

RIVEREDGE NATURE CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

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Kieckhafer, Dietzler, Hauser, Hanson LLP

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Riveredge Nature Center, Inc.  
Saukville, Wisconsin

We have audited the accompanying financial statements of the Riveredge Nature Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related 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 financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Riveredge Nature Center, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Kieckhafer, Dietzler, Hauser, Hanson LLP  
West Bend, Wisconsin

November 1, 2021

RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and savings deposits	\$ 636,579	\$ 440,286
Certificates of deposit	58,159	57,747
Investments, at fair value	5,247,507	4,267,628
Contributions and pledges receivable	481,475	281,715
Accounts receivable	87,923	81,983
Inventory	36,945	45,867
Prepaid expenses	234,440	252,090
Property and equipment, net	<u>3,770,148</u>	<u>3,111,364</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,553,176</u></u>	<u><u>\$ 8,538,680</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 7,785	\$ 1,092
Other accrued liabilities	44,107	45,113
Unearned revenue	<u>179,176</u>	<u>136,684</u>
<b>TOTAL LIABILITIES</b>	231,068	182,889
 <b>NET ASSETS</b>		
Without donor restrictions	6,469,535	5,053,686
With donor restrictions	<u>3,852,573</u>	<u>3,302,105</u>
<b>TOTAL NET ASSETS</b>	<u>10,322,108</u>	<u>8,355,791</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 10,553,176</u></u>	<u><u>\$ 8,538,680</u></u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 493,878	\$ -	\$ 493,878
Capital campaign contributions	387,506	348,483	735,989
Memorials	34,800	-	34,800
Donated goods and services	419,955	-	419,955
Special program support	190,277	161,221	351,498
Program fees	228,307	-	228,307
School programs	71,625	-	71,625
Investment income (net of \$15,800 investment expenses)	657,055	324,342	981,397
Rental income	135,315	-	135,315
Merchandising	35,267	-	35,267
Less: Cost of sales	(24,494)	-	(24,494)
Fundraising events	89,508	-	89,508
Less: Cost of direct benefit to donors	(19,918)	-	(19,918)
Funding from PPP and other COVID grants	281,350	-	281,350
Net assets released from restrictions	283,578	(283,578)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>3,264,009</b>	<b>550,468</b>	<b>3,814,477</b>
Expenses			
Program services:			
Land conservation	406,289	-	406,289
Environmental education	1,120,172	-	1,120,172
Supporting services:			
General administration	166,794	-	166,794
Fundraising	154,905	-	154,905
<b>TOTAL EXPENSES</b>	<b>1,848,160</b>	<b>-</b>	<b>1,848,160</b>
<b>INCREASE IN NET ASSETS</b>	<b>1,415,849</b>	<b>550,468</b>	<b>1,966,317</b>
<b>BEGINNING NET ASSETS</b>	<b>5,053,686</b>	<b>3,302,105</b>	<b>8,355,791</b>
<b>ENDING NET ASSETS</b>	<b>\$ 6,469,535</b>	<b>\$ 3,852,573</b>	<b>\$ 10,322,108</b>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 366,703	\$ -	\$ 366,703
Capital campaign contributions	302,332	23,220	325,552
Memorials	26,370	-	26,370
Donated goods and services	27,198	-	27,198
Special program support	385,389	45,755	431,144
Program fees	212,885	-	212,885
School programs	88,561	-	88,561
Investment income (net of \$15,062 investment expenses)	144,622	64,673	209,295
Rental income	89,898	-	89,898
Merchandising	32,724	-	32,724
Less: Cost of sales	(25,714)	-	(25,714)
Fundraising events	128,480	-	128,480
Less: Cost of direct benefit to donors	(9,730)	-	(9,730)
Funding from PPP loan	175,400	-	175,400
Net assets released from restrictions	445,656	(445,656)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,390,774</b>	<b>(312,008)</b>	<b>2,078,766</b>
Expenses			
Program services:			
Land conservation	448,332	-	448,332
Environmental education	1,181,652	-	1,181,652
Supporting services:			
General administration	164,007	-	164,007
Fundraising	184,598	-	184,598
<b>TOTAL EXPENSES</b>	<b>1,978,589</b>	<b>-</b>	<b>1,978,589</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>412,185</b>	<b>(312,008)</b>	<b>100,177</b>
<b>BEGINNING NET ASSETS</b>	<b>4,641,501</b>	<b>3,614,113</b>	<b>8,255,614</b>
<b>ENDING NET ASSETS</b>	<b>\$ 5,053,686</b>	<b>\$ 3,302,105</b>	<b>\$ 8,355,791</b>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL
	Land	Environmental	Education	General	Fundraising	TOTAL	
	Conservation			Administration			
Salaries	\$ 223,676	\$ 553,835		\$ 90,398	\$ 91,850	\$ 959,759	
Employee benefits	33,392	82,656		13,494	13,709	143,251	
Payroll taxes	16,509	40,866		6,672	6,778	70,825	
Professional development/staff recruitment	47	75		5,260	-	5,382	
Buildings and grounds supplies/maintenance	39,244	25,228		758	568	65,798	
Bad debt expense	1,006	4,455		862	862	7,185	
Depreciation	18,713	136,605		26,198	5,614	187,130	
Insurance	6,948	62,526		3,116	-	72,590	
Property taxes	4,045	-		-	-	4,045	
Fundraising	208	466		363	-	1,037	
Utilities	5,233	12,979		2,093	628	20,933	
Professional fees	3,774	21,552		9,156	7,566	42,048	
Office supplies	-	-		2,437	102	2,539	
Office equipment and maintenance	24,858	24,447		1,741	1,585	52,631	
Dues and subscriptions	-	988		-	-	988	
Printing	1,228	7,983		1,842	1,228	12,281	
Postage	496	3,221		248	990	4,955	
Telephone	2,360	11,010		786	1,573	15,729	
Travel	3,191	944		143	1,531	5,809	
Promotional materials	3,469	9,714		-	694	13,877	
Advertising	1,155	3,233		-	231	4,619	
Marketing/public relations	3,420	9,574		-	684	13,678	
Education expenses	4,607	27,441		8	11,266	43,322	
Bookstore expenses	52	416		53	-	521	
Cost of meals, entertainment, and t-shirts	-	-		-	19,918	19,918	
Cost of bookstore sales	-	-		24,494	-	24,494	
Miscellaneous expenses	8,658	73,313		1,166	7,446	90,583	
Cost of donated services	-	6,645		-	-	6,645	
<b>TOTAL EXPENSES</b>	<b>406,289</b>	<b>1,120,172</b>		<b>191,288</b>	<b>174,823</b>	<b>1,892,572</b>	
Less expenses included with revenue on the statement of activities	-	-		(24,494)	(19,918)	(44,412)	
Total expenses included in the expense section of the statement of activities	\$ 406,289	\$ 1,120,172		\$ 166,794	\$ 154,905	\$ 1,848,160	

