

RIVEREDGE NATURE CENTER, INC.
FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and savings deposits	\$ 440,286	\$ 179,780
Certificates of deposit	57,747	57,533
Investments, at fair value	4,267,628	4,555,010
Contributions and pledges receivable	281,715	554,028
Accounts receivable	81,983	196,987
Inventory	45,867	47,556
Prepaid expenses	252,090	278,621
Property and equipment, net	<u>3,111,364</u>	<u>2,576,789</u>
TOTAL ASSETS	<u><u>\$ 8,538,680</u></u>	<u><u>\$ 8,446,304</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,092	\$ 8,974
Other accrued liabilities	45,113	39,821
Unearned revenue	<u>136,684</u>	<u>141,895</u>
TOTAL LIABILITIES	182,889	190,690
NET ASSETS		
Without donor restrictions	5,053,686	4,641,501
With donor restrictions	<u>3,302,105</u>	<u>3,614,113</u>
TOTAL NET ASSETS	<u>8,355,791</u>	<u>8,255,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,538,680</u></u>	<u><u>\$ 8,446,304</u></u>

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 through PPP loan	175,400	-	175,400
Net assets released from restrictions	445,656	(445,656)	-
TOTAL REVENUE AND OTHER SUPPORT	2,390,774	(312,008)	2,078,766
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
TOTAL EXPENSES	1,978,589	-	1,978,589
INCREASE (DECREASE) IN NET ASSETS	412,185	(312,008)	100,177
BEGINNING NET ASSETS	4,641,501	3,614,113	8,255,614
ENDING NET ASSETS	\$ 5,053,686	\$ 3,302,105	\$ 8,355,791

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 424,191	\$ -	\$ 424,191
Capital campaign contributions	740,746	331,113	1,071,859
Memorials	11,808	-	11,808
Donated goods and services	28,597	-	28,597
Special program support	354,883	-	354,883
Program fees	225,988	-	225,988
School programs	104,912	-	104,912
Investment income (net of \$15,971 investment expenses)	197,946	79,629	277,575
Rental income	24,030	-	24,030
Merchandising	52,473	-	52,473
Less: Cost of sales	(23,357)	-	(23,357)
Fundraising events	175,582	-	175,582
Less: Cost of direct benefit to donors	(42,860)	-	(42,860)
Net assets released from restrictions	769,943	(769,943)	-
TOTAL REVENUE AND OTHER SUPPORT	3,044,882	(359,201)	2,685,681
Expenses			
Program services:			
Land conservation	392,830	-	392,830
Environmental education	1,226,900	-	1,226,900
Supporting services:			
General administration	149,657	-	149,657
Fundraising	250,897	-	250,897
TOTAL EXPENSES	2,020,284	-	2,020,284
INCREASE (DECREASE) IN NET ASSETS	1,024,598	(359,201)	665,397
BEGINNING NET ASSETS	3,616,903	3,973,314	7,590,217
ENDING NET ASSETS	\$ 4,641,501	\$ 3,614,113	\$ 8,255,614

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
TOTAL EXPENSES	448,332	1,181,652	189,721	194,328		2,014,033
Less expenses included with revenue on the statement of activities	-	-	(25,714)	(9,730)		(35,444)
Total expenses included in the expense section of the statement of activities	\$ 448,332	\$ 1,181,652	\$ 164,007	\$ 184,598		\$ 1,978,589

