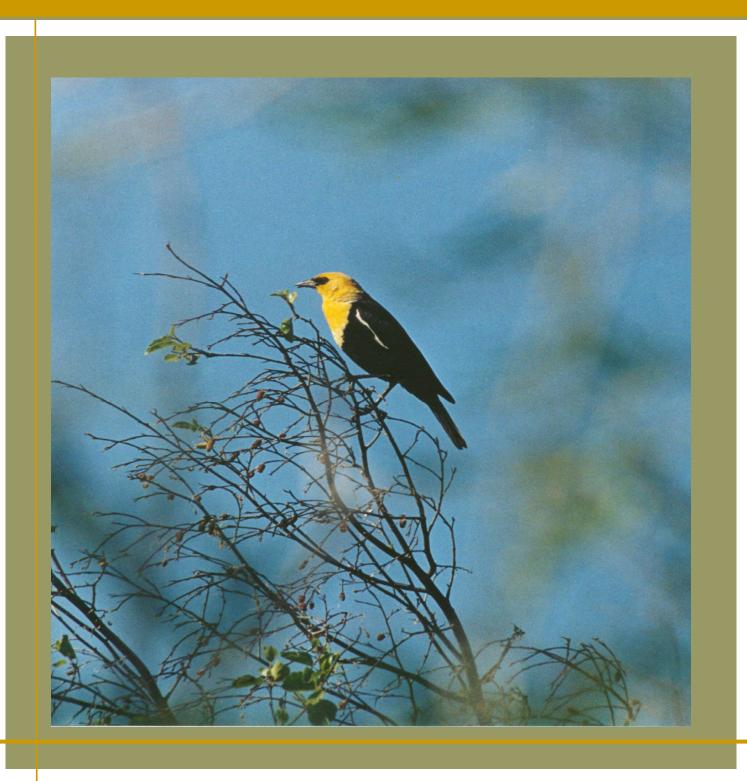
Ruby

Habitat

2003 Annual Report

Research

Foundation



The Inspiration

In an effort to provide a springboard for innovative conservation and agricultural practices, Martha and Craig Woodson have created the Ruby Habitat Research Foundation. In addition, the Woodsons are in the process of donating their 1100 Acre Woodson Ranch on the Ruby River to the Foundation, along with an endowment sufficient to insure the viability of the ranch and the Foundations. They hope the property will become a setting that others can visit to glean ideas for their own use and that over time, people will step up and help preserve the aesthetic, agricultural and recreational values that so many now treasure in the Ruby Valley and Southwest Montana.

"After visiting several national conservation groups I became convinced that significant local conservation depends on a local conservation ethic and effort," says Craig Woodson. " We felt we could step up and give people here something that could help in the

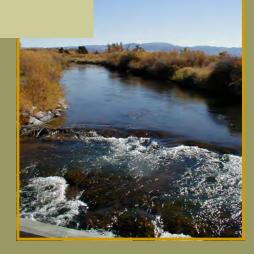


long run. We're definitely not trying to tell any landowner how it should be done, but if we can show an example that stands the test of time, then maybe they'll find something they want to try."

Conservation through Example

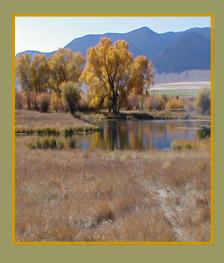
The purpose

This foundation is intended to carry on research and development projects that will have the effect of preserving and enhancing agricultural operations and wildlife habitats in the Ruby Valley and Southwest Montana. We address resource management issues like wildlife habitat improvements, irrigation techniques and the search for other sustainable agricultural practices.



For Instance:

- Wetland Restoration & Enhancement
- Drought resistant grasses
- Grasses suited for winter grazing
- Alternative plants and methods
- · Perennial plants for wildlife food and habitat
- Sources of supplemental income
- Low-cost bank stabilization methods





"The foundation is not just about preserving the Woodson Ranch. It's much larger that that. It is not about creating a fishing access site, hunting preserve or turning land over to public ownership.