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2020

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising	
Salaries	\$ 252,127	\$ 596,495	\$ 99,082	\$ 113,791	\$ 1,061,495
Employee benefits	39,986	94,621	15,708	18,049	168,364
Payroll taxes	17,906	42,371	7,034	8,082	75,393
Professional development/staff recruitment	167	2,133	594	1,026	3,920
Buildings and grounds supplies/maintenance	50,665	18,298	1,208	368	70,539
Depreciation	16,107	117,582	22,550	4,832	161,071
Insurance	4,448	40,032	3,116	-	47,596
Property taxes	4,050	-	-	-	4,050
Fundraising	133	1,396	163	775	2,467
Utilities	5,221	12,948	2,088	626	20,883
Professional fees	5,426	69,350	5,318	6,259	86,353
Office supplies	-	72	2,813	287	3,172
Office equipment and maintenance	2,615	11,503	1,125	916	16,159
Dues and subscriptions	-	985	-	-	985
Printing	428	2,785	643	429	4,285
Postage	151	979	75	301	1,506
Telephone	1,786	8,335	595	1,191	11,907
Travel	2,838	10,011	593	2,463	15,905
Promotional materials	3,392	9,498	-	678	13,568
Advertising	1,474	4,129	-	295	5,898
Marketing/public relations	6,775	18,971	-	1,355	27,101
Education expenses	4,429	22,665	-	10,253	37,347
Bookstore expenses	68	544	68	-	680
Cost of meals, entertainment, and t-shirts	-	-	-	9,730	9,730
Cost of bookstore sales	-	-	25,714	-	25,714
Miscellaneous expenses	28,140	80,449	1,234	12,622	122,445
Cost of donated services	-	15,500	-	-	15,500
<b>TOTAL EXPENSES</b>	<b>448,332</b>	<b>1,181,652</b>	<b>189,721</b>	<b>194,328</b>	<b>2,014,033</b>
Less expenses included with revenue on the statement of activities	-	-	(25,714)	(9,730)	(35,444)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 448,332</b>	<b>\$ 1,181,652</b>	<b>\$ 164,007</b>	<b>\$ 184,598</b>	<b>\$ 1,978,589</b>