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL
	Land Conservation	Environmental Education		General Administration	Fundraising		
Salaries	\$ 204,649	\$ 607,513		\$ 89,574	\$ 108,230	\$	\$ 1,009,966
Employee benefits	31,325	93,002		13,714	16,575		154,616
Payroll taxes	15,490	45,988		6,782	8,196		76,456
Professional development/staff recruitment	216	2,394		166	892		3,668
Buildings and grounds supplies/maintenance	52,687	18,112		798	371		71,968
Depreciation	10,373	75,721		14,521	3,112		103,727
Insurance	3,820	34,383		3,117	-		41,320
Property taxes	3,573	-		-	-		3,573
Fundraising	118	1,086		163	405		1,772
Utilities	5,227	12,963		2,090	627		20,907
Professional fees	24,276	124,929		7,432	77,154		233,791
Office supplies	-	-		3,929	194		4,123
Office equipment and maintenance	1,899	8,816		1,053	809		12,577
Dues and subscriptions	-	785		-	-		785
Printing	1,845	11,991		2,767	1,845		18,448
Postage	417	2,712		209	834		4,172
Telephone	1,261	5,884		420	841		8,406
Travel	3,873	16,683		1,274	6,841		28,671
Promotional materials	2,764	7,740		-	553		11,057
Advertising	4,781	13,388		-	956		19,125
Marketing/public relations	9,329	26,122		-	1,866		37,317
Education expenses	3,708	25,731		-	10,294		39,733
Bookstore expenses	140	1,119		141	-		1,400
Cost of meals, entertainment, and t-shirts	-	-		-	42,860		42,860
Cost of bookstore sales	-	-		23,357	-		23,357
Miscellaneous expenses	11,059	64,002		1,507	10,302		86,870
Cost of donated services	-	21,000		-	-		21,000
Loss on disposal of assets	-	4,836		-	-		4,836
TOTAL EXPENSES	392,830	1,226,900		173,014	293,757		2,086,501
Less expenses included with revenue on the statement of activities	-	-		(23,357)	(42,860)		(66,217)
Total expenses included in the expense section of the statement of activities	\$ 392,830	\$ 1,226,900		\$ 149,657	\$ 250,897		\$ 2,020,284

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 100,177	\$ 665,397
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	161,071	103,727
Loss on disposal of assets	-	4,836
Change in unrealized gain on investments	(13,354)	(57,598)
Realized gain on investments	(103,287)	(109,706)
(Increase) decrease in:		
Contributions and pledges receivable	272,313	275,030
Accounts receivable	115,004	(143,085)
Inventory	1,689	(3,896)
Prepaid expenses	26,531	(242,106)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,590)	15,070
Unearned revenue	(5,211)	6,432
	<u>552,343</u>	<u>514,101</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(332,682)	(1,624,177)
Proceeds from sale of investments	736,705	2,115,971
Purchases of property and equipment	(695,646)	(1,010,240)
Renewals of certificates of deposit	(214)	(540)
	<u>(291,837)</u>	<u>(518,986)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	260,506	(4,885)
BEGINNING CASH	<u>179,780</u>	<u>184,665</u>
ENDING CASH	<u>\$ 440,286</u>	<u>\$ 179,780</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, 2020 and 2019, 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, 2020 and 2019, 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) Accounting Pronouncement Adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASC 606). FASB also issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASC 606 replaced most existing revenue recognition guidance in U.S. GAAP. ASU 2018-08 clarified the recognition of revenue from contributions for nonprofit organizations. Both of these standards are adopted by the Center effective July 1, 2019.

As a result of adopting these standards, revenue for nonprofit organizations is identified as either an exchange of goods and services or as contributions. For the Center, revenue from contributions/grants and fundraising events are covered by ASU 2018-08 and exempt from ASC 606. Investment income is also exempt from ASC 606. Program fees and other exchange transactions will be subject to the requirements of ASC 606.

The Organization also adopted FASB ASU 2016-01 which addresses the treatment and presentation of equity securities. No changes are required with this adoption compared to previous treatment and presentation.

q) 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.

r) Date of Management Evaluation

The Center's management has evaluated subsequent events through October 21, 2020, 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, 2020 and 2019 are \$281,715 and \$554,028, 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 four 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, 2020 and 2019, consist of the following:

	2020		2019	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$4,267,628	\$3,827,104	\$4,555,010	\$4,127,840

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AT FAIR VALUE (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 107,716	\$ 126,242
Net realized gain on sale of investments	103,287	109,706
Change in unrealized gain on investments	13,354	57,598
Investment management fees	<u>(15,062)</u>	<u>(15,971)</u>
	<u>\$ 209,295</u>	<u>\$ 277,575</u>

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, 2020 and 2019, 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, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,267,628	\$ 4,267,628
<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,555,010	\$ 4,555,010

NOTE 4 - PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The Center maintains property, plant and equipment at June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 809,910	\$ 809,910
Buildings and land improvements	3,735,722	3,079,295
Equipment	405,876	368,757
Vehicles	<u>55,046</u>	<u>55,046</u>
	5,006,554	4,313,008
Accumulated depreciation	<u>(1,895,190)</u>	<u>(1,736,219)</u>
	<u>\$ 3,111,364</u>	<u>\$ 2,576,789</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$161,071 and \$103,727, respectively.