We desire to continue in the tradition of responsible resource management by private landowners."

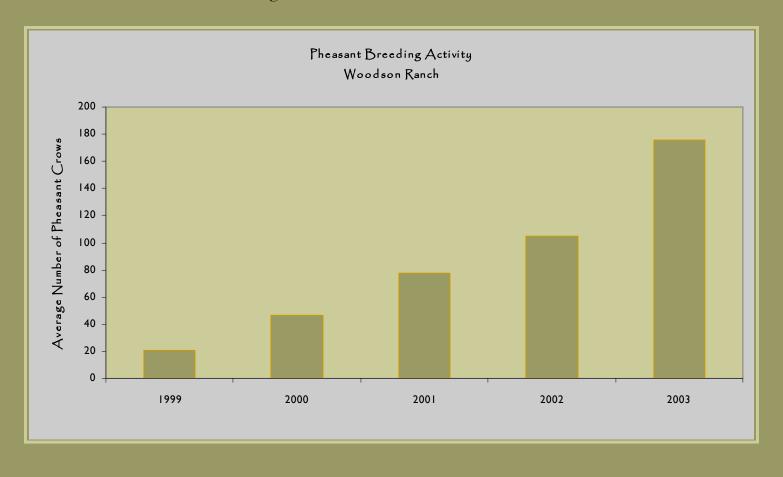
Les Gilman, Executive Director RHRF

Conservation through Practice

Agriculture and Pheasants

In 1998, Woodson Ranch began experimenting with the idea of integrating agricultural operations with wildlife habitat needs. In particular, work was done to enhance habitat for pheasants. Small annual grain food plots were planted to supply a steady and high value winter food source. Additionally, areas of low cover were farmed up and planted with a much more favorable mix of grasses and flowers that would provide excellent cover for nesting and rearing of broods. Surveys for pheasants in the spring show a steady increase in breeding activity on the ranch, as shown in the graph, below. This is a direct indicator of the success of these habitat efforts.

Currently we are engaged in developing a food/cover combinations to go into our production hay crops. These complexes take into consideration habitat quality of larger pieces of habitat, and making appropriate adjustments where needed. Irrigation management is also coordinated with pheasant nesting so as to reduce loss of nests due to flooding.





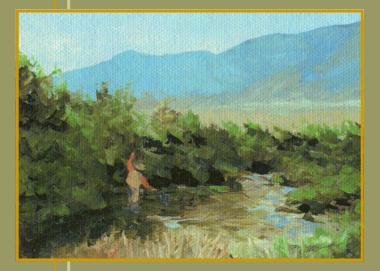
M.C. (Bud) Kanouse October 7, 1936 — October 9, 2003

Scott Waldie, author and friend of Bud, wrote the following.

On Oct. 9, 2003, Sarah and Jennifer Kanouse lost their father and Joan lost her husband of 43 years. He was M.C. "Bud" Kanouse. At that same moment the art world lost one of its most noted contributors, the angling community lost a fine fisherman and the Ruby Valley its most famous and certainly one of the kindest residents.

Bud was indeed famous, nationally known, whose works were featured in the finest galleries, books, and magazines. Sotheby's and Christi's sold Bud's paintings. He lived in a home on Mill Street Sheri-

dan for many reasons, not the least of which was its proximity to the Ruby River and its fishing.



Starting his adult life as a dentist in Grand Rapids, Michigan, switching his livelihood to that of an artist 20 years later. Bud Kanouse was one of the most unusual characters I have yet to meet, a fact that I brought to his attention many times. Because in a world where a man is usually gifted one way or the other, pragmatist and realist or dreamer and artist, born left-brained or right, Bud was the rarest of breeds, his mind, and a brighter mind I have yet to find, operated on both sides.

He was simply put and quickly stated, one of the most giving men I have ever met.

And right now, I can only imagine him on a trout stream fly fishing and painting while wondering between casts if heaven would look better in watercolors or oil.