See accompanying notes



RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,966,317	\$ 100,177
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	187,130	161,071
Change in unrealized gain on investments	(839,552)	(13,354)
Realized gain on investments	(56,996)	(103,287)
Bad debt expense	7,185	-
Donated land	(400,000)	-
(Increase) decrease in:		
Contributions and pledges receivable	(206,945)	272,313
Accounts receivable	(5,940)	115,004
Inventory	8,922	1,689
Prepaid expenses	17,650	26,531
Increase (decrease) in:		
Accounts payable and accrued liabilities	5,687	(2,590)
Unearned revenue	42,492	(5,211)
	<u>725,950</u>	<u>552,343</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,658,475)	(332,682)
Proceeds from sale of investments	1,575,144	736,705
Purchases of property and equipment	(445,914)	(695,646)
Renewals of certificates of deposit	(412)	(214)
	<u>(529,657)</u>	<u>(291,837)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	196,293	260,506
<b>BEGINNING CASH</b>	<u>440,286</u>	<u>179,780</u>
<b>ENDING CASH</b>	<u>\$ 636,579</u>	<u>\$ 440,286</u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies affecting the financial statements of Riveredge Nature Center, Inc. (the Center):

- a) Business Organization  
The Center is a nonprofit organization exempt from income tax under section 501(c)(3) of the U. S. Internal Revenue Code and is not a private foundation. The Center's mission is to conduct environmental educational programs, conserve the natural environment for long-term benefits, and further natural environment research through organized scientific observation and experiments. The financial statements are prepared on the accrual basis of accounting.
- b) Cash and Savings Deposits  
Cash and savings deposits are defined as cash on hand and in bank checking and savings accounts.
- c) Investments  
Investments consist of mutual funds and money market accounts, which are stated at fair value based on quoted market prices.
- d) Contributions and Pledges Receivable  
Contributions and pledges receivable (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 future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using applicable risk-free interest rates. Amortization of the discount is included in contribution revenue. When applicable, the Center uses the allowance method to record uncollectible contributions and pledges receivable based upon prior years' experience and management's analysis of specific promises. At June 30, 2021 and 2020, no allowance for uncollectible contributions and pledges receivable has been provided. Management has evaluated the accounts and believes they are all collectible.
- e) Accounts Receivable  
Accounts receivable for program service fees or cost reimbursements are stated at management's expected net realizable value of outstanding balances. When applicable, an allowance for uncollectible accounts is established for differences between the amount due and the amount management expects to collect. Accounts receivable balances are due when invoiced and are managed on an account-by-account basis. At June 30, 2021 and 2020, no allowance for uncollectible accounts has been provided. Management has evaluated the accounts and believes they are all collectible.
- f) Inventory  
Inventory, which consists primarily of books and clothing held for resale, is stated at the lower of cost or net realizable value, with cost being calculated on a first in - first out basis.
- g) Property, Equipment and Depreciation  
Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. The Center does not imply a time restriction that expires over the useful life of donated assets. Minor additions and repairs are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years.
- h) Advertising  
Advertising costs are expensed as incurred.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Presentation of Net Assets

Under current accounting standards, the Center is required to report net assets in one of two categories: net assets without restrictions or net assets with restrictions. Net assets with restrictions relate to contributions and grants received for a specific purpose but not yet expended or contributions received that are restricted in perpetuity with earnings to be used for the Center. All other net assets are without donor restrictions.

j) Contributions

Contributions and pledges are recognized in income when an unconditional promise to give is made. The Center solicits contributions from various local and national private organizations, as well as from individuals located in Southeastern Wisconsin. Consequently, the Center's ability to collect the amount of pledges due from its contributors is affected by the general economic fluctuations in various industries.