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

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.

ASC 606 has been adopted effective July 1, 2019 using the modified retrospective method. At June 30, 2019, any revenue from these exchange transactions that was collected prior to the activity date had previously been recorded as unearned revenue on the statement of financial position, so no adjustments to prior year numbers was needed with adoption of ASC 606.

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 \$27,711 and \$25,399, for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Donations for periods after June 30	\$ 281,715	\$ 554,028
Land conservation donor-designated uses	14,535	20,945
Environmental education donor-designated uses	91,171	119,246
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	302,045	307,870
Maintenance and upkeep of the East Property location (Endowment income)	9,648	9,901
Other donor-designated uses	<u>2,238</u>	<u>1,370</u>
	<u>\$ 701,352</u>	<u>\$ 1,013,360</u>

Net assets restricted permanently by the donor (see Endowments Note 9) are:

	<u>2020</u>	<u>2019</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	<u>63,030</u>	<u>63,030</u>
	<u>\$ 2,600,753</u>	<u>\$ 2,600,753</u>

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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.

NOTE 8 - 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 942,322	\$ 1,064,712
Board designated for preservation	1,000,000	1,000,000
Investment in property	<u>3,111,364</u>	<u>2,576,789</u>
	<u>\$ 5,053,686</u>	<u>\$ 4,641,501</u>

NOTE 9 - 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 6). 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, 2020 and 2019 consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2020:				
Donor-restricted endowment funds	\$ (4,671)	\$ 311,693	\$ 2,600,753	\$ 2,907,775
2019:				
Donor-restricted endowment funds	\$ 647	\$ 317,771	\$ 2,600,753	\$ 2,919,171

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were:

2020:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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 9 – ENDOWMENTS (CONTINUED)

2019:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (8,889)	\$ 309,008	\$ 2,600,753	\$ 2,900,872
Investment income	33,190	31,295	-	64,485
Realized and unrealized depreciation on investments	51,128	48,334	-	99,462
Appropriation of endowment assets for expenditure	<u>(74,782)</u>	<u>(70,866)</u>	<u>-</u>	<u>(145,648)</u>
Endowment net assets, end of year	<u>\$ 647</u>	<u>\$ 317,771</u>	<u>\$ 2,600,753</u>	<u>\$ 2,919,171</u>

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 \$(4,671) and \$-0- as of June 30, 2020 and 2019, 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.

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DONATED GOODS AND SERVICES

The Center received donations of goods used for programs of \$11,698 and \$7,597 for the years ended June 30, 2020 and 2019, 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 \$15,500 and \$21,000 for the years ended June 30, 2020 and 2019, 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.

NOTE 11 - 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 8, 2020 with an expiration date of May 1, 2021. Interest rate on the borrowing is 4.00% (at June 30, 2020), with interest payable monthly. There were no borrowings outstanding on the line of credit at the years ended June 30, 2020 and 2019. The line of credit has no maturity date and is payable on demand.

NOTE 12 - 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 440,286	\$ 179,780
Certificates of deposit	57,747	57,533
Total receivables	363,698	751,015
Investments	<u>4,267,628</u>	<u>4,555,010</u>
	5,129,359	5,543,338
Less: Amounts with donor restrictions - temporary	(701,352)	(1,013,360)
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>\$ 827,254</u>	<u>\$ 1,929,225</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 13 - COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2020, the Center and Board committed to building the Farm Maintenance building which is expected to cost approximately \$322,000. As of June 30, 2020, costs incurred on the construction totaled \$41,496, leaving a remaining commitment of approximately \$281,000. As of June 30, 2020, the Center has received pledges sufficient to fund this commitment.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact support and revenue beyond June 30, 2020. The COVID-19 outbreak in the United States has resulted in reduced programming and fundraising. We are unable to quantify the effects of this pandemic, if any, beyond June 30, 2020.

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, 2020 and 2019 and our report thereon dated October 21, 2020, 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.