I will never fish the Ruby again without thinking about Bud.

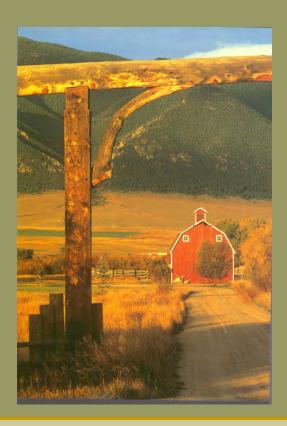


Conservation through Commitment

Mission Statement

The Ruby Habitat Research Foundation is dedicated to preserving and enhancing the natural resources, and social and economic makeup of the Ruby Valley and Southwest Montana by, among other things:

- Supporting agriculture in the community and the diversification of agricultural operations to ensure the long-term viability of working ranches;
- Working with landowners, educational institutions, foundations, and other entities to protect and enhance wildlife habitat;
- Encouraging education and training to broaden the understanding of resource management issues, and responsible management of private lands;
- Promoting the concept of resource accountability and developing examples of minimal impact resource management for agriculture and recreational uses while protecting the environment.



Board of Directors

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Craig Woodson, Rancher

Executive Director

Les Gilman, Ranch Resources /Rancher

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Roy O'Connor, Business Owner / Rancher

Rock Ringling, Managing Director

Group B Woodson Family

Martha Woodson, Rancher

Michael J. Arslanian, Student

Robin Mitts, Learning & Organizational Effectiveness Consultant ,Shell Oil

Group C Ruby Valley Community

George Swan, Business Owner / Rancher

Neil Barnosky, Rancher

Balance Sheet 2003		
ASSETS		
Current Assets		
Checking/Savings		
Checking	\$1,519.06	
Savings	\$67,040.24	
Total Checking/Savings	\$68,559.30	
Other Current Assets		
Kanouse Art	\$6,390.00	
Return to Travers Corners	\$6,500.00	
Total Other Current Assets	\$12,890.00	
Total Current Assets	\$81,449.30	
TOTAL ASSETS	\$81,449.30	
LIABILITIES & EQUITY		
Equity		
Opening Bal Equity	\$12,890.00	
Retained Earnings	\$8,879.07	
Net Income	\$59,680.23	
Total Equity	\$81,449.30	
TOTAL LIABILITIES & EQUITY	\$81,449.30	

Income & Expense 2003	
INCOME	
Book	\$6,025.00
Donations	\$64,521.17
Endowments	\$2,800.00
Interest Income	\$140.24
Kanouse Art Sales	
Giclees	\$1,000.00
Originals	\$675.00
Total Kanouse Art Sales	\$1,675.00
Lodging	\$1,000.00
Memorials	\$6,510.00
TOTAL INCOME	\$82,531.17
EXPENSE	
Business Fees	\$515.00
Business Meals	\$714.95
Management Services	\$14,582.83
Office Supplies	\$147.91
Printing	\$1,496.70
Professional Services	\$1,533.79
Scholarships	\$4,000.00
TOTAL EXPENSE	\$22,991.18
NET INCOME	\$59,680.23

RHRF Supporters

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Scott Waldie
James Wallace
Bessemer Trust

Gettleman Philanthropic Fund

Montana Land Reliance Ruby Springs Lodge, Inc. Steven M. Strauch Living Trust



Anyone can become involved in the work of the Foundation. We are a tax-deductible organization and welcome your financial support.* We also encourage landowner cooperators to participate in research projects. We can provide land and equipment to participating researchers and students. We hope that we'll find people who will share in this vision. Be sure to visit our website at www.rubyhabitat.org.

Contact us at

P.O. Box 638 Sheridan, MT 59749 (406) 842-5010 * No contribution will be used for any work on the Woodson Ranch. Martha and Craig fund all projects on the Woodson Ranch personally. All charitable contributions will be used for other Foundation purposes.