Contributions are reported as without donor restrictions or with donor restrictions depending on the existence of donor stipulations that limit the use of the support. Restricted contributions whose restriction is met in the same reporting period as the contribution is received are reported as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activity as net assets released from restrictions. The donor restriction never expires on contributions that the donor restricts in perpetuity. Only the net investment earnings on those net assets with permanent donor restrictions will be expended.

k) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been judgmentally allocated among the programs and supporting services benefited.

l) Expense Classifications

The expenses of the Center are allocated to four different functional categories based on management's estimate of the time and on expense spent for each of the functions. These functions are defined as follows:

*Land conservation* – The cost of maintaining and preserving the land.

*Environmental education* – The cost of preparing and leading educational programs for members and the public-at-large.

*Fundraising* – The cost of soliciting and obtaining funds to further the mission of the Center.

*General administration* – The cost of operating the Center's offices, including gathering, processing, and maintaining financial and legal information.

m) Uncertain Tax Positions

The Center's current accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor is it aware of any exposure to unrelated business income tax. The Center files tax returns in the U.S. federal jurisdiction and the state of Wisconsin. The Center does not have any tax returns currently under examination by a federal or state jurisdiction.

n) 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.

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Uninsured Cash Balances

The Center maintains cash balances in two commercial banks. These balances may at times exceed the federally insured limit of \$250,000. The Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

p) New Accounting Pronouncement

The FASB has issued a new standard intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard will result in significant changes to the financial reporting and disclosures related to both operating and capital leases. The new standard is effective for the Organization beginning July 1, 2022. The effects of adoption of the new standard have not yet been determined.

q) Date of Management Evaluation

The Center's management has evaluated subsequent events through November 1, 2021, the date the financial statements were available to be issued.

NOTE 2 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

The Center's contributions and pledges receivable as of June 30, 2021 and 2020 are \$481,475 and \$281,715, respectively, and are recorded at an estimated net realizable value equal to full value. Some pledges receivable are scheduled to be paid over one to three years but are not recorded at present value due to the minor impact of the calculated discount.

NOTE 3 - INVESTMENTS AT FAIR VALUE

Independent investment companies hold the Center's investments. Investments at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$5,247,507	\$3,967,432	\$4,267,628	\$3,827,104

The components of investment income (without donor restrictions and with donor restrictions) consist of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 100,649	\$ 107,716
Net realized gain on sale of investments	56,996	103,287
Change in unrealized gain on investments	839,552	13,354
Investment management fees	<u>(15,800)</u>	<u>(15,062)</u>
	<u>\$ 981,397</u>	<u>\$ 209,295</u>

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AT FAIR VALUE (CONTINUED)

The Center's investments are stated at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in an orderly transaction between willing parties, that is, other than in a forced or liquidation sale. The Center's investments at fair value have been classified, for disclosure purposes, based on a hierarchy of inputs used to measure fair value as defined by Financial Accounting Standards Board. The input levels of the fair value hierarchy are broadly summarized as follows:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Other significant observable inputs (including quoted prices for similar securities).
- Level 3 - Significant unobservable inputs (including the Center's own assumptions in determining the value of investments).

The Center's investment assets at fair value are measured on a recurring basis. The following tables, set forth by level within the hierarchy described above, display the Center's investments at June 30, 2021 and 2020, classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 5,247,507	\$ 5,247,507
<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,267,628	\$ 4,267,628

NOTE 4 - PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The Center maintains property, plant and equipment at June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,209,910	\$ 809,910
Buildings and land improvements	4,146,280	3,735,722
Equipment	423,889	405,876
Vehicles	<u>55,046</u>	<u>55,046</u>
	5,835,124	5,006,554
Accumulated depreciation	<u>(2,064,977)</u>	<u>(1,895,190)</u>
	<u>\$ 3,770,148</u>	<u>\$ 3,111,364</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$187,130 and \$161,071, respectively.

NOTE 5 - RECOGNITION OF EXCHANGE TRANSACTION REVENUE

In keeping with the mission of the Center, the Center provides program activities to individuals and schools, rents its facilities to individuals or other organizations, and sells merchandise in its gift shop. These activities are deemed to be exchange transactions and provide a fixed fee for services that is paid either at the time of the activity or in advance of the activity. In either case, these activities have performance obligations satisfied at a point in time when the activity is held.