Kieckhafer, Dietzler, Hauser, Hanson, LLP

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

October 21, 2020

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND
 June 30, 2020

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
ASSETS							
Cash and savings deposits	\$ 440,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,286
Certificates of deposit	57,747	-	-	-	-	-	57,747
Investments, at fair value	359,853	1,000,000	-	1,339,768	72,678	1,495,329	4,267,628
Contributions and pledges receivable, net	281,715	-	-	-	-	-	281,715
Accounts receivable	81,983	-	-	-	-	-	81,983
Inventory	45,867	-	-	-	-	-	45,867
Prepaid expenses	252,090	-	-	-	-	-	252,090
Land	-	-	809,910	-	-	-	809,910
Buildings, land improvements and equipment, net	-	-	2,301,454	-	-	-	2,301,454
TOTAL ASSETS	\$ 1,519,541	\$ 1,000,000	\$ 3,111,364	\$ 1,339,768	\$ 72,678	\$ 1,495,329	\$ 8,538,680
LIABILITIES AND NET ASSETS							
Accounts payable	\$ 1,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092
Other accrued liabilities	45,113	-	-	-	-	-	45,113
Unearned program fees	136,684	-	-	-	-	-	136,684
TOTAL LIABILITIES	182,889	-	-	-	-	-	182,889
Net assets without donor restrictions:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	946,993	-	-	-	-	(4,671)	942,322
Investment in property	-	-	3,111,364	-	-	-	3,111,364
Total unrestricted	946,993	1,000,000	3,111,364	-	-	(4,671)	5,053,686
Net assets with donor restrictions:							
Temporary	389,659	-	-	302,045	9,648	-	701,352
Permanent	-	-	-	1,037,723	63,030	1,500,000	2,600,753
TOTAL NET ASSETS	1,336,652	1,000,000	3,111,364	1,339,768	72,678	1,495,329	8,355,791
TOTAL LIABILITIES AND NET ASSETS	\$ 1,519,541	\$ 1,000,000	\$ 3,111,364	\$ 1,339,768	\$ 72,678	\$ 1,495,329	\$ 8,538,680

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND
 For the Year Ended June 30, 2020

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	\$ 669,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,035
Memorials	26,370	-	-	-	-	-	26,370
Donated services	27,198	-	-	-	-	-	27,198
Special program support	385,389	-	-	-	-	-	385,389
Program fees	212,885	-	-	-	-	-	212,885
School programs	88,561	-	-	-	-	-	88,561
Investment income (net of \$10,370 investment expenses)	34,347	-	-	-	-	29,968	64,315
Realized and unrealized depreciation on investments	41,885	-	-	-	-	38,422	80,307
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 through PPP loan	175,400	-	-	-	-	-	175,400
Net assets released from restrictions	374,905	-	-	67,175	3,576	-	445,656
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	2,251,633	-	-	67,175	3,576	68,390	2,390,774

Expenses and losses

Program services:							
Land conservation	432,225	-	16,107	-	-	-	448,332
Environmental education	1,064,070	-	117,582	-	-	-	1,181,652
Supporting services:							
General administration	141,457	-	22,550	-	-	-	164,007
Fundraising	179,766	-	4,832	-	-	-	184,598
TOTAL EXPENSES AND LOSSES	1,817,518	-	161,071	-	-	-	1,978,589

INCREASE (DECREASE) IN

NET ASSETS WITHOUT DONOR RESTRICTIONS

	434,115	-	(161,071)	67,175	3,576	68,390	412,185
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CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	23,220	-	-	-	-	-	23,220
Grants	45,755	-	-	-	-	-	45,755
Investment income (net of \$4,692 investment expenses)	-	-	-	26,883	1,456	-	28,339
Realized and unrealized depreciation on investments	-	-	-	34,467	1,867	-	36,334
Net assets released from restrictions	(374,905)	-	-	(67,175)	(3,576)	-	(445,656)

DECREASE IN NET ASSETS

WITH DONOR RESTRICTIONS

	(305,930)	-	-	(5,825)	(253)	-	(312,008)
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INCREASE (DECREASE) IN NET ASSETS

	128,185	-	(161,071)	61,350	3,323	68,390	100,177
Beginning net assets	1,759,654	1,000,000	2,576,789	1,345,593	72,931	1,500,647	8,255,614
Operating transfers in (out)	(551,187)	-	695,646	(67,175)	(3,576)	(73,708)	-

ENDING NET ASSETS

	\$ 1,336,652	\$ 1,000,000	\$ 3,111,364	\$ 1,339,768	\$ 72,678	\$ 1,495,329	\$ 8,355,791
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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.