Program fees do not give rise to variable consideration such as rebates that would otherwise decrease the transaction price.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLAN

The Board of Directors of the Center established Riveredge Nature Center Defined Contribution Plan (the Plan) as of January 1989. The Plan was restated effective January 2018. Beginning in January 2018, all employees are eligible upon date of hire or later to begin elective deferrals. The Plan allows for discretionary matching contributions to be made by the Center for which all employees are eligible except seasonal employees or part-time employees working less than 1,000 hours per year. Those eligible for matching contributions will begin to receive them upon completion of three months of service in which a minimum of 83 1/3 hours are worked in each of the months. Employees are immediately 100% vested in all deferrals and matching contributions. The cost to the Center was \$25,093 and \$27,711, for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 - LEASES

The Organization signed a lease for a phone system beginning August 2020 for sixty months, with monthly payments of \$350. The lease terminates July 2026. Rental expense for the year ended June 30, 2021 is \$3,857. Rental obligations for future periods are as follows:

2022	\$ 4,209
2023	4,209
2024	4,209
2025	4,209
2026	350

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by the donor to be used for a specific purpose are:

	<u>2021</u>	<u>2020</u>
Donations for periods after June 30	\$ 481,475	\$ 281,715
Land conservation donor-designated uses	10,679	14,535
Environmental education donor-designated uses	130,953	91,171
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	545,363	302,045
Maintenance and upkeep of the East Property location (Endowment income)	22,730	9,648
Other donor-designated uses	60,620	2,238
	<u>\$ 1,251,820</u>	<u>\$ 701,352</u>

Net assets restricted permanently by the donor (see Endowments Note 10) are:

	<u>2021</u>	<u>2020</u>
Andy Larsen Legacy Fund	\$ 1,037,723	\$ 1,037,723
Jane B. Pettit Fund	1,500,000	1,500,000
East Property Endowment Fund	63,030	63,030
	<u>\$ 2,600,753</u>	<u>\$ 2,600,753</u>

Net assets permanently restricted by the donor consist of three endowment funds listed above. Income from the Andy Larsen Legacy Fund is donor-designated to be used for promoting and continuing the educational legacy of Andy Larsen and is donor restricted; income from the Jane B. Pettit Fund for Environmental Education does not have an explicit donor restriction; and, income from the East Property Endowment Fund is donor-designated to be used for maintenance and upkeep of the East Property location and is donor restricted.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Center's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 1,699,387	\$ 942,322
Board designated for preservation	1,000,000	1,000,000
Investment in property	<u>3,770,148</u>	<u>3,111,364</u>
	<u>\$ 6,469,535</u>	<u>\$ 5,053,686</u>

NOTE 10 - ENDOWMENTS

The Center's endowments consist of three funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's endowments arose from donor-restricted gifts.

The Center classifies as permanently restricted net assets the original value of gifts donated as permanent endowments and the original value of subsequent gifts donated to permanent endowments. Accumulated amounts in excess of gift values have a donor-designated purpose for two of the funds; for one of the funds, there is no donor restriction on amounts in excess of gift value (see Note 8). For the two funds with a donor-restriction on amounts in excess of gift value, these amounts are classified as temporarily restricted net assets until appropriated for expenditure by the Center in a manner consistent with the donor-designated purpose of the fund.

Endowment net asset composition by type of fund at June 30, 2021 and 2020 consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2021:</b>				
Donor-restricted endowment funds	\$ 265,024	\$ 568,093	\$ 2,600,753	\$ 3,433,870
<b>2020:</b>				
Donor-restricted endowment funds	\$ (4,671)	\$ 311,693	\$ 2,600,753	\$ 2,907,775

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2021:</b>				
Endowment net assets, beginning of year	\$ (4,671)	\$ 311,693	\$ 2,600,753	\$ 2,907,775
Investment income	29,200	27,584	-	56,784
Realized and unrealized depreciation on investments	314,150	296,758	-	610,908
Appropriation of endowment assets for expenditure	<u>(73,655)</u>	<u>(67,942)</u>	<u>-</u>	<u>(141,597)</u>
Endowment net assets, end of year	<u>\$ 265,024</u>	<u>\$ 568,093</u>	<u>\$ 2,600,753</u>	<u>\$ 3,433,870</u>
<b>2020:</b>				
Endowment net assets, beginning of year	\$ 647	\$ 317,771	\$ 2,600,753	\$ 2,919,171
Investment income	29,968	28,339	-	58,307
Realized and unrealized depreciation on investments	38,422	36,334	-	74,756
Appropriation of endowment assets for expenditure	<u>(73,708)</u>	<u>(70,751)</u>	<u>-</u>	<u>(144,459)</u>
Endowment net assets, end of year	<u>\$ (4,671)</u>	<u>\$ 311,693</u>	<u>\$ 2,600,753</u>	<u>\$ 2,907,775</u>

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENTS (CONTINUED)

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the amount that the Center classifies as a fund's permanently restricted net assets. This may happen either due to unfavorable market fluctuations or due to appropriations by the Center in execution of its endowment spending policies (see a description of the policies below). In accordance with generally accepted accounting principles, deficiencies of this nature reported in unrestricted net assets were \$-0- and \$(4,671) as of June 30, 2021 and 2020, respectively. The deficiency at June 30, 2020 resulted from appropriations by the Center in execution of its endowment spending policies.

Endowment Objectives and Related Investment Strategies and Spending Policies

The Center has established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the purposes of the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for any donor-specified period. Under asset allocation policies adopted and implemented by the Finance Committee of the Board, the Center identifies authorized classes of assets and the percentage ranges they will represent of the total portfolio in order to provide diversification of assets in an effort to preserve capital and produce a reasonable, risk-adjusted return to the funds. The Finance Committee, at least annually, reviews investment performance against stated objectives and rebalances investment portfolio assets back to the asset allocation ranges.

The Center's goal is stable real returns by maintaining a balanced portfolio that seeks to provide a long term return of 5% net of investment costs. The Center accepts that actual returns in any given year will vary. Annually the Center may budget and transfer to operations a portion of the balance in the endowment funds. Budgeting for transfers uses a formula that allows up to 5% of the rolling three-year average December 31st market value of the endowment funds to be transferred to operations in the next fiscal year. The amount collectively budgeted for transfer, as well as the allocation of the amount among the funds, is as determined by the Center to be prudent for the uses, benefits, purposes and duration for which the endowment funds were established. The Center seeks to always maintain the fair value of the collective assets associated with the endowment funds at or above a baseline defined as the amount that the Center classifies as permanently restricted net assets.

However, the Center's prudent investment and spending decisions may at times result in the fair value of assets associated with an individual endowment fund falling below the amount that the Center classifies as that fund's baseline. All transfers of endowment funds to operations must be approved by the Board of Directors. There are no loans from the funds allowed to support the Center's operations.

The Center evaluates the investment and spending policies for its endowment assets in relation to the state of Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Center believes that its investment policies are in conformity with state law and will allow the Center to maintain the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 - DONATED GOODS AND SERVICES

The Center received donations of goods used for programs of \$13,310 and \$11,698 for the years ended June 30, 2021 and 2020, respectively. Because the criteria for recognition under accounting standards have been satisfied, the Center recognized donated services of volunteer teacher naturalists and other professional services totaling \$6,645 and \$15,500 for the years ended June 30, 2021 and 2020, respectively. Many other individuals volunteer their time and perform a variety of tasks that assist the Center with environmental education, land conservation, fundraising activities, and various committee assignments. The Center receives more than 10,000 hours per year from these volunteers, but the dollar value is not recorded because the services do not meet the criteria for recognition. During the year ended June 30, 2021, the Center received a donation of land with a value of \$400,000.



RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 12 - REVOLVING LINE OF CREDIT

The Center renewed its agreement for an unsecured available \$1,500,000 line of credit with Commerce State Bank effective May 1, 2021 with an expiration date of April 30, 2022. Interest rate on the borrowing is 4% (at June 30, 2021), with interest payable monthly. There were no borrowings outstanding on the line of credit at the years ended June 30, 2021 and 2020. The line of credit is payable on demand.

NOTE 13 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 636,579	\$ 440,286
Certificates of deposit	58,159	57,747
Total receivables	569,398	363,698
Investments	<u>5,247,507</u>	<u>4,267,628</u>
	6,511,643	5,129,359
Less: Amounts with donor restrictions - temporary	(1,251,820)	(701,352)
Amounts with donor restrictions - permanent	(2,600,753)	(2,600,753)
Amounts unavailable without Board's approval	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>\$ 1,659,070</u>	<u>\$ 827,254</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14 - COVID-19 IMPACT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The Center did respond to the crisis by applying for and receiving dollars provided by the 2020 US Federal government Coronavirus Aid, Relief, and Economic Security Act (CARES Act). During fiscal year ended June 30, 2021, the Center received a \$237,024 Paycheck Protection Program (PPP) loan and other COVID funding of \$44,326. As of June 30, 2021, the Center had met the eligibility criteria for PPP loan forgiveness and, because the PPP amount represents, in substance, satisfied government conditions, primarily as expenses were incurred, the PPP dollars are recorded as revenue. During fiscal year ended June 30, 2020, the Center received a \$175,400 PPP loan that has been forgiven.

As of the report date, the Center continues to see a need for its services. Public COVID-19 vaccinations are underway and there is reason for hope that an end to the crisis is on the horizon; however, too much uncertainty remains to be able to reliably quantify the effects of this pandemic on future financial statements.

SUPPLEMENTARY INFORMATION



Kieckhafer, Dietzler, Hauser, Hanson LLP

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Riveredge Nature Center, Inc.  
West Bend, Wisconsin

We have audited the financial statements of Riveredge Nature Center, Inc. as of and for the years ended June 30, 2021 and 2020 and our report thereon dated November 1, 2021, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Kieckhafer, Dietzler, Hauser, Hanson LLP".

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Kieckhafer, Dietzler, Hauser, Hanson LLP  
West Bend, Wisconsin

November 1, 2021

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND  
 June 30, 2021

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
<b>ASSETS</b>							
Cash and savings deposits	\$ 636,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 636,579
Certificates of deposit	58,159	-	-	-	-	-	58,159
Investments, at fair value	813,637	1,000,000	-	1,583,086	85,760	1,765,024	5,247,507
Contributions and pledges receivable, net	481,475	-	-	-	-	-	481,475
Accounts receivable	87,923	-	-	-	-	-	87,923
Inventory	36,945	-	-	-	-	-	36,945
Prepaid expenses	234,440	-	-	-	-	-	234,440
Land	-	-	1,209,910	-	-	-	1,209,910
Buildings, land improvements and equipment, net	-	-	2,560,238	-	-	-	2,560,238
<b>TOTAL ASSETS</b>	<b>\$ 2,349,158</b>	<b>\$ 1,000,000</b>	<b>\$ 3,770,148</b>	<b>\$ 1,583,086</b>	<b>\$ 85,760</b>	<b>\$ 1,765,024</b>	<b>\$ 10,553,176</b>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	\$ 7,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,785
Other accrued liabilities	44,107	-	-	-	-	-	44,107
Unearned program fees	179,176	-	-	-	-	-	179,176
<b>TOTAL LIABILITIES</b>	<b>231,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,068</b>
<b>Net assets without donor restrictions:</b>							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	1,434,363	-	-	-	-	265,024	1,699,387
Investment in property	-	-	3,770,148	-	-	-	3,770,148
<b>Total unrestricted</b>	<b>1,434,363</b>	<b>1,000,000</b>	<b>3,770,148</b>	<b>-</b>	<b>-</b>	<b>265,024</b>	<b>6,469,535</b>
<b>Net assets with donor restrictions:</b>							
Temporary	683,727	-	-	545,363	22,730	-	1,251,820
Permanent	-	-	-	1,037,723	63,030	1,500,000	2,600,753
<b>TOTAL NET ASSETS</b>	<b>2,118,090</b>	<b>1,000,000</b>	<b>3,770,148</b>	<b>1,583,086</b>	<b>85,760</b>	<b>1,765,024</b>	<b>10,322,108</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,349,158</b>	<b>\$ 1,000,000</b>	<b>\$ 3,770,148</b>	<b>\$ 1,583,086</b>	<b>\$ 85,760</b>	<b>\$ 1,765,024</b>	<b>\$ 10,553,176</b>

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND  
 For the Year Ended June 30, 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
Contributions:							
Operating fund drive, capital campaign, and other contributions	\$ 881,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,384
Memorials	34,800	-	-	-	-	-	34,800
Donated goods and services	419,955	-	-	-	-	-	419,955
Special program support	190,277	-	-	-	-	-	190,277
Program fees	228,307	-	-	-	-	-	228,307
School programs	71,625	-	-	-	-	-	71,625
Investment income (net of \$10,570 investment expenses)	28,065	-	-	-	29,200	-	57,265
Realized and unrealized depreciation on investments	285,640	-	-	-	314,150	-	599,790
Rental income	135,315	-	-	-	-	-	135,315
Merchandising	35,267	-	-	-	-	-	35,267
Less: Cost of sales	(24,494)	-	-	-	-	-	(24,494)
Fundraising events	89,508	-	-	-	-	-	89,508
Less: Cost of direct benefit to donors	(19,918)	-	-	-	-	-	(19,918)
Funding from PPP loan and other COVID grants	281,350	-	-	-	-	-	281,350
Net assets released from restrictions	215,636	-	-	64,366	3,576	-	283,578
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>2,852,717</b>	<b>-</b>	<b>-</b>	<b>64,366</b>	<b>3,576</b>	<b>343,350</b>	<b>3,264,009</b>
Expenses and losses							
Program services:							
Land conservation	387,576	-	18,713	-	-	-	406,289
Environmental education	983,567	-	136,605	-	-	-	1,120,172
Supporting services:							
General administration	140,586	-	26,198	-	-	-	166,784
Fundraising	149,291	-	5,614	-	-	-	154,905
<b>TOTAL EXPENSES AND LOSSES</b>	<b>1,661,030</b>	<b>-</b>	<b>187,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,848,160</b>
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,191,687</b>	<b>-</b>	<b>(187,130)</b>	<b>64,366</b>	<b>3,576</b>	<b>343,350</b>	<b>1,415,849</b>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	348,483	-	-	-	-	-	348,483
Grants	161,221	-	-	-	-	-	161,221
Investment income (net of \$5,230 investment expenses)	-	-	-	26,167	1,417	-	27,584
Realized and unrealized depreciation on investments	-	-	-	281,517	15,241	-	296,758
Net assets released from restrictions	(215,636)	-	-	(64,366)	(3,576)	-	(283,578)
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>294,068</b>	<b>-</b>	<b>-</b>	<b>243,318</b>	<b>13,082</b>	<b>-</b>	<b>550,468</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>1,485,755</b>	<b>-</b>	<b>(187,130)</b>	<b>307,684</b>	<b>16,658</b>	<b>343,350</b>	<b>1,966,317</b>
Beginning net assets	1,336,651	1,000,000	3,111,365	1,339,768	72,678	1,495,329	8,355,791
Operating transfers in (out)	(704,316)	-	845,913	(64,366)	(3,576)	(73,655)	-
<b>ENDING NET ASSETS</b>	<b>\$ 2,118,090</b>	<b>\$ 1,000,000</b>	<b>\$ 3,770,148</b>	<b>\$ 1,583,086</b>	<b>\$ 85,760</b>	<b>\$ 1,765,024</b>	<b>\$ 10,322,108</b>

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.  
NOTE TO SUPPLEMENTARY INFORMATION

NOTE 1 - NET ASSETS

The net assets for Riveredge Nature Center, Inc. (the Center) are divided into seven different areas:

Operating Fund

Operating fund, which includes unrestricted and donor-restricted resources, represents the portion of expendable funds that are available for support of Center operations.

Board Conservation Fund

Conservation fund represents designated funds that have been established by the Board of Directors to provide support for the Center.

Property Fund

Property fund represents the board-designated historical investment in property.

Andy Larsen Legacy Fund

The fund represents donor-restricted resources of which the income will be used for promoting and continuing the legacy of Andy Larsen.

East Property Endowment Fund

The fund represents donor-restricted resources of which the income will be used for maintenance and upkeep of the East Property location.

Jane B. Pettit Endowment Fund for Environmental Education

Pettit fund represents donor-restricted resources of which the income will be used for environmental education and other needs of the Center.